

Andhra Pradesh State Financial Corporation

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EMPANELMENT OF CONSULTANTS FOR TECHNO ECONOMIC VIABILITY (TEV) STUDY

Andhra Pradesh State Financial Corporation is inviting applications for empanelment of consultants for Techno-Economic Viability Study (TEVS) from the eligible individuals/proprietorship/partnership firms, LLPs, Private/Public limited company/ Co-operative Society fulfilling the eligibility and other terms appended herewith in the Annexure-A along with the supportive documents.

The application in prescribed format (Annexure-B), complete in all respects, along with all supportive documents as stated in the application may be submitted up to 3 weeks from date of this notice at the Corporation's Andhra Division Office or branch offices nearest to the registered/administrative office of the applicant.

Applications, which are not duly filled up and/ or lacking in required supporting documents, shall not be acknowledged and shall be treated as 'NOT RECEIVED.' Any application received after the above mentioned cut-off date shall not be considered for the present process of empanelment.

The selected TEVS Consultants shall be intimated through email/ letter and the empanelment shall be valid for a period of three years, unless specifically delisted by APSFC at its discretion. No communication shall be made by the Corporation to any of the applicants not found suitable for empanelment.

APSFC shall have the right to cancel/ defer the empanelment process at any time, without assigning any reasons.

All applicants are requested to go through the annexures for eligibility criteria and other norms before applying. Any query in this regard may be sent by email to apsfcprojectsad@gmail.com.

Disclaimer:

APSFC is not committed either contractually or in any other way to the applicants whose applications are accepted. The issue of this request for empanelment does not commit or otherwise oblige APSFC to proceed with any part or steps of the process, subject to any law to the contrary and to the maximum extent permitted by law.

Date: 18.04.2019

DY.GENERAL MANAGER (PROJECTS)

ANDHRA PRADESH STATE FINANCIAL CORPORATION :: ANDHRA DIVISION

Guidelines for Empanelment of Consultants for Techno-Economic Viability (TEV) Study:

1. INTRODUCTION:

The Corporation's Credit appraisal System stipulates that besides analyzing the basic parameters, mainly four broad aspects viz. (a) technical feasibility, (b) financial feasibility, (c) economic viability, (d) managerial competence are to be examined to ascertain whether the project will be technically feasible, economically viable, financially sound, professionally managed and to examine whether it is viable as a commercial proposition.

Technical feasibility consists of an assessment of various requirements for implementation of the project, production technology, plant & machinery, optimum utilization of installed capacity, availability of utilities and inputs, quality of products etc.

Economic Viability is to be examined with reference to market demand – supply scenario vis-à-vis the project's production capacity, market price of the product vis-à-vis unit cost of production, etc.

Financial Feasibility is to be examined with reference to the Projected Profitability, Cash Flow, Internal Rate of Return (IRR), Debt Service Coverage Ratio (DSCR), Sensitivity to adverse scenario etc.

Managerial Competence is to be examined with reference to (i) business acumen and experience of the promoters, (ii) professional management team with defined work domain for implementation of the project, production, marketing, finance etc. (iii) competence of the promoters / management to mitigate implementation risk, funding risk, input risk, market risk, technology risk, regulatory risk etc.

2. OBTAINING TEV REPORT FROMCONSULTANTS:

The Corporation in order to streamline and update the project appraisal system in parlance with Banks/FIs will obtain the Techno economic viability study from reputed agencies and appraise the proposals in accordance with the approved norms and lending policy of the Corporation.

The Techno economic viability study of the project is therefore required to be done/ vetted by reputed agencies in similar field. Services of empanelled TEV consultants with the Corporation and /or TEV consultants empanelled with Commercial banks / FIs may also be utilized.

3. APPLICABILITY OF TEVSTUDY:

The prospective borrowers seeking term loan above Rs.200.00 lakhs can get TEV study done by reputed agencies empanelled with the Corporation.

4. TEV STUDY COVERAGE/SCOPE OFWORK:

TEV report should normally cover Promoters and their back ground, Project cost and means of finance, Plant & Machinery, Infrastructure, Raw materials, Products, Market and marketing arrangements, Assessment of term loan requirement, Assessment of working capital etc as per the Annexure -1.

The set of documents mentioned therein shall be furnished along with the TEV report forming an integral part of the TEV study.

5. TIME OF SUBMISSION OF THE REPORT BY APPLICANT:

The applicant shall submit the TEV Report while filing the loan application at the Branch office.

6. APPRAISAL FEE FOR CONSULTANTS:

The charges of the consultant for TEV study shall be borne by the applicant seeking loan from the corporation.

7. ELIGIBILITY CRITERIA FOR EMPANELMENT OF CONSULTANTS FOR TEV STUDY:

The process of empanelment will be carried out once in three years by publishing a notice in the Corporation's website inviting applications for empanelment of TEV consultants within a cut-off date, fixed internally. The empanelment shall remain valid for 3 years. The eligibility criteria for empanelment are as follows:

a) Scope of services:

The services required normally relate to project appraisal, financial management, market study/research, management competence, viability study of sick units and rehabilitation etc.

b) Constitution:

The consultant may be an individual, proprietorship firm, partnership firm, private/public limited company/LLP.

c) Qualification:

The team of Consultant shall have CA / ICWA or equally qualified person, as a partner/Director/ employee/ retainer in addition to BE/ B.Tech or equally qualified personnel in the field of service offered.

As Corporation's exposure is increasing in different sectors which are not common and are critical in nature, and also due to introduction of new streams in Engineering / Technical fields, it is preferable that the consultant firm shall have the ability to provide services of such technical experts for uncommon and critical projects.

d) Experience:

The Consultant should have been empanelled as TEV consultant with scheduled commercial Banks / State Government and Govt. of India Departments and engaged in work of TEV preparation or work of similar nature for at least for the past 3 years/ shall have post qualification experience of 5+ years in industry/ managerial/ consultancy/ Bank appraisal.

The consultants should have experience of preparing TEV reports in the sector of MSME across various sectors/ industries.

The consultants shall have adequate financial and technical personnel, commensurate with the works handled, but in no case less than one technical and one financial person with the qualification mentioned supra.

e) Affiliation:

Consultants should have secured registration/ membership with the concerned Department/ Professional Body/ Agency.

f) The application for empanelment to be submitted in the prescribed format.

g) The Corporation reserves the right to accept or reject any or all applications without assigning any reasons thereof. The Corporation also reserves the right to relax/modify the eligibility criteria and the Corporation's decision in this matter shall be final and binding.

8. PROCEDURE FOR EMPANELMENT:

The procedure for empanelment would be as under:

- i) The applications received would be screened by a Committee comprising of the Executive Director, CGM and HOD (Projects).
- ii) Approval: The applications along with the views/ recommendations of the above committee will be placed to the competent authority for approval.
- iii) The exercise for empanelment would be conducted once in three years. The panel would be valid for a period of three years.
- iv) The performance of the panel would be reviewed every year by the Committee comprising of the Executive Director, CGM and HOD (Projects). In cases, where services of TEV Consultants are not found satisfactory and/or their reports are influenced /detrimental to the Corporation's interest, the above committee shall delist their names from the approved panel at anytime.
- v) In case of any wrong-doing/malpractice by the empanelled consultant, the Committee may also decide to report the name of such consultant to IBA or any other related agency for black-listing.

COVERAGE/ SCOPE OF THE TEV STUDY:

TEV report should normally cover the following aspects:

Promoters and their background – Objective assessment of promoters and their background based on their experience, existing operations and professional qualifications etc. to be given. Relevance of these to the proposed venture in case of new units to be brought out. It shall also include Managerial Competence: To be examined with reference to (i) business acumen and experience of the promoters, (ii) professional management team with defined work domain for implementation of the project, production, marketing, finance etc. (iii) competence of the promoters / management to mitigate implementation risk, funding risk, input risk, market risk, technology risk, regulatory risk, etc.

Products: Main product(s) to be manufactured, by-products and wastes etc. Quantitative projections (where available /possible), proposed selling price vis-à-vis current market prices etc.

Project Cost and Means of Finance Complete and detailed breakup of cost of project with comments on each and every major component of cost of project, on its acceptability and price competitiveness along with comments on suppliers / vendors are to be made.

In case of existing units, financial analysis is to be given with a view to ascertain investible surplus, expected cash accruals during the implementation of the proposed new/ expansion/diversification project.

Land & Buildings:

The suitability and adequacy of the land, proposed civil structures, estimate for construction of the civil works.

Plant & Machinery –

- Comments on balancing/ adequacy of existing/proposed machinery, technological level, suppliers of machinery, credentials and cost reasonability, availability of Indigenous equipment etc. should be given.
- In case of second hand machinery availability of Chartered Engineer's certificate on age of machinery, condition of machinery, reasonability of cost, residual life and availability of spares and serviceability etc. should also be seen and commented upon.

Assessment of working capital with due emphasis on holding period of raw materials and debtors. Other aspects to be studied include inventory and receivable levels maintained vis-à- vis normative requirements and/or industry standards.

Assessment of term loan requirement/Working Capital limits.

Infrastructure: Availability of the required infrastructure, arrangements made /proposed and adequacy thereof and suitability & advantages of the proposed location for establishment of the unit.

Raw materials: Required raw materials, quantitative requirements based on yield data, sources of supply, cost of raw materials and availability position thereof etc.

Market and Marketing arrangements: Demand /supply gap and data position, other competitors in the industry, import substitutes, targeted consumer segment. Assessment of market demands for the product keeping in view the national and international industry scenario in short and long term. Proposed marketing /selling/distribution set-up, prospects of marketing tie-ups.

Risk analysis:

The report shall contain a detailed analysis of business risk, technology risk, industry risk, government regulations and/or support over the line of activity, SWOT analysis of the borrower including risk factors and risk mitigation.

Financial Viability:

Major assumptions both for sales and major expenditure shall be listed with necessary logic.

BEP analysis, DSCR calculations, IRR calculations and sensitivity analysis on sales and major inputs. Debt servicing capacity of the project at different DSCR levels may be worked out where the project DSCR is lower than the benchmark figure for the limits sought by the applicant/borrower.

Conclusion: Concluding comments on technical feasibility and economic viability shall be provided clearly with no ambiguity.

The above list is illustrative and not exhaustive. Corporation may decide on additions/deletions to the above list on a case to case basis and depending on the nature of the project and purpose of the report i.e. new unit/expansion/diversification/ restructuring.

Set of Documents forming integral part of TEV study:

1. Site photographs
2. Civil Estimates with plinth area of buildings, rate, additional works, amenities, Quotations considered for PEB sheds
3. List of plant & machinery with selected supplier, capacity, model, specifications
4. Credentials of machinery suppliers
5. List of Raw material suppliers
6. Profitability projections, projected Cash Flows, Key Ratio Statements
7. Balance sheet (financial statements) analysis in prescribed format in case of existing working units
8. Unqualified certificate of the appraising consultant stating that they have verified the technical and financial aspects of the project and based on their assessment the project is technically viable and economically feasible.

APPLICATION FOR EMPANELMENT OF CONSULTANTS FOR TEV STUDY

1. GENERAL:

Name of Consultant Firm/ Consultant	
Registered office	
Administrative Office	
Branch Offices (location & address)	
Telephone & FAX No.	
E-mail ID	
Name, Designation, Phone No. and e-mail ID of Key Contact person	

2. CONSTITUTION OF THE FIRM:

Constitution:	Individual /Proprietorship concern / Partnership firm /Limited Liability Firm(LLP)/ Private Ltd. company /Public Ltd. company / Co-operative society
Date of Registration / Incorporation	
Date of Commencement of Business	
PAN No. (enclose copy)	

(copies of partnership deed/ memorandum and articles of association etc. as applicable, should be enclosed)

3. ORGANISATION/ STRUCTURE:

Particulars of the management in brief:	
Please mention the particulars of organization, whether handles assignments with required professionals in-house, part time/help of associates etc.	
Total Strength of staff (Technical/ Financial/ Other Staff)	

4. BRIEFHISTORY:

Experience in conducting TEV studies (Number of years)	
Total paid-up capital	Rs. lakhs.

Shareholding Pattern:

Name	Designation	% share capital held

5. FINANCIALS FOR PAST 3 YEARS:

Financial Year	Turnover/ Income	PAT	Rs. in lakhs.
			Income Tax

Turnover/ Income from consultancy services for 3 previous years to be furnished.
ITR along with the computation of Income to be enclosed

6. a) DETAILS OF EMPANELMENT WITH COMMERCIAL BANKS/FIs/ STATE GOVERNMENT/ GOVERNMENT OF INDIA DEPARTMENTS FOR THE WORK OF TEV PREPARTION OR WORK OF SIMILAR NATURE:

Sl. No.	Name of Bank/FI/ Govt. Department	Nature of services/ Works (TEV / Professional service for which empanelled)	Empanelled since

Copies of the empanelment letter from Banks/FIs/ Government Departments to be enclosed)

b) Particulars of membership / registration with national/international institutions/agencies (e.g. Institute of Engineers, Chartered Accountants, Cost Accountants, Valuers, NACE, IBRD, ADB etc. Please enclose supporting documents)

a)	Name of professional body	Type of membership/ registration	In whose name membership/ registration is held (i.e. partner/ promoter/Director/ Employee/Retainer/Firm/Company etc.)

b)	Name of the organization	Type of services for which registered/enlisted	

c) Brief particulars of the other activities:

7. PARTICULARS OF INDIVIDUAL/PARTNERS/DIRECTORS OF THE COMPANY/ PROMOTERS:

Name	
Designation	
Qualification	
Specialization	
Age	
Experience	
Industrial consultancy experience	
Mobile No./ E-Mail id	
PAN No.	
Particulars of partnership / directorship with other organizations, if any	

B. Tech / B.E or equally qualified person shall mention their Branch of Engineering/ Area of specialization.

(Copies of testimonials to be enclosed)

8. PARTICULARS OF PROFESSIONAL EXPERTS (Full/Part Time/Associate/Retainer)

Name	
Designation	
Qualification	
Specialization	
Age	
Particulars of previous Experience (post qualification)	
Industrial consultancy experience	
Mobile No./ E-Mail id	
Full Time/ Part time/ associate/ retainer	

(Copies of testimonials to be enclosed)

9. SERVICES OF TECHNICAL EXPERTS:

(Whether services of engineer / technical experts for uncommon/ critical field of engineering may be provided (Yes or No). If yes name of field(s)):

(Copies of testimonials to be enclosed)

10. LIST OF IMPORTANT TEV STUDIES CONDUCTED:

Date	Name & address of the client	Name & address of financing Bank/FI and Branch/ Govt. Departments	Details of projects incl. capital cost & line of activity	Present status of the project	Existing status of the Account with the respective Bank/FI

(Letters of assignment from clients/Banks/FIs to be enclosed)

11. AREA OF SPECIALIZATION:

Type of industry and size of project should be indicated	
Industry	Minimum & Maximum Project Outlay (Rs. /Cr.)

Declaration & Undertaking:

- ❖ I/We affirm that all the pre-requisite listed for empanelment as consultants for the TEV Study with APSFC are satisfied by me/ us.
- ❖ I/We further affirm that I/ we have not been debarred /delisted by any Bank/ FI/ IBA or any other statutory body.
- ❖ I/We agree that the APSFC’s decision regarding selection / rejection for empanelment will be final and binding and no further correspondence will be entertained by the APSFC in this regard.
- ❖ I/We undertake that I/We shall maintain confidentiality and secrecy of the assignment given to me/us by the APSFC.
- ❖ I/We further agree that my/our Empanelment with the APSFC would not amount to any commitment by the APSFC to provide any professional assignment to me/us.
- ❖ I/We also agree that APSFC reserves its right to remove/ delist me/us from the panel at any time without assigning any reason.
- ❖ I/We understand and agree that in case of any wrong-doing/malpractice on my/our part, the APSFC may report my/our name to IBA or any other agency for black-listing.
- ❖ I/We undertake that I/We shall not use APSFC’s logo or anything depicting me/us as APSFC’s panel consultant on my/our letter-head, sign-board, name-plate or visiting card etc.

- ❖ I/We undertake that I/We will not undertake any TEV Study of any project in which I/We have a direct or indirect interest.
- ❖ I/We, if empanelled, undertake to meet all the obligations of the TEV consultants enclosed to the application as Annexure-2.
- ❖ I/We assure that all the aspects of TEV Study are conducted in a manner so as to be in tune with the extant policies and guidelines of APSFC and as other applicable banking norms, statutory and regulatory requirements.
- ❖ I/We hereby affirm that all the information submitted by me/us is true and correct. I/we understand that any discrepancy/wrong information would lead to cancellation of my/ our empanelment at any time.

Signatures of
Proprietor/Partner/Director/
Authorized Signatory with
Seal of the firm /company

Place:

Date:

Enclosures:

- a. Memorandum & articles of association of company /partnership deed of partnership firm /LLP
- b. PAN Card of the individual/firm/company
- c. ITR of the individual/ firm/company for last 3 years along with computation of Income
- d. Registrations/membership with professional bodies/organizations
- e. Copy of GST Registration
- f. Letters of empanelment from other banks/Financial Institutions/State Government / Government of India Departments for TEV Study or work of similar nature.
- g. Detailed CV of key personnel, including that of technical experts along with copies of testimonials
- h. Copies of consent letter(s) from associates
- i. List of important TEV studies conducted along with Letters of assignments from clients/Banks/FIs

N.B. - Incomplete applications or applications without proper enclosures for establishing their credentials will be summarily rejected and no correspondence will be entertained in this regard.

OBLIGATIONS OF EMPANELED TEV STUDY CONSULTANTS

- The consultants should provide clarifications sought by the APSFC on the TEV Study Report for which email ID and other contact details should be provided in the report itself.
- The consultants should verify the cost of assets from various documents for land; building, machinery and other fixed assets and details and extent of such verifications will have to be mentioned in the report. Where verification could not be carried out in certain assets, it should be brought out clearly in the report giving reasons.
- The consultants must list all applicable permissions/approvals for the project and their current status will have to be given in the report.
- The consultants should undertake to adhere to the scope of TEV Study and report thereof, as brought out in Annexure-1.
- The consultants should describe all the assumptions underlying the projections as considered by them and/or the proponents while discussing the profitability projections.
- The report should mention the date of site inspection and names of persons carrying out the inspection (the site visiting persons to include technical person also).
- The report should be signed by the persons (with their qualifications mentioned in the report) who have prepared and these persons should include the technical person also.
- The consultants should not sublet/outsourced, any TEV Study exercise assigned by APSFC, to any other outside consultant/ entity. In case any help is taken from external experts, then the TEV Study report should be jointly signed by that external expert, clearly bringing out the role/scope of his/her involvement in the report, along with Engineer/s (associated with you) involved in the TEV Study.
- The consultants shall inform the APSFC of any change in technical staff who had been mentioned or whose technical qualifications were taken to satisfy the eligibility criteria, at the time of empanelment.