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Forex Consultant: Consultancy and Advisory Services for the Foreign Exchange Risk Management

<u>S. No.</u>	<u>Particulars</u>	<u>Details</u>
1.	Publication date on the portal	Immediately after approval
2.	Initial date of opening of bid/ offer	Date of publication on the website of IREDA; 10:00 AM
3.	Last date of submission of bid/ offer	Latest by 3:00 PM on 2 nd February 2012 (i.e.14 days w.e.f. from the date of hosting on the website of IREDA)
4.	Technical Bid Opening date	2 nd February 2012 by 4:00 PM
5.	Financial Bid Opening date	To be informed
6.	Contact person:	1. Mr. R.C. Sharma, AGM(F&A) (mobile: 9810745221/ landline (d) 011-26717431) 2. Mrs. Manjusha Shukla, AM(F&A) (mobile: 9013368347/ landline 011-26717400-34 (extn 338)
8.	Email id	1. rcsharma@ireda.gov.in 2. manjushashukla@ireda.gov.in
9.	Bid/ offer deposit address and Bid/ offer opening address	3 rd Floor, August Kranti Bhawan, Bhikaji Cama, New Delhi – 110066
11.	Reference documents	i. Letter of Intent ii. Terms of Reference Placed at Annexure I

Reference No: IREDA/ F&A/RM/FX-CONS/2011-12

Dated: _____

To,

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Subject: Appointment of "Forex Consultant: Consultancy and Advisory services for the Foreign Exchange Risk Management" on retainership basis

Dear Sir/ Madam,

Indian Renewable Energy Development Agency Limited is a fully owned Govt. of India Enterprise under the administrative control of the Ministry of New and Renewable Energy, Govt. of India.

IREDA has foreign currency exposure with various Bilateral and Multilateral agencies and has entered into various swap transactions for risk mitigation. Keeping in view of the nature of operation of IREDA, it is proposed to engage the services of a "Forex Consultant for Consultancy and advisory services for the Foreign Exchange Risk Management" in order to have their expert advice and also to gain advantage of latest available tools/ techniques in derivatives and risk mitigation products.

It is proposed to engage the Forex Consultant to advise IREDA on various forex matters as per the Terms of Reference (TOR) placed as Annexure I.

You can access the website of IREDA through "<http://www.ireda.gov.in>" for more information on the organization, its activities and for any further details/ information.

Format of submission of the information

It may kindly be noted that the technical bid/ proposal should be submitted strictly on the format prescribed for necessary evaluation at our end.

TECHNICAL EVALUATION SHEET			
S.No.	Particular	Criteria	Weight
1.	Background and credentials of the consultancy firm	<ul style="list-style-type: none"> • Date of incorporation/registration – should be in business for more than 03 years. • Nature of services offered – Specialization in Risk Management, Forex advisory, consultancy on derivatives, etc. • Staff strength / No. of offices, local presence & support, etc. 	15
2.	Team / professionals to be associated for the assignment	<ul style="list-style-type: none"> • Details / profile of the promoters, Management & key executives viz. their experience (particularly in Banking & Financial sector), dealings with regulators & policy makers, etc. • Specialization in Foreign Exchange Risk Management. 	20
3.	Similar assignments handled in the country, especially for the PSUs	<ul style="list-style-type: none"> • Overall experience & track record. • No. of Corporate clients. • Projects completed and projects in progress. • Details of projects related to PSUs and financial institutions (Banks and NBFCs) undertaken. 	25
4.	Technical ability/ infrastructure support	<ul style="list-style-type: none"> • Technical ability for valuation of structured products. • Risks Models used or developed. • Process and procedure of risk analysis and management reporting system. • Providing access to online information, valuation models and other system support for enabling in house assessment of structures and development of skills. • Integration of risks models and reporting system with IREDA's existing systems. 	25
5.	Capacity building / Training facilities	<ul style="list-style-type: none"> • Content, duration and details of the training programmes conducted during the last 3 years on the hedging, derivatives and related issues. 	15
Total			100

GENERAL TERMS AND CONDITIONS:-

The general terms and conditions applicable in regard to submission of bid/offer for award of contract by IREDA are as follows:-

1. The expression of interest along with proposal/bids may be submitted in two sealed envelopes separately placed together in one sealed envelope.
2. The first envelope shall contain Technical bid and second envelope shall contain financial bid. The Technical bid/offer shall be opened first and after that the financial bids will be opened only in case of technically qualified bids.

3. The date of opening financial bids shall be informed later on to the technically qualified bidders only.
4. The Consultant/Company/Firm should declare whether any Director/partner of the firm has any relation with any employee working in IREDA and if so give the name of the employee and the relationship, and also whether any of them has a relationship within the meaning of Section 6 of the Companies Act 1956, with any of the Directors of IREDA, and also with the Statutory Auditors (M/s Gianender & Associates, Chartered Accountants, New Delhi) of IREDA, if so give details to ensure compliance under sec 297 & 299 of Companies Act'1956.
5. Any modification in offer after the date of opening will not be considered.
6. Bids/offers received late, will not be considered. IREDA will not be responsible for any postal delay or any delay whatsoever.
7. IREDA reserves the right to reject any or all bid/offers and/or alter the conditions without assigning any reason.

The tenure of the contract of appointment of the Forex Consultant would be for a period of one year (1 year).

Bids/offers should be sent in a sealed envelope (as stated in point no. 1 above) super scribing the envelope as "**Bids/offers for FOREX CONSULTANT: Consultancy and Advisory services for the Foreign Exchange Risk Management**" and should be sent either by post or dropped in the tender box available at the corporate office of IREDA: 3rd Floor, August Kranti Bhawan, Bhikaji Cama Place, New Delhi – 110066 on or before **3.00 pm on 2nd February 2012**.

Technical bids/offers will be opened on the **same day i.e. 2nd February 2012 at 4.00 pm**, as per address and schedule given on the index page.

Thanking You.

For and on behalf of IREDA

(Dr. R.C. Sharma)
AGM (F&A)

INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED

Terms of Reference

FOREX CONSULTANT :
Consultancy and Advisory services for the
Foreign Exchange Risk Management

Terms of Reference for engaging the services required from Forex Consultant on retainership basis

To assist IREDA in providing comprehensive Risk Management Advisory Services on IREDA's Forex liabilities with a focus on active real time advisory and deliverance.

SCOPE OF RETAINERSHIP AND DERIVABLES

I. Managing Risks inherent in IREDA's borrowings & advising on appropriate derivative structures to hedge specific borrowings and / or to reduce cost.

Following would be the proposed deliverables for the entire tenor of the retainership:

- An independent opinion on the risk due to the foreign currency borrowings of IREDA.
- Advisory services and recommendations to hedge the foreign currency borrowings, which would be based on the market risk and regulatory risk in compliance with the RBI guidelines.
- Provide an evaluation of the possible hedging alternatives /structures available to IREDA, along with indicative pricing. Identify the cost-effective and most appropriate structure based on the risk-reward analysis. Also assist IREDA in timing the hedge transaction at opportune market level.
- Advice on hedging strategies and evaluate and price different derivatives structures offered by various market participants to IREDA and the various risk-reward facets on the same.
- Sensitivity analysis on the performance of the proposed derivative structures that IREDA is likely to enter into, to comply with the regulatory requirement.
- Monitoring risk on IREDA's liability portfolio in terms of the Foreign exchange and Derivative Risk Policy.
- Updating IREDA on new derivative products and advising on their suitability to IREDA. Also provide inputs on any new suitable derivative product introduced and allowed by the RBI for hedging currency and interest rate risks.
- Valuation of derivative portfolio and measurement of derivative hedge efficiency for the purpose of reporting and un-winding the positions, if required.
- Evaluation of offers and calculation of termination amounts in case of restructuring /unwinding proposals submitted / received from existing swap partners.

II. Derivatives Pricing, Valuation & Risk Reporting

Transacting in derivatives requires risk reporting to the management, statutory auditors and regulators. Besides, derivatives exposures of IREDA and the various policies which govern the same are to be disclosed in the IREDA's Annual Report. Consultant will provide their advice on derivatives pricing valuation & risk reporting on the following:-

- Advisory on pricing of interest rate and cross currency derivatives at the time of execution of derivatives transactions.
- Provide working calculators for all derivatives structures that IREDA has dealt for the purpose of monitoring the MTM in-house. This is an audit & regulatory requirement.

- Provide the MTM valuation of all the derivative transactions undertaken by IREDA. This can be done in a pre defined format as agreed by IREDA and/ or statutory auditors, on a monthly / quarterly basis (as required), as well as at any point of time for any specific transactions or a portfolio of transactions.
- Assist IREDA in preparing various MIS reports on a periodic basis, as required.
- Valuation of derivatives transactions, as per the audit requirements.
- Derivative accounting treatment and entries, including practices followed by peer institutions.

III. Other Aspects

- Provide inputs with regard to any changes / developments in the regulatory norms that could impact the Risk Management Policy of IREDA.
- Review the Risk Management Policy of IREDA on a periodic basis or as and when required to incorporate the changing market scenario and changes in RBI guidelines.
- Help in finalization and execution of documents such as ISDA, deal documents etc. with counterparties (banks)
- Advice on accounting treatment of derivative products especially with reference to the Accounting standards (ICAI) on the subject matter and with reference to IFRS once the implementation of the same is made mandatory for IREDA.
- Advice on related statutory / regulatory issues.
- Guide on the overall compliance of Board decisions, RBI or any other regulatory bodies on forex, hedge, derivatives, policy, etc.
- Provide independent valuation certification on balance sheet dates for audit purpose if required.
- Provide access to valuation / pricing models and other system support for enabling in house assessment of structures and development of skills.
- Provide training to the IREDA employees (knowledge enhancement) on various derivative instruments/ hedging strategies as allowed by the RBI.

IV. Attending and advising the Company's Risk Management Committee (RMC)

- Consultant will visit IREDA atleast every quarter, in addition to being present in the meeting of the Risk Management Committee (RMC) of IREDA to advise the members of RMC.

GENERAL OBSERVATIONS

- The term of this contract would be reviewed annually from the date of signing of the agreement.
- All information, documents and data provided by IREDA for this agreement would be treated as confidential.
- All the pricing / valuation calculations that would be provided will be for IREDA's use only and would be treated as confidential.
