

Tender No: HO:RMD:001:2011-12 DATED:22.11.2011

# REQUEST FOR PROPOSAL (RFP)

FOR

## Appointment of Agency for VALIDATION OF CREDIT RATING / SCORING MODELS



Risk Management Department

Corporate Office, 254-260 Avvai Shanmugam Salai,

Chennai – 600 014

Website: [www.indianbank.in](http://www.indianbank.in)

## INDEX

S.No.	Contents	Page No.
1	Invitation for Bids (IFB)	2
2	Minimum eligibility criteria	3
3	Introduction	4
3.1	Background	4
3.2	Scope of RFP	5
4	Terms and Conditions for the proposal	5
5	Proposal scope and guidelines	11
5.1	Proposal Content/Proposal format	11
5.2	Clarifications	11
5.3	Amendment of bidding documents	11
5.4	Submission and Acceptance of Bidder Proposals	12
5.5	Opening of bids	13
5.6	Clarification of bids	13
6	Overview of Evaluation Process	13
6.1	Evaluation process and comparison of bids	13
6.2	Payment schedule	15
7	Proposal format (Annexure 1)	16
8	Management Information Summary (Annexure 2)	17
9	Reference Site Details (Annexure 3)	18
10	Scope of Assignment (Annexure 4)	19
11	Bid Security Form (Annexure 5)	20
12	Commercial Bid (Annexure 6)	21
13	Performance Security form (Annexure 7)	22
14	Contract Form (Annexure 8)	23
15	Non Disclosure Agreement (Annexure 9)	24

## 1. INVITATION FOR BIDS (IFB)

---

- a. **Indian Bank**, a premier nationalised Bank having its Corporate Office in Chennai has national presence with more than 1900 computerised branches apart from 34 administrative Zonal Offices and 12 training centres. All the domestic branches have been brought under CBS. The Bank has its international presence in Singapore and Srilanka besides 229 Overseas Correspondent banks in 69 countries. The Bank has been serving the nation with a team of dedicated staff for the past 104 years. The Bank achieved total business of more than Rs 2.00 Lakh Crore, CRAR at 12.23%, Net NPAs at 0.69% of Net Advances and a return of 1.42% on Average Assets as on second quarter of the current Financial Year.

The Bank has Diversified banking activities with following 3 Subsidiary companies:

- IndBank Merchant Banking Services Ltd.,
- IndBank Housing Ltd.,
- IndFund Management Ltd.

Some of the recent achievements of the Bank are as follows:

- The Bank received the award for "Best Public Sector Bank under the Asset Quality category" at the Dun and Brad street Polaris software banking awards 2011.
- The Bank received Financial Express – Ernst & Young Best Public Sector Bank award (Runner up) 2011.
- The Bank received "Best Risk Master Award" at FIBAC Banking Awards 2011 in Public Sector Bank Category.
- The Bank has been assigned an overall rank no. 1 by Celent on various parameters such as Size, Growth, Efficiency and Risk Management.
- The Bank has been conferred with the Skoch Financial Inclusion Award 2011 for "SHG Initiatives – Urban Financial Inclusion".
- The Bank had won the IBA Award for "**Best Risk Management Initiatives**" under Public Sector Banks category for the year 2009.
- The Bank was conferred with "**Best Performing Bank Award**" by the Government of Tamil Nadu for the outstanding achievement under Self Help Group (SHG) – Bank linkage programme during the year 2009-10.

The Bank has various delivery Channels like Internet Banking, Mobile Banking etc. and also a pioneer in introducing the latest technology in Banking including introduction of ATMs, Core Banking Solution etc. Bank also has more than 1180 ATMs besides large number of ATMs of other banks under shared network. Bank is also a part of Real Time Gross Settlement System (RTGS).

The Bank has been a front runner in specialised banking and a leader in Rural development. Besides Maestro Debit cards and Visa Credit cards, the Bank has also introduced an exclusive Credit card for the common man, namely Bharat Card,

the first of its kind in the banking industry. Further, the Bank is in the process of taking Technology to the common man through Customer Relationship

Management (CRM) at CBS Branches, wherein individual customer requirements are identified and addressed.

- b. The Bank invites sealed bids from interested agencies for **validation of its internal credit rating / scoring models** as per the details given under Annexure 1.

(Detailed scope of the assignment is given under Annexure 4)

## 2. Minimum Eligibility Criteria

Bidders are required to meet the eligibility criteria given below –

S. No.	Criteria	Documents Required to be Submitted along with the offer to establish eligibility
1.	Networth of the bidder should be positive as on previous financial year end	Relevant portion of the audited Balance Sheet(s)
2.	Bidder must have minimum annual turnover of Rs. 5 crore during last three financial years	Relevant portion of the audited Balance Sheet(s)
3.	The Agency should have experience in development & implementation of Credit Rating / Scoring models for at least one bank having not less than 500 branches during last three years.	Certificate from the client(s) stating successful development & implementation of the Credit Rating / Scoring models.
4.	The Agency should have completed at least one assignment of validation of rating / scoring model in a bank having not less than 300 branches during last three years.	Certificate from the client(s) mentioning completion of the assignment(s).
5.	The agency should have minimum experience of 3 years in Risk Management area preferably in Credit Risk.	Documentary proof of assignment(s) undertaken.

### **3. Introduction**

#### **3.1 Background**

The banks in India are required to adopt the Standardised Approach (SA) for Credit Risk under New Capital Adequacy Framework (NCAF) / Basel II at present. Our Bank is compliant of the NCAF with effect from 31.03.2008. In preparedness for Internal Rating Based Approach (IRBA) for Credit Risk, the Bank has rolled-out credit rating models w.e.f. 01.04.2008. As per Basel II norms for adoption of IRBA, banks must have a robust system in place to validate the accuracy and consistency of rating systems, processes, and the estimation of all relevant risk components. Banks have to demonstrate to its supervisor that the internal validation process enables them to assess the performance of internal rating and risk estimation systems consistently and meaningfully. This requirement necessitates to get our internal rating models validated.

#### **Rating / Scoring Models**

The Bank has put in place rating models for the following segments:

1. Large Corporate
2. SME Manufacturing
3. SME Services
4. SME Trader
5. Large trader
6. Broker
7. Contractor
8. Real Estate Developer
9. State Government
10. Singapore
11. Colombo
12. Bank
13. NBFC
14. Micro financial Institution
15. Infrastructure – Power
16. Infrastructure – Road
17. Infrastructure – Port
18. Infrastructure – Telecommunication

Followings are the scoring models of the Bank:

1. Small Business
2. Credit Cards
3. Home Loan
4. Personal Loan
5. Vehicle Loan
6. Educational Loan
7. Agriculture
8. SHG
9. PMEGP Loan
10. SJSRY Loan

### **3.2 Scope of RFP**

**Validation** of rating / scoring models from qualitative as well as quantitative perspectives covering –

- 3.2.1. Review of the Bank's internal rating system and suggest modifications / improvements wherever necessary with specific focus on meeting requirements as per Basel II / RBI guidelines on Internal Rating Based Approaches (FIRB/AIRB),
- 3.2.2. Performing model validation and evolving framework for model validation, calibration, back testing, stability testing and benchmarking the models by using internal data,
- 3.2.3. Performing qualitative validation of the bank's existing rating / scoring models for appropriateness of model design, governance, documentation and usage in business decision making,
- 3.2.4. Perform quantitative validation to assess the discriminatory power by testing performance of the rating / scoring model involving back-testing, benchmarking and ascertaining consistency / stability,
- 3.2.5. Gap Analysis - Evaluate the preparedness for moving over to IRB approach including the gaps in data captured and required for estimation of key Basel-II parameters i.e. PD, LGD & EAD. Identify the gaps and suggest methods to bridge the gaps.

### **4 Terms and Conditions for the Proposal**

Indian Bank invites the bidders' attention to the following terms and conditions, which underline this RFP.

#### **4.1 Liabilities of Indian Bank**

This RFP is not an offer by Indian Bank, but an invitation for bidders' responses. No contractual obligation on behalf of Indian Bank whatsoever shall arise from the RFP process unless and until a formal contract is signed and executed by duly authorised officer(s) of Indian Bank and the bidder(s).

#### **4.2 Contract with the Bidder**

Indian Bank would enter into a contract with the selected agency that will be responsible for completing the assignment as outlined under scope of RFP under para 3.2.

The bidder is responsible to submit technical and commercial proposals suitably.

#### **4.3 Proposal Process Management**

Indian Bank reserves the right to accept or reject any or all proposals, to revise the RFP, request one or more re-submissions or clarifications from one or more bidders, or cancel the process in part or whole. Additionally, Indian Bank reserves the right to alter the specifications, in part or whole, during the RFP process, and without re-issuing the RFP. All claims for functional / technical delivery made by the bidders in their responses to the RFP shall be assumed as deliverable within the quoted financials.

Bidders shall be entirely responsible for their own costs and expenses that are incurred while participating in the RFP and subsequent presentations and contract negotiation processes.

#### 4.4 Award of contract

Within 15 days from the date of receipt of award notification, the bidder should sign the contract as per Annexure 8.

#### 4.5 Date of Bid Expiration

The proposal must be valid for a minimum of **180 days** from the last date of proposal submission. Responses must clearly state the validity of the bid and its explicit expiration date. The bank reserves the right to ask the bidders for extension of bid validity.

#### 4.6 Bid Security (Earnest Money Deposit)

The bidder should furnish as part of its bid, a bid security in the form a bank guarantee issued by a scheduled commercial bank located in India as per Annexure 5, for a sum of Rupees. One lakh (Rs.1,00,000/-) valid for thirty (30) days beyond the validity of the bid i.e. 210 days from the last date of bid submission.

Unsuccessful bidders' bid security will be discharged or returned after the expiration of the period of bid validity prescribed by the Bank.

The successful bidder's bid security will be discharged upon the bidders signing the contract and furnishing the performance security.

The bid security may be forfeited if:

- a. A bidder withdraws its bid during the period of bid validity date as specified by the bidder.
- b. The successful bidder fails to sign the contract within the specified time of 15 days, or to furnish performance security.

#### 4.7 Schedule of the assignment

Bidder should furnish PERT chart clearly mentioning which activity dates are critically dependent on the previous activity. Bidder should also give roadmap describing therein the key milestone activities of the assignment with time required for completion.

#### 4.8 Bidder Indication of Authorisation to Bid

Responses submitted by bidders to this RFP represent a firm offer to contract on the terms and conditions described in the bidders' response. The proposal must be signed by an official authorised to commit the bidder to the terms and conditions of the proposal. Bidders must clearly identify the full title and authorisation of the designated official and provide a statement of bid commitment with the accompanying signature of the official. A copy of the authorisation should be enclosed along with the bid.

#### 4.9 RFP Ownership

The RFP and all supporting documentation / templates are the sole property of Indian Bank. No news release, public announcement, or any other reference to this RFP or any program there under shall be made without written consent from Indian Bank. Reproduction of this RFP, without prior written consent of Indian Bank, by photographic, electronic, or other means is strictly prohibited. Violation of this would be a breach of trust and may, inter-alia cause the bidders to be irrevocably disqualified.

#### 4.10 Proposal Ownership

The proposal and all supporting documentation submitted by the bidders shall become the property of Indian Bank unless the bank agrees to the bidders' specific requests, in writing, that the proposal and documentation be returned or destroyed.

#### 4.11 Bid Pricing Information

By submitting a signed bid, the Bidder certifies that:

- a. The bidder has arrived at the prices in its bid without agreement with any other bidder of this RFP for the purpose of restricting competition.
- b. The prices in the bid have not been disclosed and will not be disclosed to any other bidder of this RFP.
- c. No attempt by the bidder to induce any other bidder to submit, or not to submit a bid for restricting competition, has occurred.

#### 4.12 Conflict of Interest

Each Bidder must indicate whether they have any actual or potential conflict of interest related to contracting services with Indian Bank.

**Selected Bidder will not be eligible to participate as vendor/partner/collaborator for any of the software solutions related to the scope of this assignment.**

#### 4.13 Confidentiality

The bidder will be exposed to internal business information of Indian Bank, affiliates, and / or business partners by virtue of the contracted activities. The bidder / their employees shall treat all data & information collected from INDIAN BANK during the project in strict confidence. INDIAN BANK is expected to do the same in respect of bidder provided data / information. **On termination of the contract also they should not divulge any data / information.**

The successful bidder will have to enter into a Non Disclosure agreement with the Bank (Annexure 9) to safeguard the confidentiality of Indian Bank's business information, legacy applications and data.

#### 4.14 Deliverables

On completion of the assignment, bidder is required to submit to the Bank soft copies as well signed hard copies of the reports / documents as outlines under scope of the assignment (RFP) under para 3.2.

#### 4.15 Period of Contract

The selected bidder is expected to complete the entire period of assignment within a period of **6 months** which will commence from the date of agreement with the bank.

#### 4.16 Key personnel

The key persons identified by the bidder should possess in-depth banking domain knowledge and should have been a part of team which has undertaken similar



assignment(s) to public/private sector banks in India. The key persons should also possess at least one of the following qualifications –

- a) MBA – Finance
- b) PG in Mathematics/Statistics/Econometrics.
- c) FRM-GARP / PRM / International-CFA / CA / PG (Diploma) in Risk Management / Financial Engineering.

#### 4.17 Penalty for delay

For any delay on part of the bidder in completing the assignment as agreed upon, Indian Bank will charge penalty @ 0.5 % of the order value per week or part thereof, subject to a maximum of 10 % of the order value. **However, the Bank reserves the right to cancel the order over and above charging penalty.**

#### 4.18 Order Cancellation

INDIAN BANK, without prejudice to any other remedy for breach of contract, by written notice of default sent to the successful bidder, may terminate this contract in whole or part:

- a. Delay in completing the assignment within the specified period or within any extension thereof granted by the Bank.
- b. Failure to perform any other obligation(s) under the contract.
- c. If the successful bidder, in the judgment of the bank has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

For the purpose of this clause:

“corrupt practice” means the offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution; and

“fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the bank, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and deprive the Bank of benefits of free and open competition.

- d. In the event of the Bank terminates the contract in whole or in part, the Bank may engage other agency, upon such terms and in such manner as it deems appropriate, Goods or Services similar to those undelivered, and the Successful bidder shall be liable to the Bank for any excess costs for such similar goods or services. However, the successful bidder shall continue performance of the contract to the extent not terminated.

#### 4.19 Completeness of Assignment

The assignment will be deemed as incomplete if any component of the assignment is not delivered or is delivered but not complete in nature as specified in the scope of the assignment.

In such an event, the assignment will be termed as incomplete and not acceptable.

#### 4.20 Indemnity

Bidder shall indemnify, protect and save INDIAN BANK against all claims, losses, costs, damages, expenses, action suits and other proceeding, resulting from infringement of any patent, trademarks, copyrights etc. or such other statutory infringements in respect of services offered by him, in a format acceptable to the Bank.

#### 4.21 Force Majeure

The bidder shall not be liable for forfeiture of its performance security, liquidated damages or termination for default, if and to the extent that the delay in performance or other failure to perform its obligations under the contract is as a result of an event of force Majeure. For purposes of this Clause, "Force Majeure" means an event beyond the control of the Bidder and not involving the bidder's fault or negligence and not foreseeable. Such events may include, but are not limited to acts of purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.

If a Force Majeure situation arises, the Bidder shall promptly notify INDIAN BANK in writing of such conditions and the cause thereof within 10 calendar days. Unless otherwise directed by INDIAN BANK in writing, the Bidder shall continue to perform its obligations under the Contract as far as it is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.

In such a case, the time for performance shall be extended by a period(s) not less than the duration of such delay. If the duration of delay continues beyond a period of 2 months, INDIAN BANK and the bidder shall hold consultations with each other in an endeavor to find a solution to the problem.

Notwithstanding above, any decision of INDIAN BANK shall be final and binding on the bidder.

#### 4.22 Resolution of Disputes

- a. If any dispute or difference of any kind whatsoever shall arise between the bank and the successful bidder in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such disputes or difference by mutual consultation.
- b. If after 30 days from the commencement of such mutual consultation the parties fail to resolve their disputes or difference amicably, then either the bank or the successful bidder may give notice to the other party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be commenced unless such notice is given.
- c. Any dispute or difference in respect of which a notice of intention to commence arbitration has been given in accordance with this clause shall be finally settled by arbitration. Arbitration may be commenced prior to or after delivery of the goods under the contract.

Arbitration proceedings shall be conducted in accordance with the following rules of prudence –

- i. In case of dispute or difference arising between the bank and the successful bidder relating to any matter connected with or arising out of this contract, such dispute or difference shall be settled in accordance with the Arbitration and Consolidation Act, 1996. The arbitral tribunal shall consist of 3 Arbitrators one each to be appointed by the Bank and the successful bidder; the third Arbitrator shall be chosen by the two Arbitrators appointed by the parties and shall act as Presiding Arbitrator. In case of failure of the two Arbitrators appointed by the parties to reach upon a consensus within a period of 30 days from the appointment on choosing the presiding arbitrator, the Presiding Arbitrator shall be appointed by the Indian Banks' Association, India which appointment shall be final and binding on the parties.
  - ii. If one of the parties fails to appoint its Arbitrator within 30 days after receipt of the notice of the appointment of its Arbitrator by the other party, then the Indian Banks' Association shall appoint the Arbitrator. A certified copy of the order of the Indian Banks' Association making such an appointment shall be furnished to each of the parties.
  - iii. Arbitration proceedings shall be held at Chennai, India, and the language of the arbitration proceedings and that of all documents and communications between the parties shall be English.
  - iv. The decision of the majority of arbitrators shall be final and binding upon both parties. The cost and expenses of arbitration proceedings will be paid as determined by the Arbitral Tribunal. However, the expenses incurred by each party in connection with the preparation, presentation etc. of its proceedings as also the fees and expenses paid to the arbitrator appointed by such party itself.
- d. Notwithstanding any reference to the arbitration herein,
- i. The parties shall continue to perform their respective obligation under the contract unless they otherwise agree; and
  - ii. The Bank shall pay the successful bidder any monies due to the successful bidder.

#### 4.23 Applicable Law

Laws of India and any other guidelines having the force of law in India will be applicable

#### 4.24 Jurisdiction

Any litigation under this bid, contract will be subject to Chennai jurisdiction

#### 4.25 Performance Security

Within 10 (ten) days of signing of contract, the successful bidder shall furnish to the Bank the performance security equivalent to **10% of the contract amount** in the form of a Bank Guarantee in the format enclosed (Annexure 7) valid for **1 year** from the date of commencement of the assignment. If the guarantee is expiring within such period, the guarantee has to be extended suitably.

The proceeds of the performance security shall be payable to the Bank as compensation for any loss resulting from the successful bidder's failure to complete its obligations under the Contract.

The performance security will be discharged by the Bank and returned to the Successful bidder not later than 30 days following the date of completion of the Successful bidder's performance obligations under the Contract, or after the expiry date of performance guarantee.

#### 4.26 Acceptance of Terms and Conditions

The Recipient will, by responding to the Bank's RFP document, be deemed to have accepted the terms and conditions as stated in this RFP document.

## 5 Proposal Scope and Guidelines

### 5.1 Proposal Content/Proposal Format

The bidders' proposals are central to the evaluation and selection process. Therefore, it is important that the bidders carefully prepare the proposal and answer the questionnaires completely. The proposal should be prepared as outlined in Annexure 1. The quality of the bidders' proposal will be viewed as an indicator of the bidder's capability to undertake the assignment and bidders interest in the project.

All costs incurred by the bidders while participating in the RFP process and subsequent presentations, demonstrations, reference checks and contract negotiation processes shall be absorbed entirely by the bidders. All supporting documentation submitted with this proposal shall become the property of the Indian Bank.

### 5.2 Clarifications

All the queries and clarifications relating to this RFP, technical or otherwise, must be in writing only and should be addressed to the following –

**Assistant General Manager (RMD)**  
**Indian Bank**  
**Risk Management Department**  
**Corporate Office,**  
**254-260, Avvai Shanmugam Salai, Royapettah**  
**Chennai - 600 014**

Telephone No. 044-28134050

Email id: agmrmd@indianbank.co.in

### 5.3 Amendment of bidding documents

- a. At any time prior to the deadline for submission of bids, the Bank, for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, may modify the Bidding Document by amendment.
- b. Amendments, if any will be notified in the Bank's website and will be binding on all prospective bidders who intend to submit the bids.

## 5.4 Submission and Acceptance of Bidder Proposals

### a. Proposal Delivery:

Bidders must submit the technical and financial bids in separate sealed covers in the following manner:

(1) The sealed cover for technical bid should be marked as:

**“Technical Bid (Validation of Credit Rating / Scoring Models)”**.

Bidder should also submit the soft copy of the complete technical bid in MS-Word / PDF format on a CD superscribing **“Soft copy of Technical Bid (Validation of Credit Rating / Scoring Models)”**. In case of any discrepancy between soft copy and the hard copy of the technical bid, the latter will be treated as authorised version.

(2) The sealed cover for commercial bid should be marked as:

**“Commercial Bid (Validation of Credit Rating / Scoring Models)”**

***Bidder should not submit soft copy of the commercial bid.***

These two sealed cover should be put in one **bigger sealed cover** titled **“Offer for Validation of Credit Rating / Scoring Models”** and sent to –

**Assistant General Manager,  
Indian Bank  
Expenditure Department,  
Corporate Office,  
254-260, Avvai Shanmugam Salai, Royapettah  
Chennai - 600 014**

All pages of both technical and commercial bids should be serially numbered. If more than one volume is sent, the volumes also should be numbered. The covering letter should mention the total number of volumes and total number of pages in each volume.

### b. Deadline for submission of bids:

The Bank must receive all proposals before **5.00 PM on 05.12.2011**. Proposals received after the above stated date and time will be disqualified.

If the last date for submitting the bids declared to be a holiday at Chennai, then the bids may be submitted on the next working day till 5.00 PM.

The Bank reserves the right to extend the deadline for the submission of bids by amending the bid document, in which case all rights and obligations of the Bank and bidders previously subject to the deadline will thereafter be subject to the deadline as extended. Such extension of deadline will be notified in the website of the Bank .

Any bid received after the deadline for submission of bids prescribed by the Bank will be rejected.

**c. Exceptions to the Bid Document / RFP**

Indian Bank reserves the right to accept or reject any or all bids, to take exception to the RFP specifications or to waive any formalities. Bidders may be excluded from further evaluation for failure to fully comply with the specifications of this RFP. Indian Bank is under no obligation to explain why any proposal is accepted or rejected.

The Bank reserves the right to accept or reject the deviations. NON-MENTION OF DEVIATIONS SHALL IMPLY COMPLIANCE TO BANK'S SPECIFICATIONS.

**5.5 Opening of bids**

- a. The Bank will open the technical bids in the presence of the officers authorised for the purpose, and bidders' representatives at **3.00 PM on 08.12.2011** at our Corporate Office, Royapettah, Chennai.
- b. The Bank will open commercial bids of technically qualified bids, in the presence of bidders' representatives who chose to attend, at the time, on the date, and at the place that will be communicated to them. The bidders' representatives who are present shall sign a register evidencing their attendance.
- c. The bidders' names, bid modifications or withdrawals, bid prices, discounts, and the presence or absence of requisite bid security and such other details as the Bank, at its discretion, may consider appropriate, will be announced at the bid opening. No bid shall be rejected at bid opening, except for late bids, which shall be returned unopened to the bidder.
- d. The Bank reserves the right to extend the date of opening the bids by giving due notice.

**5.6 Clarification of bids**

During evaluation of the bids, the Bank may, at its discretion, seek clarification from the bidder. The request for clarification and the response shall be in writing, and no change in the prices or substance of the bid shall be sought, offered or permitted.

**6 Overview of Evaluation Process**

The objective of the evaluation is to select the appropriate agency among the bidder(s) capable of undertaking the assignment as specified under scope of RFP (para 3.2), within specified time frame and in a cost-effective manner.

If any information provided in the response to this RFP is found to be incorrect or misrepresented, at any stage of the evaluation process, the Bank retains the right to summarily disqualify the bidder from the evaluation process and from further bids in future.

**6.1 Evaluation process and comparison of bids**

Evaluation criteria established by the Bank for evaluating the proposals which may be suitably amended in part or full at Bank's discretion, is as follows:

### Part I – General Evaluation

- i. Bids will be short-listed based on the eligibility criteria specified in this document (page3, para2).
- ii. The Bank will examine the bids to determine whether they are complete in all aspects, whether the documents have been properly signed and whether the bids are generally in order.
- iii. Bidder should not mention price of the services offered except in the commercial bid as per the prescribed format (Annexure–6), otherwise the same will be summarily rejected.
- iv. The bid valid for a shorter period than **180 days** from the date of bid opening will be rejected as non-responsive.
- v. Any effort by the bidder to influence the Bank in the process of evaluating bids and in decisions concerning award of the contract will result in the rejection of the bidder's bid.
- vi. The bank reserves the right to accept or reject in part or full any or all the offers without assigning any reasons there for.

### Part II – Technical Evaluation

The capabilities of the bidder based on above general evaluation, compliance with the scope of the assignment will be assessed based on the following parameters:

S. No.	Parameter	Details
1.	Number of completed assignments in development & implementation of Credit Rating / Scoring models ( <b>enclose proof</b> ).	
2.	Number of completed assignments in validation of rating / scoring models ( <b>enclose proof</b> ).	
3.	Number of years of experience in Risk Management ( <b>enclose proof</b> ).	
4.	Experience and qualifications of the Key persons (as specified under para 4.16)	
5.	Coverage of Scope of the Assignment (as specified under Annexure 4)	
6.	Reference check	

- i. Reference Checks: All the details of reference sites and contact persons requested for in Annexure 3 should be provided. Indian Bank, at its option, will contact these reference sites to obtain information on the assignments undertaken.
- ii. Bidders technically considered to meet the specifications will be identified and their Commercial bids alone will be opened.

**Part III – Commercial Evaluation**

- i. Commercial bids of only those bidders who have qualified the general and technical evaluation will be opened and evaluated. Prices will be compared and the lowest quote (L1) will be selected.
- ii. If there is a discrepancy between the words and figures, the amount in words will prevail.
- iii. The comparison shall be between the prices quoted inclusive of all taxes.
- iv. The Bank will be under no obligation to accept lowest or any other offer.

**6.2 Payment Schedule**

10% upfront after signing the contract

30% on completion of 25% of the assignment as per the PERT chart\*

30% on completion of 50% of the assignment as per the PERT chart\*

30% on completion of the assignment i.e. on submission of the reports / documents covering the entire scope of the assignment given under para 3.2

\*PERT chart for the entire project / assignment to be submitted by the bidder and accepted by the Bank.



## 7. Annexure 1 – PROPOSAL FORMAT

### 7.1 Proposal Response Guidelines

Bidders should ensure that their proposals clearly set out all the information requested in the following sections as well as in the order.

Bidders must provide individual and factual replies to specific questions asked in the annexures. References to sales or any other literature should be avoided even if the literature forms a part of the proposal.

All proposals must be duly stamped and signed by an authorised signatory for the bidder on each page.

### 7.2 Proposal Format

This section provides the structure for bidders to prepare their responses. Bidders are requested to follow this structure.

#### **(1) Technical Bid (Validation of Credit Rating / Scoring Models):**

Bidders are requested to structure their technical proposals under the following sections:

##### **Section I – Management Information Summary** as per Annexure 2

This section should be structured as follows:

Bidder' Profile

Financial Details

Bio-data of Key professionals

##### **Section II – Reference site details** as per Annexure 3

Quote minimum one reference site preferably within India, that may be contacted for a discussion on proposed assignment. Give the bank's/company's address and telephone number and the name and designation of the person(s) at each site that may be contacted to discuss the proposed systems.

All the details as requested in Annexure 3.

##### **Section III – Scope of the Assignment:**

The completed response to Scope of Assignment in Annexure 4

##### **Section IV – Bid Security**

Bid security in the form of Bank guarantee as per Annexure 5

#### **(2) Commercial Bid (Validation of Credit Rating / Scoring Models):**

The Commercial Bid should be submitted as per Annexure 6 of this RFP.

**The commercial bid has to be submitted in separately sealed envelope only in hard copy with one original version duly signed. The commercial bid envelope has to be marked as "Commercial Bid (Validation of Credit Rating / Scoring Models)".**

## 8. Annexure 2: Management Information Summary

### 8.1 Bidder's Profile

**(To be filled in by bidder)**

<i>General</i>	
Company Name	
Date of Incorporation	
Holding Company or Parent Company (if any)	
Company's local (in India) address	
Contact details: Name, phone, fax and email	
Please provide details of ownership: private/public; ultimate parent; major shareholders. Any significant changes in ownership in the last two years?	
Number of years in business	
Number of years of experience in Risk Management	
Account Representative	
Address and Phone	
<i>Staff</i>	
Total number of employees	
Total number of domain experts employed in Risk Management area	
Validity of RFP and Expiration Date	
Any pending or past litigation (within 3 years)? If yes, please explain with present status. Please also mention any claims / complaints received in the last three years.	

### 8.2 Financial Position (Enclose copy of audited statements)

(In Rs in Lakh)

	2008-09	2009-10	2010-11
Paid up Capital			
Tangible Net Worth			
Total Assets			
Total Sales (net of excise)			
PBDIT			
Profit after Tax			

Please attach relevant portion of annual reports / audited financial statements for the last three financial years duly attested by the authorized officials of the Bidder.

### 8.3 Bio-data of Key Professionals

Date:

Signature of Authorised Official with seal

**9. Annexure 3 – Reference Site Details**

(Please furnish details of the reference sites where validation exercise of the rating / scoring models has been undertaken by the **bidder himself**. Bidder should submit necessary documents as proof of the same)

1.	Company / Client Name	
2.	Company / Client Address	
3.	Telephone Number	
4.	Fax Number	
5.	Contact Person's Name	
6.	Date of commencement of assignment	
7.	Date of completion / likely date of completion	

**10. Annexure 4 – Scope of Assignment**

S. No.	Particulars of assignment	Whether covered under scope? (Yes / No)	Remarks
1.	Review of the Bank's internal rating system and suggest modifications / improvements wherever necessary with specific focus on meeting requirements as per Basel II / RBI guidelines on Internal Rating Based Approaches (FIRB/AIRB)		
2.	Performing model validation and evolving framework for model validation, calibration, back testing, stability testing and benchmarking the models by using internal data		
3.	Performing qualitative validation of the bank's existing rating / scoring models for assessment of model design, governance, documentation and usage in business decision making		
4.	Perform quantitative validation to assess the discriminatory power by testing performance of the rating / scoring model involving back-testing, benchmarking and ascertaining consistency / stability		
5.	Gap Analysis - Evaluate the preparedness for moving over to IRB approach including the gaps in data captured and required for estimation of key Basel-II parameters i.e. PD, LGD & EAD. Identify the gaps and suggest methods to bridge the gaps		

**11. Annexure 5 – Bid Security Form**

To

Indian Bank

Corporate Office

254-260 Avvai Shanmugam Salai, Royapettah, Chennai - 600014

Whereas .....(hereinafter called "the Bidder") has submitted its bid dated ..... (date of submission of bid) for undertaking the assignment of 'Validation of Credit Rating / Scoring Models' (hereinafter called "the Bid"), we ..... (name of bank), having our registered office at ..... (address of bank) (hereinafter called "the Bank"), are bound unto Indian Bank (hereinafter called "the Bank") in the sum of Rs.1,00,000/- (Rupees One lakh only) for which payment well and truly to be made to the said Bank, the Bank binds itself, its successors, and assigns by these presents.

THE CONDITIONS of this obligation are:

1. If the Bidder withdraws its Bid during the period of bid validity specified by the Bidder on the Bid Form; or
2. If the Bidder, having been notified of the acceptance of its bid by the Bank during the period of bid validity:
  - (a) fails or refuses to execute the Contract Form within specified time of 15 days; or
  - (b) fails or refuses to furnish the performance security within 10 days of signing the contract.

We undertake to pay the Bank up to the above amount upon receipt of its first written demand, without the Bank having to substantiate its demand, provided that in its demand the Bank will note that the amount claimed by it is due to it, owing to the occurrence of one or both of the two conditions, specifying the occurred condition or conditions.

This guarantee will remain in force up to and including thirty (30) days after the period of the bid validity, and any demand in respect thereof should reach the Bank not later than the above date.

Notwithstanding anything contained herein:

1. Our liability under this bid security shall not exceed Rs. 1,00,000/-
2. This Bank guarantee will be valid upto .....(date);
3. We are liable to pay the guarantee amount or any part thereof under this Bank guarantee only upon service of a written claim or demand by you on or before ..... (date).

In witness whereof the Bank, through the authorised officer has set its hand and stamp on this.....day of .....at .....

.....  
(Signature of the Bank)

**NOTE:**

1. Bidder should ensure that the seal and CODE No. of the authorised signatory is put by the bankers, before submission of the bank guarantee.
2. Bank guarantee issued by banks located in India shall be on a Non-Judicial Stamp Paper of appropriate value
3. Bid security should be INR only
4. Presence of restrictive clauses in the Bid Security Form such as suit filed clause/ requiring the Bank to initiate action to enforce the claim etc., will render the Bid non-responsive.

**12. Annexure 6 – Commercial Bid**
**Sub:**
**Ref:**

Consolidated Costs / charges

S. No.	Particulars	Amount (in Rs)
1	Professional fee of undertaking the Assignment of 'Validation of Credit Rating / Scoring Models' and delivering the relevant documents / reports covering the scope of the assignment as specified under Scope of Assignment ( Annexure4)	
2	Applicable Service Tax, Education Cess etc.	
3	Other costs / charges (pl specify)	
<b>TOTAL COMMERCIAL BID PRICE ( 1 + 2+3)</b>		

Tax at source will be deducted from the above as applicable at the time of making the payments.

Dated -

Signature and seal of the Bidder

**NOTE:**

1. The commercial bid should be enclosed in a separate sealed envelope.
2. All costs / charges should be in INR only
3. The commercial bid price should be all inclusive costs / charges / taxes (i.e., including technical service charge, Excise Duty, **Service Tax, Education Cess** and Sales Tax, if any.
4. All costs should be for door delivery for all the deliverables to Corporate Office of the Bank. It is expected that bidders provide fixed costs for all the cost items mentioned in the Commercial Format compliance Table
5. No additional charges / management fee of any kind will be reimbursed.
6. External factors such as Exchange rate fluctuations, changes in import duty and other taxes, etc. will not affect the Rupee value of the commercial bid, over the validity period of the bid.
7. Total Commercial Bid price will be considered for evaluation / comparison of Commercial bids.

**13. Annexure 7 – Performance Security Form**

Bank Guarantee No.

Date:

To  
INDIAN BANK, Chennai

**WHEREAS** ..... (Name of Agency) hereinafter called "the Agency") has undertaken, in pursuance of Contract No..... dated,..... 2011... to supply.....(Description of Goods and Services) (hereinafter called "the Contract").

**AND WHEREAS** it has been stipulated by you in the said Contract that the Agency shall furnish you with a Bank Guarantee by a recognised bank for the sum specified therein as security for compliance with the Agency's performance obligations in accordance with the Contract.

**AND WHEREAS** we have agreed to give the Agency a Guarantee:

**THEREFORE, WE** hereby affirm that we are Guarantors and responsible to you, on behalf of the Agency, up to a total of..... (Amount of the Guarantee in Words and Figures) and we undertake to pay you, upon your first written demand declaring the Agency to be in default under the Contract and without cavil or argument, any sum or sums within the limit of ..... (Amount of Guarantee) as aforesaid, without your needing to prove or to show grounds or reasons for your demand or the sum specified therein.

This guarantee is valid until the .....day of.....2011.....

Signature and Seal of Guarantors

.....  
Date.....2011.....Address:.....  
.....**NOTE:**

1. Agency should ensure that seal and code no. of the signatory is put by the bankers, before submission of the bank guarantees.
2. Bank guarantees issued by banks located in India shall be on a Non-Judicial Stamp Paper of requisite value

(The above format is illustrative only and may be suitably modified later by the Bank)

#### 14. Annexure 8 – Contract Form

**THIS AGREEMENT** made the .....day of....., 2011... Between Indian Bank, having its Corporate Office at 254-260 Avvai Shanmugam Salai, Royapettah, Chennai 600 014 (hereinafter "the Bank") of the one part and..... (*Name of Agency*) having its Registered Office at (*City and Country of Agency*) (hereinafter called "the Agency") of the other part:

**WHEREAS** the Bank invited bids for certain services viz.,..... (*Brief Description of the Services*) and has accepted a bid by the Agency for the supply of those goods and services in the sum of..... (*Contract Price in Words and Figures*) (hereinafter called "the Contract Price").

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.
2. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:
  - (a) The Bid Form and the Price Schedule submitted by the Bidder;
  - (b) The Conditions of Contract;
  - (c) The Bank's Notification of Award.
3. In consideration of the payments to be made by the Bank to the Agency as hereinafter mentioned, the Agency hereby covenants with the Bank to provide the goods and services and to remedy defects therein in conformity in all respects with the provisions of the Contract.
4. The Bank hereby covenants to pay the Agency in consideration of the provision of the goods and services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the Contract at the times and in the manner prescribed by the Contract.

Brief particulars of the goods and services, which shall be supplied / provided by the Agency, are as under:

SL. NO.	BRIEF DESCRIPTION OF GOODS & SERVICES	QUANTITY TO BE SUPPLIED	UNIT PRICE	TOTAL PRICE

**TOTAL VALUE:**

**DELIVERY SCHEDULE:**

**IN WITNESS** whereof the parties hereto have caused this Agreement to be executed in accordance with their respective laws the day and year first above written.

Signed, Sealed and Delivered by the  
said..... (For Indian Bank)  
in the presence of:.....

Signed, Sealed and Delivered by the  
said..... (For the Agency)  
in the presence of:.....

(The above format is illustrative only and may be suitably modified later by the Bank)



**15. Annexure 9 – Non Disclosure Agreement**

**THIS AGREEMENT** made and entered into at .....on this the.....day of.....2006 between **INDIAN BANK**, a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act 1970, having its Corporate Office at No.254-260 Avvai Shanmugam Salai, Chennai 600 014, hereinafter called the “**BANK**” which term shall wherever the context so require includes its successors and assigns

AND

.....**Limited** a company registered under the Companies Act having its registered office at..... hereinafter called the “Agency” which term shall wherever the context so require includes its successors and assigns, **WITNESSETH:**

**WHEREAS**

The Bank is interalia engaged in the business of banking and in the course of such business activity have been providing the facility of .....

The Bank has developed/evolved the idea of getting the internal Credit Rating / Scoring Models validated by a reputed external agency.

The Agency has been engaged in the business of developing software, providing consultancy services (alter/modify as per requirement).

The Bank has approached the Agency for validating the Credit Rating / Scoring models of the Bank.

The parties intend to engage in discussions and negotiations concerning establishment of business relationship between them. In the course of discussions and negotiations, it is anticipated that the parties may disclose or deliver to the other certain or some of its trade secrets or confidential or proprietary information for the purpose of business relationship.

NOW THEREFORE THIS AGREEMENT WITNESSETH and it is hereby agreed by and between the parties hereto as follows:

**1. Confidential information-**

**Confidential information means all information disclosed/furnished by either party to another party in connection with the business transacted/ to be transacted between the parties. Confidential information shall include any copy, abstract, extract, sample, note or module thereof and electronic material or records.**

Receiving party may use the information solely for and in connection with the Purpose.

**2. Use of Confidential Information –**

Each party agrees not to use the other’s confidential information for any purpose other than for the specific purpose. Any other use of such confidential information by any party shall be made only upon the prior written consent from the authorized representative of the other party or pursuant to subsequent agreement between the Parties hereto.

The receiving party shall not commercially use or disclose for commercial purpose any confidential information or any material derived from the disclosing party to any other person or entity other than persons in the direct employment of the Receiving Party who have a need to access to knowledge solely for the purpose authorized above. The Receiving Party may disclose confidential information to consultants only if the consultant has executed non-disclosure agreement with the Receiving Party that contains terms and

conditions that are no less restrictive than these and such consultant should also be liable to the Original disclosing party for any unauthorized use or disclosure. The Receiving party shall take appropriate measures by instruction and written agreement prior to disclosure to such employees to assure against unauthorized use or disclosure. The Receiving Party agrees to notify the Disclosing Party immediately if it learns of any use or disclosure of the Disclosing party's confidential information in violation of the terms of this Agreement.

Neither party shall make news release, public announcements, give interviews, issue or publish advertisements or Agreement, the contents/provisions thereof, other information relating to this agreement, the purpose, the Confidential information or other matter of this agreement, without the prior written approval of the other party.

### **3. Exemptions**

**The obligations imposed upon either party herein shall not apply to information, technical data or know how whether or not designated as confidential, that:**

- i. Is already known to the Receiving party at the time of the disclosure without an obligation of confidentiality
- ii. Is or becomes publicly known through no unauthorized act of the Receiving party
- iii. Is rightfully received from a third party without restriction and without breach of this agreement
- iv. Is independently developed by the Receiving party without use of the other party's Confidential information and is so documented
- v. Is disclosed without similar restrictions to a third party by the Party owning the confidential information
- vi. Is approved for release by written authorization of the disclosing party; or
- vii. Is required to be disclosed pursuant to any applicable laws or regulations or any order of a court or a governmental body; provided, however that the Receiving party shall first have given notice to the Disclosing Party and made a reasonable effort to obtain a protective order requiring that the confidential information and / or documents so disclosed used only for the purposes for which the order was issued.

### **4. Term**

This agreement shall be effective from the date of the execution of this agreement and shall continue till expiration or termination of this agreement due to cessation of the business relationship between the parties. Upon expiration or termination as contemplated herein the Receiving party shall immediately cease any or all disclosures or uses of confidential information and at the request of the disclosing party, the receiving party shall promptly return or destroy all written, graphic or other tangible forms of the confidential information and all copies, abstracts, extracts, samples, note or modules thereof

The obligations of the receiving party respecting disclosure and confidentiality shall continue to be binding and applicable without limit until such information enters the public domain.

### **5. Title and Proprietary rights**

Notwithstanding the disclosure of any confidential information by the disclosing party to the receiving party, the disclosing party shall retain title and all intellectual property and proprietary rights in the confidential information. No license under any trademark, patent or copyright or application for same which are nor or thereafter may be obtained by such party is either granted or implied by the conveying of confidential information.

**6. Return of confidential information:**

Upon written demand of the disclosing party, the receiving party shall (i) cease using the confidential information (ii) return the confidential information and all copies, abstracts, extracts, samples, note or modules thereof to the disclosing party within seven (7) days after receipt of notice and (iii) upon request of the disclosing party, certify in writing that the receiving party has complied with the obligations set forth in this paragraph.

**7. Remedies:-**

The receiving party acknowledges that if it fails to comply with any of its obligations hereunder, the disclosing party may suffer immediate, irreparable harm for which monetary damages may not be adequate. The receiving party agrees that, in addition to all other remedies provided at law or in equity, the disclosing party shall be entitled to injunctive relief hereunder.

**8. Entire agreement-**

This agreement constitutes the entire agreement between the parties relating to the matter discussed herein and supersedes any and all prior oral discussion and/or written correspondence or agreements between the parties. This agreement may be amended or modified only with the mutual written consent of the parties. Neither this agreement nor any rights, benefits and obligations granted hereunder, shall be assignable or otherwise transferable.

**9. Severability**

If any provision herein becomes invalid, illegal or unenforceable under any law, the validity, legality and enforceability of the remaining provisions and this agreement shall not be affected or impaired.

**10. Dispute resolution mechanism:**

In the event of any controversy or dispute regarding the interpretation of any part of this agreement or any matter connected with, arising out of, or incidental to the arrangement incorporated in this agreement, the matter shall be referred to arbitration and the award passed in such arbitration shall be binding on the parties. The arbitral proceeding shall be governed by the provisions of Arbitration and Reconciliation Act 1996 and the place of arbitration shall be Chennai.

**11. Jurisdiction**

The parties to this agreement shall submit to the jurisdiction of courts in Chennai.

**12. Governing laws**

The provisions of this agreement shall be governed by the laws of India

In witness whereof the parties hereto have set their hands through their authorised signatories

**BANK**

.....

(The above format is illustrative only and may be suitably modified later by the Bank)