Malir Expressway Project

Bid Evaluation

TFEC Presentation

December 2019

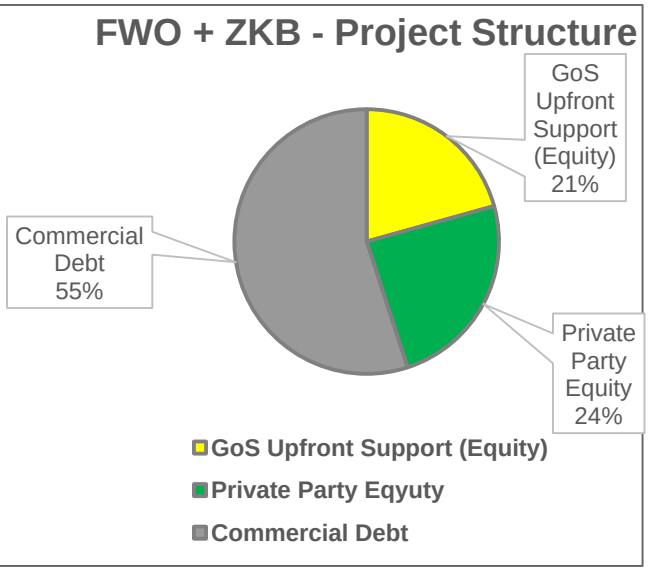
Financial Evaluation

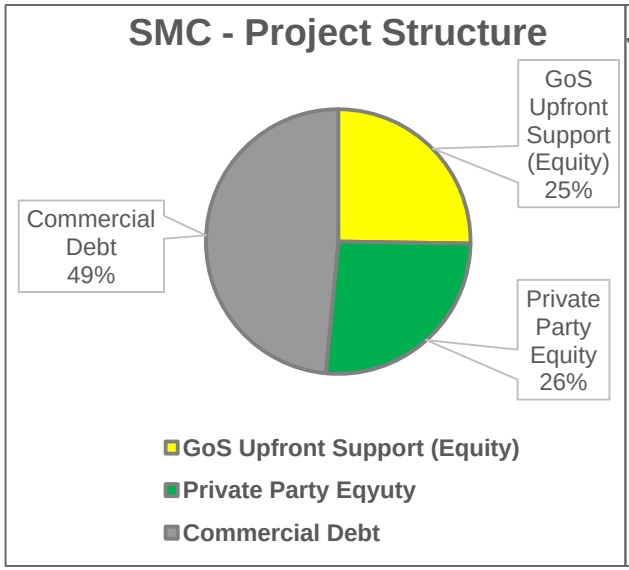
Pre-Estimated Project Cost

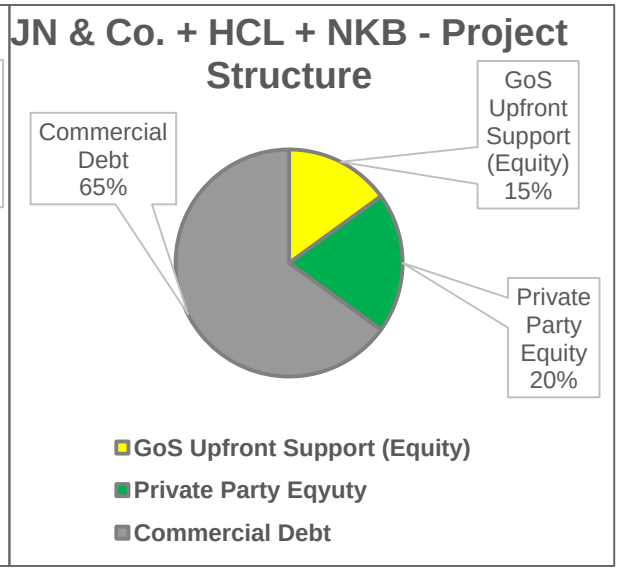
Criteria	Bidders		
	FWO + ZKB	SMC	JN & Co. + HCL + NKB
Construction cost excluding taxes	36,929,450,000	30,000,000,000	21,022,458,472
Taxes on construction cost	2,542,950,848	2,432,432,432	1,674,418,605
Engineering design cost	923,236,250	50,000,000	240,000,000
IDC	4,887,833,185	3,316,292,986	2,147,595,396
Insurance cost	553,941,750	105,081,081	300,000,000
Other project cost	1,045,233,923	1,097,645,917	895,234,467
Other taxes	-	2,594,594,595	1,063,122,924
Total cost before contingency	46,882,645,956	39,596,047,011	27,342,829,863
Contingency	1,477,178,000	-	240,000,000
Pre-Estimated Project Cost	**48,359,823,956**	**39,596,047,011**	**27,582,829,863**
Taxes	2,542,950,848	5,027,027,027	2,737,541,528
Pre-Estimated Project Cost (excluding taxes)	**45,816,873,108**	**34,569,019,984**	**24,845,288,334**

Project Structure

Criteria	Bidders		
	FWO + ZKB	SMC	JN & Co. + HCL + NKB
GoS Upfront Support (Equity)	PKR 10.000 Billion	PKR 9.992 Billion	PKR 4.137 Billion
Private Party Equity	PKR 11.672 Billion	PKR 10.400 Billion	PKR 5.517 Billion
Commercial Debt	PKR 26.598 Billion	PKR 19.204 Billion	PKR 17.929 Billion
Pre-Estimated Project Cost	**PKR 48,360 Billion**	**PKR 39.596 Billion**	**PKR 27.583 Billion**







Financial evaluation results

Criteria		Bidders					
		FWO + ZKB		SMC		JN & Co. + HCL + NKB	
		TA Model	Bidder Model	TA Model	Bidder Model	TA Model	Bidder Model
PV of MRG Amount	Debt servicing	18.329 Billion	18.329 Billion	13.919 Billion	13.919 Billion	12.099 Billion	12.099 Billion
	O&M	3.450 Billion	3.446 Billion	7.649 Billion	5.776 Billion	1.830 Billion	1.833 Billion
	Taxes	0.496 Billion	0.487 Billion	0.330 Billion	1.089 Billion	0.409 Billion	0.997 Billion
Grand Total		22.274 Billion	22.262 Billion	21.898 Billion	20.784 Billion	14.337 Billion	14.929 Billion

Financial evaluation results

Criteria		Bidders					
		FWO + ZKB		SMC		JN & Co. + HCL + NKB	
		TA Model	Bidder Model	TA Model	Bidder Model	TA Model	Bidder Model
Bid Price	GoS Upfront Support	10.000 Billion	10.000 Billion	9.992 Billion	9.992 Billion	4,137 Billion	4.137 Billion
	PV of MRG Amount discounted @ 14%	22.274 Billion	22.262 Billion	21.898 Billion	20.784 Billion	14.337 Billion	14.929 Billion
Grand Total		32.274 Billion	32.262 Billion	31.890 Billion	30.776 Billion	18.475 Billion	19.066 Billion
Difference/delta		PKR 0.012 Billion		PKR 1.114 Billion		PKR (0.591) Billion	
Rank/result		3rd		2nd		1st	

Bid Price = GoS Upfront Support + Present Value (PV) of MRG Amount discounted @ 14%

Annexure

Background

The Malir Expressway Project's Request for Proposal (RFP) was issued by Local Government Department (LGD), Government of Sindh (GoS) on **31 July 2019** and 3 bids were received on **01 November 2019** in response to the RFP from the following bidders:

1. **FWO** (Frontier Works Organization) + **ZKB** (Zahir Khan & Brothers)
2. **SMC** (Sultan Mehmood & Company)
3. **JN & Co.** + **HCL** (Habib Construction Services) + **NKB** (Niaz Muhammad Khan & Brothers)

Technical evaluation criteria

- The technical bid is evaluated and scored based on the evaluation criteria as stipulated in the RFP;
- Bidders were required to achieve a minimum score of 70 points to be technically qualified and must score at least 50% in each category listed below;

S. No.	Criteria	Weightage/marks
1.	Financial Capabilities	50
2.	Technical Capabilities	50
	Total	**100**

- The TFEC shall only evaluate the financial bid of the Bidder who has technically qualified i.e. achieved at least 70 points out of 100 points.

Financial evaluation criteria

- Financial Bids of Bidders, who have qualified technically, will then be opened and evaluated.
- Financial Bids will be evaluated based on the Bid Price, which shall be calculated based on the following formula:

Bid Price = GoS Equity Contribution + Present Value (PV) of MRG Amount discounted @ 14%

- The Bidder offering the lowest Bid Price would then be selected as the Preferred Bidder.
- Any errors or omissions in a Bid will not result in automatic rejection of the Bid.
- In this case, the GOS may seek clarifications from the Bidder and/or ask the Bidder to correct any errors or omissions in their Bid, within the time limits specified in the request.
- However, the Bidder shall only be allowed to amend/rectify tax and other identified parameters like KIBOR, O&M indexations etc. EPC cost etc. will not be modified.

Basic Eligibility Criteria

Basic eligibility criteria

Sr. No.	Criteria	Bidders		
		FWO + ZKB	SMC	HN & Co. + HCL + NKB
1	Registration with tax authorities	✓	✓	✓
2	Affidavit for government owned legal entities	✓	N/A	N/A
3	Affidavit for no conflict of interest	✓	✓	✓
4	Affidavit for non-blacklisting	✓	✓	✓
5	Affidavit for litigation history	✓	✓	✓
6	Affidavit for failure to sign contract	✓	✓	✓
7	Financial situation	✓	✓	✓
8	Registration with Pakistan Engineering Council (PEC)	✓	✓	✓
9	General construction experience	✓	✓	✓
10	Specific work experience	✓	✓	✓
11	Quality policy	✓	✓	✓
12	Health and safety policy	✓	✓	✓
13	Net worth	✓	✓	✓

Technical Evaluation

Technical evaluation results – Financial Capability

Criteria		Max points	Bidders		
			FWO + ZKB	SMC	HN & Co. + HCL + NKB
A-1	Average Annual Turnover in last 3 years	10	10	06	10
▶ PKR 6 billion ..... Max. **Points 3** ▶ for each increment of PKR 1 billion ..... **Points 1**			Average annual turnover in last 3 years: **PKR 107.5 billion**	Average annual turnover in last 3 years: **PKR 10.9 billion**	Average annual turnover in last 3 years: **PKR 22 billion**
A-2	Net worth as per latest financials	20	20	09	08
▶ PKR 6 billion ..... Max **Points 5** ▶ for each increment of PKR 1 billion ..... **Points 1**			Net worth (Latest financial - 2018): **PKR 98.8 billion**	Net worth (Latest financial - 2018): **PKR 10.02 billion**	Net worth (Latest financials - 2018): **PKR 9.3 billion**
A-3	Leverage ratio (debt/debt+equity)	10	10	10	10
▶ if ratio is at or above 85% ..... Points 0 ▶ if ratio is between 84.99% - 70% ..... Points 2 ▶ if ratio is between 69.99% – 50% ..... Points 4 ▶ if ratio is between 49.99% – 30% ..... Points 6 ▶ if ratio is between 29.99% – 10% ..... Points 8 ▶ if ratio is at or below 9.99% ..... Points 10			Leverage ratio (Latest financial statements - 2018): **1.0%**	Leverage ratio (Latest financial statements - 2018): **0.0%**	Leverage ratio (Latest financial statements - 2018): **0.6%**
A-4	Work methodology for project financial close	10	07	07	00
Financial capability		50	47	32	28
Result			QUALIFIED	QUALIFIED	QUALIFIED

Technical evaluation results – Technical Capability

Criteria		Max points	Bidders		
			FWO + ZKB	SMC	HN & Co. + HCL + NKB
B-1	Relevant construction experience	25	25	25	25
▶ 3 projects each worth of PKR 2.5 billion (or higher) or less than 3 projects with a cumulative worth of PKR 7.5 billion (or higher) ..... Max. Points 10 ▶ For each additional project worth PKR 750 million or higher ..... Points 2 Any project worth less than PKR 750 million shall not be considered for scoring. Documentary proof (i.e., work order and completion certificate) be attached.			Points awarded as per the Bidding Documents	Points awarded as per the Bidding Documents	Points awarded as per the Bidding Documents
B-2	Personnel for contracting firm	15	15	12	13
			Points awarded as per the Bidding Documents	Points awarded as per the Bidding Documents	Points awarded as per the Bidding Documents
B-3	Annual construction turnover in last 3 years	10	10	10	10
▶ PKR 5 billion ..... Max. Points 6 ▶ For each increment of PKR 500 million ..... Points 1			Average construction turnover in last 3 years: **PKR 104 billion**	Average construction turnover in last 3 years: **PKR 10.9 billion**	Average construction turnover in last 3 years: **PKR 22 billion**
Construction Capability		50	50	47	48
Result			QUALIFIED	QUALIFIED	QUALIFIED

Combined Technical evaluation results

Criteria		Max. points	Bidders		
			FWO + ZKB	SMC	HN & Co. + HCL + NKB
1	Financial capability	50	47	32	28
2	Technical capability	50	50	47	48
Grand Total		100	97	79	76
Result			QUALIFIED	QUALIFIED	QUALIFIED

Thank you