

In order to verify financial competency of bidders, they should be evaluated in terms of three aspects. Firstly, disregarding the subject of tender, financial structure of the company should be examined. This process not only shows possible problems and failures that the bidders would be inflicted, but also implies the powers and facilities of the company in managing its plans financially.

The second main issue is financial structure of the bidder's proposal to carry out the project. It implies that how the investor provides the required sources and how much its facilities are reliable.

The last title that is required to be assessed in this appraisal is financial operation of the bidder (or investing consortium, contractor, etc.) in securing and carrying out previous projects.

According to this, the criteria financial assessment and scoring in tender No.ITB/MAN-30/2015/1-1 are generally as follows:

		<b>Score</b>
A	Healthy and strong financial structure	25
B	The structure and executability of proposed financial model	55
C	Company records on previous projects	18
D	Adhering to order, rules and aesthetics in writing and offering the proposal	2

## A. Healthy and strong financial structure

Main items which is studied as bidder financial structure strength are:

		<b>Score</b>
1	Company capital	6
2	Paid tax	2
3	Three year financial statement	6
4	Financial ratios	6
5	Auditing reports	5
<b>Total</b>		<b>25</b>

### A-1. Company capital

<b>Company Capital (M Euro)</b>		<b>Score</b>
Less than 3		0.0
From	To	
3	8	0.5
8	12	1.0
12	14	2.0
14	16	3.0
16	18	4.0
18	20	5.0
Above 20		6.0

### A-2. Paid tax

<b>Paid Tax (M Euro)</b>		<b>Score</b>
Less than 0.3		0.0
0.3	2.0	1.0
2.0	4.0	1.5
Above 4.0		2.0

### A-3. Three year financial statement

Evaluation of financial statement, balance sheet and loss & profit statement of the company show the company's attitude. The main issues that are considered within this study are as follows:

- **Company profitability**

- Should the company ROE within the last three years is not less than 20% for Iranian and not less than 7% for Non-Iranian: (1 point)
- Should the trend of net profit within the last three years is not descending: (1 point)

- **Company's assets**

- Should the fixed assets of the company is more than 20,000,000 Euros (1 point)
- Should the current assets of the company within the last three years is not decreased in comparison with the last year:

Relative increase in current assets of each year in comparison with the previous year (%) (The least relative increase should be reflected)		Score
Less than 5%		0.00
From	To	
5%	10%	0.25
10%	15%	0.50
15%	20%	0.75
More than 20%		1.00

- **Decrease in liability**

- Should total liability of the company upon deduction of debts for unearned revenues of activities (while the unearned revenue is related to the year of assessment) has not an ascending trend: (2 points)

#### A-4. Financial Ratios

Financial ratios are focused on financial operation of the company during previous year. The following ratios will be examined:

##### • Debt Ratio

Debt Ratio (%)		Score
Less than 50%		2.0
From	To	
50%	60%	1.5
60%	70%	1.0
70%	80%	0.5
Above 80%		0.0

##### • Return on asset ratio

For Iranian companies

ROA Ratio (%)		Score
Less than 10%		0.0
From	To	
10%	15%	0.5
15%	20%	1.0
20%	25%	1.5
Above 25%		2.0

For Non- Iranian companies

ROA Ratio (%)		Score
Less than 2%		0.0
From	To	
2%	5%	0.5
5%	7%	1.0
7%	10%	1.5
Above 10%		2.0

•Quick ratio

Quick Ratio (%)		Score
Less than 50%		0.0
From	To	
50%	60%	0.5
60%	70%	1.0
70%	80%	1.5
Above 80%		2.0

**A-5. Auditor's comment letter**

Auditing report of the company is studied by Assessment Committee and financial structure of the company would be scored from Zero to 5 upon examining the opinions of auditor of assessment committee.

Also, below negative scores will be calculated if the auditor has given his report through one of the following items:

	Negative Score
If the financial statement is rejected by the auditor	5
If auditor comment letter conditionally accepts at least 20% of receivables	2
If auditor comment letter conditionally accepts at least 20% of assets	2
If auditor comment letter conditionally accepts the reserves (at least 30 % of assets or 30 % of debts)	5

The auditing rank of the auditor should be considered in examination of this report.

## B. The structure and executability of proposed financial model

In this part, the financial model and fundraising method proposed by the bidder is examined.

		<b>Score</b>
1	Project financial structure	4
2	Share of equity in financial model	22
3	Fundraising model	5
4	The guarantees required by the investor	4
5	Repayment conditions	15
6	Costs of company in the suggested method	5
<b>Total</b>		<b>55</b>

### B-1. Project financial structure

In this section, the bidder shall describe its intended financial structure clearly and the Assessment Committee shall score the proposed model, taking into account the following items:

- Identification of the structural factors: Proper description of model, considering all aspects and theoretical dominance on the issue
- Implementability: Conformity of model and its requirements with the current conditions and environment
- Proper consortium or joint venture structure
- Having the required skills and facilities to implement the proposed model

### B-2. Share of equity in financial model

Equity in proportion with the proposed amount (%)	<b>Score</b>
Less than 5%	0
5%	7
More than 5% and less than 15% for each 1%	1.5
15% and more	22

### **B-3. Fundraising model**

In this section, the bidder (potential investor) shall describe his proposed method for provision of the required liquidity, except the contributed shares. The Assessment Committee shall score the proposed method from Zero to 5, based on implementable and compatible the model is. The sources of fundraising may be commercial banks, national development fund, capital market, long-term letter of credit, finance, etc.

### **B-4. Guarantees required by the investor**

The investor may claim guarantees against his investment. Comparing the requested guarantees, the Assessment Committee will score them from Zero to 4. From the Assessment Committee view order of the guarantees are company guarantee, promissory note, domestic bank guarantee and letter of credit.

### **B-5. Repayment conditions**

Conditions of repayment include rate and period of repayment, grace period and interval of installments.

#### **•Annual rate**

<b>Proposed Annual Rate (%)</b>	<b>Score</b>
For rates more than 8% for each 0.5%	-0.5 (Max -2)
8%	2.0
Less than 8% for each 1%	0.5

#### **•Term of repayment**

<b>Repayment Period (Year)</b>	<b>Score</b>
Less than 5 years for each 6 months	-0.5 (Max -2)
5 years	4.0
More than 5 and less than 7 years for each 6 months	0.5
7 years and more	6.0

• **Grace Period:** From delivery of project and commencement of installments; 0.5 score per each three months break, (Maximum 2 points).

• **Interval of installments**

Interval of Installments	Score
Monthly	0.0
Quarterly	0.5
Half-yearly	1.0

**B-6. Costs of company in the suggested method**

Proposed financing method may cause some expenses to the bid owner. The least cost (upon comparing the offers) take 5 points and one point is deducted per 10% increase in costs.



### C- Company records on previous projects

#### C-1. Total contract price of all projects carried out within the last three years:

Total Projects Price (M Euro)		Score
Less than 30		0.0
From	To	
30	60	1.0
60	90	1.5
90	120	2.0
120	150	2.5
More than 150		3.0

#### C-2. Total realized price of all projects carried out within the last three years:

D = Difference between real and contractual amounts of all projects carried out

D (%)		Score
Less than 5%		2.0
From	To	
5%	10%	1.5
10%	15%	1.0
15%	20%	0.0
20%	22%	-1.0
More than 22%		-2.0

#### C-3. Company records in fundraising:

Total Fund Raised within last 3 Years (M Euro)		Score
Less than 30		0.0
From	To	
30	70	0.5
70	110	1.0
110	150	1.5
More than 150		2.0

**C-4. Company records in fundraising through the proposed method:**

<b>Total Fund Raised through Proposed Method within last 3 Years (M Euro)</b>		<b>Score</b>
Less than 15		0.0
From	To	
15	30	0.5
60	90	1.0
90	150	1.5
More than 150		2.0

**C-5. Company records in provision of equity in previous projects:**

<b>Total Equity Charged in Projects within last 3 Years (M Euro)</b>		<b>Score</b>
Less than 15		0.0
From	To	
15	30	1.0
30	45	2.0
45	60	3.0
More than 60		4.0

**C-6. Loans received within the last three years:**

<b>Total Loans Received (M Euro)</b>		<b>Score</b>
Less than 30		0.0
From	To	
30	60	1.0
60	90	1.5
90	120	2.0
120	150	2.5
More than 150		3.0

**C-7: Overdue debts and liabilities:**

<b>Overdue Debt Ratio According to Total Debt Amount (%)</b>		<b>Negative Score</b>
Less than 10%		0.0
From	To	
10%	20%	0.5
20%	30%	1.0
30%	40%	1.5
More than 40%		2.0