

REQUEST FOR PROPOSAL (RFP) FROM REPUTED PROFESSIONAL FIRMS TO PROVIDE INDEPENDENT VALUATION REPORT, BRAND LICENSING ADVISORY AND TAX ADVISORY TOWARDS A JOINT STRATEGIC SALE CONTEMPLATED BY PUNJAB NATIONAL BANK (“PNB”) IN PNB HOUSING FINANCE LIMITED (“PNBHFL”)

PNB and Quality Investment Holdings, have initiated a joint strategic sale process in relation to their respective shareholding in PNBHFL (“**Proposed Transaction**”).

Credit Suisse Securities India Private Limited (“Credit Suisse” or “CS”) and PNB Investment Services Limited (“PNBISL”, together with CS, collectively referred to as “Advisors”) have been appointed as Advisors by PNB for the Proposed Transaction.

In view of the above, PNB invites proposal from interested reputed professional firms (hereinafter referred to as “Bidder(s)”) to provide an independent valuation report, brand licensing advisory and tax advisory for the Proposed Transaction

Activity Chart

Mode of Tender	Part A - Techno-Commercial Bid; Part B - Price Bid
Last date for submission of queries by the Bidders	13 th August 2018
Last date and time for submission of Techno-Commercial bids and Price Bids	16 th August 2018 by 1500 hrs at PNB Investment Services Limited, PNB Pragati Towers, 2nd Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
Date and time of opening of Part-A (i.e. Techno-Commercial Bid) and Part-B (i.e Price Bid)	16 th August 2018 by 1600 hrs same as above mentioned address

DISCLAIMER

- a. PNB 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. PNB will not be responsible for any delay on account of late submission of bid. Late receipt of bid will not be considered.

Table of Contents

Section	Particulars
I	Covering Letter on the Letter-head of the Bidder
II	Scope of Work
III	Eligibility Criteria
IV	Evaluation and Selection Process
V	Submission of Proposal

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

To,

Sub: Submission of Request for Proposal (“RFP”) to provide an Independent Valuation Report, Brand License Advisory and a Tax Advisory Report for the proposed joint strategic sale process initiated by Punjab National Bank (“PNB”) and Quality Investment Holdings in relation to their respective shareholding in PNB Housing Finance Limited (“PNBHFL”)

Dear Sir,

With reference to your proposal for the above subject, We/I hereby submit our / my bid in two Parts i.e.; Part A-Techno-Commercial Bid and Part B - Price Bid as per the RFP and instructions in the RFP documents.

We/I hereby declare that We/I have not been debarred or black listed from bidding for contracts in any of the departments of Govt./Semi Govt./Public Sector Undertaking and Local Bodies.

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) Phone: Office.....
- e) Mobile:
- f) E-mail

Yours faithfully,

(SIGNATURE OF THE TENDERER WITH SEAL)

II. SCOPE OF WORK

A. Valuation Report

1. Request and receive financial and qualitative information of PNBHFL
2. Conduct interviews with the PNBHFL's managements concerning the nature and operations of PNBHFL, including its historical financial performance
3. Undertake a valuation of PNBHFL in accordance with internationally accepted methods including but not limited to the Income Approach, the Market Approach and the Asset Based Approach
4. 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

AND

B. Tax Advisory

1. Advise on applicability of various tax laws for the Proposed Transaction
2. Advise and compute tax implications for possible deal structure scenarios
3. Advise on compliances and filings to be made at various stages of the Proposed Transaction with respect to the applicable taxes
4. Advise on accounting practice to be followed post consummation of the Proposed Transaction

AND

C. Brand Licensing - Commercial Terms Advisory

1. Recommend fair formula and fee to be charged by PNB for licensing the usage of the 'PNB' name, brand, trademark and associated logo to the potential investor(s) in connection with the Proposed Transaction.
2. Advise on other terms including but not limited to-
 - a. Validity of the recommended fee;
 - b. Benchmarking with precedents in the market; and
 - c. Tax advisory for the fee/income earned from brand licensing

III. ELIGIBILITY CRITERIA

1. The Bidder should be a reputed professional firm having experience of at least 10 years for providing valuation and tax advisory services for strategic sale, M&A activities and private equity transaction in the financial services industry. Experience in the Housing Finance sector will be viewed 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 one transaction in relation to valuation and tax advisory for merger/acquisition/takeover in the Financial Services sector, having a deal size of Rs. 1000 crores or more, post 1 April, 2015. The bidder shall submit relevant documents evidencing the above-mentioned criteria.
3. Financial Capacity: The Bidder shall have received a minimum of Rs. 500 crores per annum as professional fees during each of the three preceding accounting years. For the avoidance of doubt, professional fees hereinabove refer to the fees received by the Bidder for providing advisory or consultancy services to its clients. The Bidder shall submit its audited account statements of the last three years.

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.

IV. EVALUATION AND SELECTION PROCESS

“Quality and Cost Based Selection Method” under “Single Stage Two Envelope Method” will be used for selection of the consultant.

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% in technical evaluation will not be shortlisted and their financial proposals will be returned un-opened.

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

Sr. No.	Technical Criteria	Particulars	Number	Maximum Points	Sub-Total Marks	Maximum Marks
1	Turn-over of Bidder	Average Turn-over for the last three accounting years i.e FY 2015-16, 2016-17 & 2017-18 In case of Bidders following calendar year as their accounting year, the audited balance sheets for the calendar years 2015, 2016 and 2017 must be submitted along with the Bid	More than Rs. 2000 crores	100%		35
			Rs. 1000-1999 crores	75%		
			Rs. 500 - 999 crores	50%		
2	Number of assignments	Assignments handled in the last three financial years in the financial services sector with a deal size of more than Rs. 1000 crores	6 and above	100%		35
			Between 3 and 5	75%		
			2 and below	50%		

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 which shall be reimbursable on production of deposit challan. 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 Bidders will be liable to pay taxes/duties/cess etc. applicable as per prevailing law at their end.

Evaluation of Financial Proposal

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

Financial Proposal	Lowest Bid	100%	30 Marks Obtained
	Other bids	Calculation of financial score: {(Minimum Financial Bid / Financial Bid under consideration) * 30}	

For financial evaluation, the Transaction Fee indicated in the Financial Proposal will be considered. The Transaction Fee indicated in the Financial Proposal 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 Techno-Commercial Bid and Price Bid. The Bidder with highest marks will be designated as the "Consultant" having the highest combined score.

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

V. SUBMISSION OF PROPOSAL

The Proposals are required to be submitted by mentioning the page number on each document (signed and stamped) and to be submitted in sequence as per the following directions:

Envelope-1 (Sealed): Super scribed as Techno-Commercial Bid

1. Covering letter on the letter-head of the firm 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; as well as unabridged Annual Reports or audited accounts for the last three years i.e. 2015-16, 2016-17 and 2017-18 needs to be furnished. In case of Bidders following the calendar year as the accounting year, the audited accounts for the calendar years 2015, 2016 and 2017 should be enclosed with the techno-commercial bid.

2. Authority letter/resolution authorizing the representative of the Bidder to sign the proposal and other documents.
3. Certificate for conflict of interest- 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 PNB 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 appointed bidder is also proposed to be appointed by a potential investor of the Proposed Transaction or the bidder is executing a similar assignment for a competitor of PNBHFL ("Conflicting Party").

However, providing tax advisory services by the Bidder in the above-mentioned circumstances will not be viewed as conflict of interest, provided that: (i) the team of professionals of the Bidder that is rendering tax advisory services to the Conflicting Party ("Conflicting Deal Team") is separate and distinct from the team that is rendering tax advisory services to PNB in relation to the Proposed Transaction ("Deal Team"); (ii) the Conflicting Deal Team of the Bidder shall not have access to the Deal Team and any information available with the Deal Team in relation to the Proposed Transaction; (iii) ethical screens and information barriers shall be established between the professionals of the Deal Team and the professionals of the Conflicting Deal Team; (iv) the Deal Team, shall, at all times maintain strict confidentiality of the information shared with them, including to the Conflicting Deal Team, in relation to the Proposed Transaction and shall ensure that such information is not further disclosed to the Conflicting Deal Team.

Envelope-2 (Sealed): Super scribed as Price Bid

Format for submission

REQUEST FOR PROPOSAL (RFP) FROM REPUTED PROFESSIONAL FIRMS TO PROVIDE INDEPENDENT VALUATION REPORT, BRAND LICENSING ADVISORY AND TAX ADVISORY TOWARDS A JOINT STRATEGIC SALE CONTEMPLATED BY PUNJAB NATIONAL BANK ("PNB") IN PNB HOUSING FINANCE LIMITED ("PNBHFL")

This is with reference to your RFP dated 6th August 2018, our unconditional bid for the Proposed Transaction is as follows-

Description of Work	Lump Sum Fee in Rs.
1. <i>Submit Independent Valuation Report deriving fair value of equity shares of PNBHFL for the Proposed Transaction</i>	<i>(In words and figures)</i>
2. <i>Provide Tax Advisory for the Proposed Transaction</i>	
3. <i>Provide advisory services in relation to</i>	<i>including all taxes and duties but excluding GST</i>

<i>the commercial terms of the Brand Licensing Agreement</i>	<i>which shall be reimbursed on production of deposit challans</i>
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Note: Price Bid, to be opened only of those parties who qualify in the Techno-Commercial evaluation.

Separately sealed Techno-Commercial Bids and Price Bids covered in a sealed envelope marked as "Bid for independent valuation report, brand licensing advisory and tax advisory - PNBHFL Stake Sale" are to be submitted latest by 1500 hrs (IST) August 16, 2018 at PNB Investment Services Limited, PNB Pragati Towers, 2nd Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. The proposal must be sent in hard copies only. The proposal received after the aforementioned day and time will be summarily rejected. For any clarifications or details, the parties are advised to contact the following-

Advisors	:	Credit Suisse	PNBISL
Name	:	Vinu Rohit Krishnan	Abhishek Gaur
Designation	:	Vice President	Associate Vice President
Telephone	:	+91 22 6777 3847	+91 22 2653 2745
Email	:	list.pnbhfeoi@credit-suisse.com	pnbisfaith@pnbisl.com

The Techno-Commercial Bids and Price Bids will be opened in the presence of the Bidders on 16th August 2018 at 1600 hrs at PNB Investment Services Limited, PNB Pragati Towers, 2nd Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051.