

**Replies to Queries on RFP for selection of Rating Agency for Kannur  
International Airport Project Term Loan (Tender No.  
KIAL/RFP/FIN001/2015-16-July 2015)**

S.No	Page No	Item	Query	KIAL's Reply
1	10	Clause 9.1	LOA will be issued to the successful bidder and this will have to be accepted before it constitutes a formal contract. This clause mentions about clause 10.3.  However, there is no clause 10.3 in the document. Kindly provide the same.	Clause No. 10.3 to be read as Clause 9.3 in Clause No. 9.1
2	23	<b>Clause 2 (a) Form of Contract</b>	It states that mutual rights and obligations of the parties will be as set forth in the Contract.  Bidder requests to share a copy of the contract to understand the mutual rights and obligations.	Form of Contract is the copy of the contract and is enclosed in Page No.23 of the bid documents. No separate rights and obligations clause is envisaged other those mentioned in the Form of Contract. The terms and conditions mentioned in the Form of Contract alone is applicable.
3	23	<b>Clause No.3 Form of Contract</b>	The obligations of the Credit Rating Agencies will survive the termination clause irrespective of the manner of termination  Kindly clarify the status of the payment due to the credit rating agency in event of termination as per above mentioned clause.	All payments due to the agency until termination of the contract shall be paid to the agency.
4	25	<b>Appendix A – Confidentiality Conditions – Clause 1 (b)</b>	Provided, however, that (i) the burden shall be on the agency to prove.....should the Client question the applicability of such exceptions?  Bidder has requested to kindly delete this clause as it is not practical.	No change
5	29	<b>Appendix A Confidentiality Conditions –</b>	Agency agrees not to take copies.....prior written request of the Client	The Agency may take Xerox copies but confidentiality of copies so taken shall be maintained in pursuance to Clause 1 of Appendix-A

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		<b>Clause 3</b>	Bidder requests to delete this clause as it is not practical.	
6	17	<b>Clause No.6</b>	Time Schedule in Days  Bidders presumes that the days mentioned in the time schedule are working days	Time schedule in days are working days
7	25-28		Page Numbers 25-28 are missing from the tender documents	Page Number 29 has been renumbered as 26 after page No.25. No further page numbers.
8	6	<b>Clause 5.2 (b)</b>	Whether the bidder should have completed one rating assignment in each of the 3 preceding financial years or any one of the three preceding financial years.  Whether the Rating assignment mentioned in this clause includes the annual surveillance rating assignment also. [Kindly note that once the initial rating is accepted by the client, the rating will be reviewed every year and this is termed as annual surveillance]	The bidder should have completed a minimum of one rating assignment in any one of the three immediately preceding financial years ending on 31 March 2015.  The Term Loan Sanction conditions requires KIAL only to obtain a rating. It does not require KIAL to have it renewed every year. As such KIAL does not envisage the rating to be renewed every year and therefore surveillance fee is not required to be quoted separately.
9	Page 7	<b>Clause 5.3 (i)</b>	Whether the proof to be submitted is only for a PSU where the bidder has rated a term loan for more than Rs.750cr as specified in clause 5.2(b) or it can be for any PSU rated by us.  Whether the Rating assignment mentioned in this clause includes the annual surveillance rating assignment also.	The proof to be submitted can be for any PSU (Central/State) where the Agency has rated a term loan for more than Rs 750 Crore as specified in Clause 5.2 (b).  The rating assignment in this clause does not include annual surveillance assignment.
10	7	Clause 5.3 (iii)	The registration certificate for a rating agency is issued only by SEBI. There is no registration certificate issued by RBI. RBI mentions the name of the rating agency whose ratings can be taken by banks for risk weighting purposes in the Master Circular -Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital	The Agency may submit a copy of the registration certificate issued by SEBI.

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			Adequacy Framework issued from time to time. This document is in the public domain (mastercirculars.rbi.org.in).  Kindly clarify whether we can attach the relevant extracts of this document as proof.	
11	21	Form 5B Price Schedule	As per Form 5B, Price Schedule, only the Initial Rating fee for the first year of rating is to be quoted by the bidder. In this regard, we would like to note that once the rating is accepted, the rating has to be reviewed every year till the final redemption of the rated facilities. This is as per the Credit Rating Agencies Regulations of 1999 by SEBI (pl. refer to Section 15 and Section 16). Given the above, kindly clarify, whether the annual surveillance fees also need to be mentioned.	Section 15 and Section 16 is applicable to Securities and debt instruments but not to Term Loan. Credit Rating of Term Loans is not a mandatory requirement. As such annual surveillance fee need not be mentioned at this stage.
12	23	<b>Form of Contract</b>	The form of contract as given in RFP may have to be suitably modified to take care of the regulatory requirements in line with the Credit Rating Agencies Regulations of 1999. Kindly clarify whether the agreement can be modified after mutual discussions to take care of the regulatory requirements.	Credit Rating of Term Loan is not a mandatory requirement as per Credit Rating Agencies Regulations 1999. Form of Contract shall be suitably modified only to the extent specified, if any, in the clarifications given by KIAL to bidders' queries and such replies and clarifications shall form part of the contract.
13	7	<b>Clause-5.6 Financial Proposal</b>	The Lump sum price is to be quoted separately as Per Price Schedule for both the assignment," what does "both the assignment" mean?	The phrase " both" stands deleted
14	13	<b>Form 3B</b>	Do we need to mention specific dates in form 3B?	Yes
15	6	<b>Clause 5.2 (b)</b>	Can we submit a rationale of a company rated by the Agency in Infrastructure sector as support document duly signed by authorised signatory	Yes
16	7	<b>Clause 5.3 (i)</b>	Is there any prescribed format for furnishing proof that the agency has successfully completed the	There is no prescribed format. Rationale of the PSU rated by the Agency duly signed by the Authorized signatory may be submitted.

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			Credit Rating Assignment for PSU or can we submit rationale of the PSU rated by the Agency, duly signed by authorised signatory	
17	13	<b>Activity Schedule</b>	Can description of methodology and work plan be mentioned in form 3B or separately	Can be mentioned in the Form 3B
18	23 to 25	<b>Form of Contract &amp; Confidentiality Conditions</b>	Should Form of contract" and "appendix-A" confidentiality conditions to be submitted post Award of Contract or pre award of contract?	The Form of Contract and Appendix-A should be duly stamped and included as part of your technical submission conveying the bidders acceptance of these documents. However, this will be executed in a stamp paper after issue of Letter of Award.
19	23 to 25	<b>Form of Contract &amp; Confidentiality Conditions</b>	Should "Form of contract" and "appendix-A" be printed on letter head or stamp paper? If letter head, whose letter head? If stamp paper, what should be the value of stamp paper?	Form of Contract and Appendix-A may be printed on A4 size paper and submitted as stated in SL. No. 18 above. The Form of Contract and Appendix-A will be executed on Stamp Paper valued at Rs 500.
20		<b>Addendum</b>	Should Addendum be signed and sent along with RFP	Yes
21			Should the bidder give additional information in a separate sheet attaching the same to Form 3B	The bidder is free to do so
22	6	<b>Clause 5.3 (i) Technical Proposal</b>	<p>"Furnish proof that the agency has successfully completed the credit rating assignment for any PSU (Central/State) by way of Client Certificate specifying the commencement and completion date of the assignment".</p> <p>Remarks: Credit Rating Agency can provide the proof of the successfully completing the assignment. This would be evident by way of the press release made on the agency's website by way of Rating Action Commentary. ...but no rating agency will obtain any client certificate for the work undertaken by them.</p> <p>The clause can be limited to submission of proofs by a credit rating agency signed by the authorised signatory.</p>	This clause is modified as: "Furnish proof that the Agency has successfully completed the Credit Rating Assignment for any PSU (Central/State) specifying the completion date of the assignment duly certified by the Agency's authorized signatory".

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23	18	<p><b>Clause 10 (A) (i), (ii) &amp; (iii) of TOR</b></p>	<p>No Advance Payment shall be made &amp; 50% of the fee will be released on acceptance of the draft credit rating by KIAL.</p> <p>Remarks: The outcome of the entire assignment given to a rating agency regarding the "Rating Level" rests in the hands of the Rating Committee. The outcome of the Rating Committee may be acceptable or not acceptable to you.</p> <p>Once the rating is communicated to the company, the company has the right to accept or reject the rating. However, the rating will be published by a rating agency only upon KIAL communicating acceptance of the rating.</p> <p>By stating that the fee will be released on acceptance of the draft credit rating...contravenes Rating process of any rating agency &amp; regulatory guidelines.</p>	<p>No change in Clause 10 (A) (i). Clause 10 (A) (ii) and (iii) has been modified as follows:</p> <p>i) <b><u>Amendment to Clause 10 (A) (ii)</u></b>: "50% of rating fee will be released on submission of draft credit rating by KIAL".</p> <p>ii) <b><u>Amendment to Clause 10 (A) (iii)</u></b>: "25% of rating fee will be released on submission of final credit rating by KIAL".</p>
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