



INVITATION OF BIDS
REQUEST FOR PROPOSAL (RFP) FROM REPUTED PROFESSIONAL FIRMS TO PROVIDE
INDEPENDENT VALUATION REPORT TOWARDS A SALE CONTEMPLATED BY PUNJAB
NATIONAL BANK OF ITS SHAREHOLDING IN
ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED (“ARCIL”)

REQUEST FOR PROPOSAL



(A wholly owned subsidiary of Punjab National Bank)

PNB Pragati Towers, 2nd Floor, C-9, G Block, Bandra Kurla Complex,
Bandra East Mumbai 400 051

Date of Issue	January 20, 2021
Last date for submission of pre-bid queries	January 23, 2021 up to 15:00 Hrs (IST)
Last Date for submission of bid	On or before January 27, 2021 up to 15:00 Hrs (IST)



1. BACKGROUND

- i. Punjab National Bank ("**PNB**"/"**Seller**") holds 10.01% of the paid-up equity share capital i.e. 3,25,06,486 equity shares of face value of Rs. 10/- each of Asset Reconstruction Company (India) Limited ("**ARCIL**").
- ii. The Seller intends to sell its entire shareholding in ARCIL ("**Proposed Transaction**").
- iii. PNB Investment Services Limited ("**PNBISL**"/ "**Advisor**") has been appointed as Advisor by PNB for the Proposed Transaction.
- iv. In the view of above, PNBISL, on behalf of PNB, invites bids from reputed professional firms to provide independent valuation report towards intended stake sale by PNB in ARCIL.

2. ACTIVITY CHART

SR NO.	PARTICULARS	DATE & TIME
1	MODE OF TENDER	1) Technical Bid 2) Financial Bid
2	DATE OF RFP	January 20, 2021
3	LAST DATE OF SUBMISSION OF QUERIES BY THE BIDDERS	1500 hrs (IST) on January 23, 2021
4	PRE BID MEETING	1500 hrs (IST) on January 25, 2021
4	LAST DATE AND TIME FOR SUBMISSION OF TECHNICAL BIDS AND FINANCIAL BIDS	On and before 1500 hrs (IST) on January 27, 2021
5	DATE AND TIME OF OPENING TECHNICAL BID AND FINANCIAL BID	1600 hrs (IST) on January 27, 2021
6	DATE OF ACCEPTANCE OF BIDS AND COMMUNICATION TO THE BIDDER	January 29, 2021



3. ABOUT ARCIL

- i. ARCIL is India's first and among the leading asset reconstruction companies in the country incorporated in 2002. ARCIL is sponsored by prominent banks and financial institutions such as Avenue India Resurgence Pte. Ltd, State Bank of India (SBI), IDBI Bank Limited (IDBI), ICICI Bank Limited (ICICI) and Punjab National Bank (PNB). ARCIL is also an associate member of Indian Bankers Association.
- ii. Since its inception, ARCIL has resolved over Rs. 780 billion worth of Non-Performing Assets (NPAs) acquired from Indian banks and Financial Institutions.
- iii. Having commenced operations to resolve corporate NPAs, ARCIL was among the first in the industry to capitalize upon rising NPAs in retail and SME segment. ARCIL forayed into resolution of retail assets through its division 'Arms', which is currently spread across 17 locations in India.

4. SCOPE OF WORK

- Understand the business model of ARCIL
- Conduct meeting with ARCIL's senior management team concerning the nature and operations of the company, including its historical financial performance.
- No assurance can be given by Seller/Advisor on the arrangement of meeting with senior management team of ARCIL
- Arrive at an independent valuation report of the ARCIL, using internationally accepted valuation methodology
- Present the draft valuation report to the Seller/Advisor, within the set timeline
- Based on final inputs, present the final valuation report to the Seller/Advisor, within **two weeks** from the date of appointment
- For the purpose of the above, the basis of the valuation will be fair value. Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller on an arm's length basis as of the date(s) of the valuation



5. ELIGIBILITY CRITERIA

1. The Bidder should be a reputed professional firm having experience of at least 10 years for providing valuation advisory services for strategic sale, M&A activities and private equity transaction. Experience in the Banking and Financial Services (BFSI) sector and Asset Reconstruction Company (ARC) will be considered positively.

The Bidder should enclose the Certificate of Incorporation/Registration Certificate of the firm evidencing existence for 10 years or more.

2. The Bidder should have advised on at least five transaction in relation to valuation advisory for strategic sale in the BFSI sector, during the period 1 April, 2017 to 31 December, 2020. The bidder shall submit relevant documents evidencing the above-mentioned criteria.

Note-

1. Consortium bids will not be allowed.
2. Sub-contracting of the assignment will not be allowed. The appointed consultant shall be solely responsible for all the required final deliverables.

DISCLAIMER

- a. Seller/Advisor reserves the sole right to accept or reject any or all proposals thus received without assigning any reason thereof, and without any liability whatsoever.
- b. Seller/Advisor will not be responsible for any delay on account of late submission of bid. Late receipt of bid will not be considered.

6. PRE-BID QUERIES

- i. The prospective Bidder(s), requiring any clarification on the terms of this Request for Proposal ("**RFP**") may notify the same in the form of a query to PNBISL by e-mail on projecttrust@pnbisl.com latest by **1500 hrs (IST) on January 23, 2021.**

7. EVALUATION OF BIDS

"Quality and Cost Based Selection Method" will be used for selection of the Valuation Advisor.

Scores will be allocated based on the evidence available in the proposal only. The assignment will be awarded to the Bidder with the highest total score based on the following weightage:

1. 70% for technical score
2. 30% for financial score

Note: Bidders scoring less than 50% of the total technical marks (70 marks) in technical evaluation will not be shortlisted and their financial bids will not be considered.



Evaluation of Technical Bids

The evaluation criteria for assessing the Technical Bid of the Bidders are as follows-

Sr. No.	Technical Criteria	Particulars	Maximum Marks
1	Number of valuation advisory assignments	Assignments handled during the period 1 April, 2017 to 31 December, 2020 in any sector	35
2	Number of valuation advisory assignments in BFSI sector	Assignments handled during the period 1 April, 2017 to 31 December, 2020 in the BFSI sector .	25
3	Experience of valuation advisory in Asset Reconstruction Company (ARC)	Valuation advisory assignment handled for Asset Reconstruction Company (ARC) during the period 1 April, 2017 to 31 December, 2020	10

Requirement for Financial Bids:

The Bidder is required to quote a fee on a lump sum basis ("Transaction Fee"). The fee quoted by the Bidder should include all the applicable taxes, cess, duties etc. excluding GST. The fee will be payable in Indian rupees.

The Transaction Fee quoted by the Bidder shall remain firm till successful completion of the assignment. The Transaction Fee quoted should be unconditional. All expenses related to the assignment including any travel related expenses shall be borne by the Bidder.

The Bidder will be liable to pay taxes/duties/cess etc. applicable as per prevailing rates at their end.

Evaluation of Financial Bids

For evaluation of the Financial Bid, the Transaction Fee quoted in the financial proposal will be considered. The financial bid shall be evaluated as follows:

Financial Bid	Lowest Bid	100%	30 Marks Obtained
	Other bids	Calculation of financial score: $\left\{ \left(\frac{\text{Financial Bid}}{\text{Financial Bid under consideration}} \right) * 30 \right\}$	



For financial evaluation, the Transaction Fee indicated in the Financial Bid will be considered. The Transaction Fee indicated in the Financial Bid shall be deemed as final and reflecting the total cost of services.

Combined and Final Evaluation

Final scores will be arrived at by combining individual score obtained in Technical Bid and Financial Bid. The Bidder with highest marks will be declared "H1" and will be awarded the assignment.

In case of tie between two or more bids, the Bid scoring highest marks in the Technical bid will be awarded the assignment. Further, if a tie still persists, the Bidders will be requested to submit a fresh Financial Bid on the next working day latest by 1500 hrs on the same email address where earlier bid was submitted.

In case a situation emerges of tie even on revision of Bid, the Seller/Advisor will have the right to take decision on the final bidder designated as the "Valuation Advisor" having the highest combined score.

SUBMISSION OF PROPOSAL

Submission by E-mail:

1. The Bids must be submitted electronically as a duly executed password protected pdf file via email by **1500 Hrs. on and before January 27, 2021** addressed to projecttrust@pnbisl.com with the "Subject" line mentioned as "Bid for Independent Valuation Advisory for ARCIL"
2. Two password protected pdf file to be submitted namely Technical Bid and Financial Bid
3. Technical Bid should comprise of:
 - a. Covering letter on the letter-head of the firm (**Annexure 1**) for submission of the Bid by the Bidder enlisting documents attached indicating the page number. Profile of the organization with full particulars of the constitution, ownership and business activities.
 - b. Authority letter/resolution authorizing the representative of the Bidder to sign the proposal and other documents.
 - c. Details of transactions completed in relation to valuation advisory during the period 1 April, 2017 to 31 December, 2020 (**Annexure 2**)
 - d. Certificate for conflict of interest- Bidders to submit the following certificate:

" We hereby confirm that there is no conflict of interest with respect to the Proposed Transaction as on date and we will obtain prior written consent of Advisor if any



potential conflict emerges, which consent will not be unreasonably withheld or denied.”

For avoidance of doubt, a conflict of interest would arise if the bidder is also proposed to be appointed by a potential investor of the Proposed Transaction for providing valuation advisory and/or other advisory services or the bidder is executing a similar assignment for a competitor of ARCIL (“Conflicting Party”).

4. Financial Bid should comprise of:

REQUEST FOR PROPOSAL (RFP) FROM REPUTED PROFESSIONAL FIRMS TO PROVIDE INDEPENDENT VALUATION REPORT TOWARDS A SALE CONTEMPLATED BY PUNJAB NATIONAL BANK (“PNB”) IN ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED (“ARCIL”)

This is with reference to your RFP dated 20th January 2021, our unconditional bid for the Proposed Transaction is as follows-

Description of Work	Lump Sum Fee in Rs.
<i>Submit Independent Valuation Report deriving fair value of equity shares of ARCIL for the Proposed Transaction</i>	<i>(In words and figures)</i> <i>including all taxes and duties but excluding GST</i>

5. The covering email shall clearly mention (i) Date (ii) Bidder’s Name and (iii) Address.
6. The password to both the pdf file must be sent to the same email id between **1500 Hrs. and 1530 Hrs. on January 27, 2021.**
7. **Under no circumstances should the password be shared along with the Bid or before 1500 Hrs. on January 27, 2021.**
8. The Bids sent by email should be followed by a physical copy of the duly executed (1) Technical Bid and (2) Financial Bid to be delivered to the below mentioned address of PNBISL by **1st February 2021.**

PNB Investment Services Limited

PNB Pragati Towers,
2nd Floor, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
Telephone: 022 2673 2745

Note: Financial Bid, to be opened only of those parties who qualify in the Technical evaluation.



Modification in RFP: At any time prior to the deadline for submission of the Bids, the Seller may modify/add/delete any part of this RFP. Such change(s) if any may be in the form of an addendum/corrigendum and will be uploaded on the website of PNBISL – www.pnbisl.com. All such change(s) will automatically become part of this RFP and will be binding on all Bidders. The Bidders are advised to regularly refer the website before submitting the Bid.

7. OPENING OF BIDS

The Technical Bids and Financial Bids shall be opened at the office of PNB Investment Services Limited, PNB Pragati Towers, 2nd Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 at **1600 Hrs. on January 27, 2021.**

8. DATE OF ACCEPTANCE OF BIDS AND COMMUNICATION TO THE BIDDER

The date of acceptance of Bids and communication to the Bidder shall be on **January 29, 2021.**

9. DISQUALIFICATION OF BIDS

- i. The Seller/ Advisor reserve an absolute and unconditional right to reject the Bid if it is not in accordance with the requirements of RFP.
- ii. The Seller/ Advisor shall not consider for the purpose of qualification, any Bid that is found to be incomplete in content and/or attachments and/or legal capacity/authenticity.
- iii. There should not be any adverse remarks on the Bidder by any regulator that may cause hindrance in consummation of the transaction.
- iv. Without prejudice to any other rights or remedies available to the Seller/ Advisor, the Bidder may be disqualified or rejected for any reason whatsoever including but not limited to those listed below:
 - a. Misrepresentation and/or suppression of facts by the Bidder;
 - b. Failure on the part of the Bidder to provide necessary and sufficient information required to be provided in the Bid;
 - c. Information furnished by the Bidder is found to be incorrect or misleading;
 - d. Failure to comply with the terms and conditions mentioned in the RFP;
 - e. The Bid is illegible;
 - f. The Bid and other documents are not signed by the authorized signatory of the Bidder.
- v. If any information comes to the knowledge of the Seller/Advisor which would have entitled the Seller based on the submission requirement specified above, to reject or disqualify the Bidder, the Seller/Advisor reserve the right to reject the Bid of the Bidder at the instant time, or at any time thereafter as and when such information comes to the knowledge of Seller/Advisor.
- vi. Any effort on the part of Bidder to influence the evaluation process will result in rejection of the Bid.



10. TERMS AND CONDITIONS

- i. No contractual obligation whatsoever shall arise from this RFP and receipt of the Bid.
- ii. Submission of the Bid is evidence of the Bidder's consent to comply with the terms and conditions of this RFP and subsequent bidding process. If a Bidder fails to comply with any of the terms, its bid may be summarily rejected.
- iii. The Seller/ Advisor shall not in any way be held responsible for any procedural delay and shall not be assigned any financial loss caused during the assignment.
- iv. The Bidder shall provide the required transactional support required for the successful completion of the sale.
- v. The Seller/ Advisor reserve the right to withdraw the RFP at any time.
- vi. Bidders are required to comply with any applicable legal requirements as required of them in this regard both in India as well as the concerned country having jurisdiction over their registered office.
- vii. While this RFP has been prepared in good faith, neither ARCIL nor the Seller nor Advisor nor any of their respective directors, officers, employees, representatives, advisors or agents make any representation or warranty or shall have any responsibility or liability whatsoever in respect of any statements made or omissions and has no express or implied liability whatsoever, even if any loss or damage is caused by any such act or omission.
- viii. The Bidders shall be deemed to have:
 - a. Examined this RFP and its subsequent changes, if any for the purpose of responding to it.
 - b. Examined all circumstances and contingencies, having an effect on their bid and which is obtainable by making reasonable enquiries.
 - c. Satisfied themselves as to the correctness and sufficiency of their bids and if any discrepancy, error or omission is noticed in this RFP, the Bidder shall notify Seller/Advisor in writing on or before the end date/time.
- ix. The Bidders shall bear all costs associated with submission of Bids. The Seller/ Advisor will not be responsible or liable for any cost thereof if the Bids are not shortlisted.
- x. Once successful bidder is announced, bidder has no rights to withdraw the bid till the time transaction is successfully completed or Seller decides to terminate the engagement with bidder.



11. CONFIDENTIALITY

The Bidders shall agree that all confidential information relating to the transaction disclosed for the purpose of the stake sale process shall be kept confidential, from the date hereof until the end of a period of 1 year from the date of this RFP.

12. FRAUD AND CORRUPT PRACTICES

The Bidders and their respective officers and employees, agents, managers and advisers shall observe the highest standard of ethics during the entire stake sale process. Notwithstanding anything to the contrary contained in the RFP, the Seller/Advisor shall reject a bid without being liable in any manner whatsoever to the Bidder, if it determines that the Bidder has, directly or indirectly or through an agent, engaged in corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice (**collectively the “Prohibited Practices”**) in the stake sale process.

13. APPLICABLE LAW

- i. Disputes, if any, arising out of this RFP will be mutually settled without any obligation on any party. However, in the event of non-settlement of disputes through amicable means, such disputes shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 subject to such amendments as may be for the time being in force. The seat of the proceedings of Arbitration shall be in Mumbai and the language shall be Hindi/English. The arbitration shall be conducted by a sole arbitrator who shall be appointed by both the PNB.
- ii. The RFP shall be governed by laws of India and the Courts of Mumbai shall have the jurisdiction to try and entertain all matters relating to this RFP.



Annexure 1

I. COVERING LETTER ON THE LETTER-HEAD OF THE BIDDER

To,

PNB Investment Services Limited,
PNB Pragati Towers, 2nd Floor,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400051

Sub: Submission of Request for Proposal (“RFP”) to provide an Independent Valuation Report for the proposed sale process initiated by Punjab National Bank (“PNB”) in Asset Reconstruction Company (India) Limited (“ARCIL”)

Dear Sir,

In response to your RFP dated 20th January 2021, We/I hereby submit our / my bid in two Parts i.e.; 1) Technical Bid and 2) Financial Bid as per the RFP and instructions in the RFP documents.

We/I hereby confirm that we have not been debarred or restrained by any regulatory authority from providing valuation advisory services as described in the RFP.

We/I certify that the information given by us/me as per RFP documents is correct and if at any stage the same is found to be incorrect, the contract will be liable to be rejected/ terminated and action may be taken against us/me for damages.

We are/I am duly authorized/empowered to sign the RFP documents and my/ ours particulars are as under:-.

- a) Name of the Bidder:
- b) Full Postal Address:
- c) Fax:
- d) Landline Phone:
- e) Mobile:
- f) E-mail:

Yours faithfully,

(SIGNATURE OF THE TENDERER WITH SEAL)

Encl:

- 1) Profile of the organization
- 2) Certificate of Incorporation/Registration Certificate of the firm
- 3) Authority letter/resolution authorizing the representative
- 4) Details of transactions as per Annexure 2
- 5) Certificate for conflict of interest



ANNEXURE II

Details of transactions completed in relation to valuation advisory

Sr. No.	Particulars	
1	Total number of valuation advisory assignments handled during the period 1 April, 2017 to 31 December, 2020	
2	Number of valuation advisory assignments handled during the period 1 April, 2017 to 31 December, 2020 in the BFSI sector.	
3	Number of valuation advisory assignments handled for Asset Reconstruction Company (ARC) during the period 1 April, 2017 to 31 December, 2020	

Yours faithfully,

(SIGNATURE OF THE TENDERER WITH SEAL)