

Responses to Pre-Bid Queries

**Request for Proposal (“RFP”) for engagement of an Asset Valuer for Strategic Disinvestment of IDBI Bank Limited
 (“IDBI Bank”)**

20 December, 2023

Government of India

Ministry of Finance

Department of Investment & Public Asset Management

Request for Proposal (“RFP”) for engagement of an Asset Valuer for Strategic Disinvestment of IDBI Bank Limited (“IDBI Bank”):
Clarifications

S. No.	RFP Clause	Clarifications sought by the prospective bidders	Comments of DIPAM
1.	<p><u>Clause 2.1:</u></p> <p>The Department of Investment & Public Asset Management (DIPAM), on behalf of Gol and LIC, wishes to engage the services of a reputed Asset Valuer Entity - registered with Insolvency & Bankruptcy Board of India (IBBI) or the Securities and Exchange Board of India (SEBI) or the Institute of Chartered Accountants of India (ICAI) in terms of clause 4.1.1 of this RFP, to act as the Asset Valuer for undertaking the IDBI Bank assets’ valuation and provide requisite assistance in the</p>	<p>A. Clarification is sought on the scope of the work as to whether it is the contention to value individual assets and liabilities or to value the 100% equity stake of the IDBI Bank. The scope shall determine the approach for valuation since valuation of individual assets and liabilities would entail the use of Net Assets Value Approach ("NAV") and valuation of 100% equity stake would entail using additional 2 methods i.e. Market Approach ("CCM Method") and Income Approach ("DCF Method").</p> <p>B. Request to confirm that the scope of engagement entails furnishing a report which shall be conclusive. Request to suggest the additional services that would be needed till the completion of the transaction apart from the valuation services.</p> <p>C. Request to clarify whether the successful bidder is required to provide services as a registered valuer under Companies Act 2013 ("the Act"), the Companies (Registered Valuers and Valuation) Rules, 2017 ("Rules") or as per any other rules, regulations, standards, bye laws, ordinance, notifications issued pursuant to such Act or rules or under any applicable SEBI regulations. (eg. FEMA, 56 2 (X) of the Income Tax Act 1961 etc). If the</p>	<p>A. The terms of reference are for fair valuation of individual assets and liabilities basis the methodologies prescribed and as per the Valuation Standards followed by India or International Valuation Standards as applicable on date and in coherence with DIPAM guidelines.</p> <p>B. The Terms of reference are self-explanatory and no changes are envisaged in the Request for Proposal (RFP) document. As mentioned in clause 3.14, the Terms of Reference (ToR) mentioned in the RFP are indicative and not exhaustive.</p> <p>C. The Asset Valuer engagement is for the specific purpose of Strategic disinvestment of IDBI Bank.</p>

	process of Strategic Disinvestment of IDBI Bank Limited, till the completion of the transaction.	above is not the case, then can it be concluded that the engagement is for internal evaluation purposes. D. Request for clarification on whether the report shall be furnished to DIPAM, and so, whether it should be addressed to DIPAM.	D. The deliverables shall be addressed to DIPAM, Government of India.
2.	<p><u>On Fixed Assets Valuation</u></p> <p>Clause 3: Terms of Reference: IDBI Bank is listed on NSE and BSE in India. In order to determine the value of IDBI Bank, the Asset Valuer is required to carry out the fair valuation of all the assets and liabilities appearing on the balance sheet of IDBI Bank, as on a date intimated by DIPAM, on an "as is where is basis".</p>	<p>A. To provide information on the nature and complete list of assets of ~INR 10,737 Cr under Miscellaneous category forming part of Other Assets.</p> <p>B. To share the Fixed Asset Register ("FAR") as on 31 March 2023</p>	<p>A. and B.</p> <p>A complete list of IDBI Bank's fixed assets, other assets, liabilities and other relevant documents would be provided to the Asset Valuer appointed pursuant to the RFP document and subsequent to execution of the Confidentiality Agreement.</p>
3.	<p><u>On Valuation of Liabilities</u></p> <p>Clause 3: Terms of Reference: IDBI Bank is listed on NSE and BSE in India.</p>	<p>A. Request to provide the nature and complete list of 'others' of ~INR 6,154 Cr under other borrowings category.</p> <p>B. Request to provide the nature and complete list of other provision of ~INR 5,072 Cr and miscellaneous of ~INR 3,291 Cr.</p>	<p>A. and B.</p> <p>A complete list of IDBI Bank's fixed assets, other assets, liabilities and other relevant documents would be provided to the Asset Valuer appointed pursuant to the RFP document and subsequent to execution of the Confidentiality Agreement.</p>

	In order to determine the value of IDBI Bank, the Asset Valuer is required to carry out the fair valuation of all the assets and liabilities appearing on the balance sheet of IDBI Bank, as on a date intimated by DIPAM, on an "as is where is basis".		
4.	<p><u>On valuation methodology</u></p> <p>Clause 3.1.1 (a): For valuation of financial assets and liabilities, the Valuer may form relevant pools of assets and liabilities of the IDBI Bank and arrive at a valuation basis Income Approach by applying suitable discount factors based on suitable market benchmarks.</p>	To provide projections for a period of 5 years from the date of valuation.	The Asset Valuer appointed pursuant to the RFP document can peruse the relevant asset documentation required for projections of cashflows of assets and liabilities, as the case may be in, consultation with IDBI Bank.
5.	Clause 3.16: DIPAM reserves the right to additionally	Requested to clarify whether the bidder has the freedom to provide the detailed scope of work in the Engagement Letter, which would stipulate all the	The Bidders are required to follow the process stipulated under the RFP document.

	<p>seek any documents, information, indemnities, warranties, representations, or performance obligations from the Bidders/Successful Bidder or any of their related entities to DIPAM's sole satisfaction without any liability in respect thereof.</p>	<p>obligations in details, and whether inclusion/ modification to the scope be made, pursuant to the need.</p>	<p>No changes are acceptable. Please refer clause 9.5 of the RFP document in this regard.</p> <p>The Terms of Reference shall remain as prescribed under the RFP document.</p>
6.	<p><u>On turnover condition</u></p> <p>Clause 4.1.2: The Bidder shall have an annual turnover higher than Rs. 1,00,00,000/- (Rupees One Crore only) in any of the immediately preceding 3 (three) financial years from the Bid Due Date under this RFP (Schedule A).</p>	<p>A. To confirm if the annual turnover higher than INR 1 crore should be from all services provided by the Bidder or only from Valuation Services (as defined in Clause 4.1.3 of the RFP).</p> <p>B. To increase this threshold to INR 15 Crore annual turnover for each of the immediately preceding 3 (three) financial years from the Bid Due Date.</p>	<p>A. Eligibility criteria with regard to turnover higher than Rs. 1,00,00,000/- (Rupees One Crore Only) can be met from <u>all services</u> provided by the Bidder.</p> <p>B. No change is envisaged in the terms of the RFP document.</p>

7.	<p><u>On valuation of assignment of ‘assets of similar nature’</u></p> <p>Clause 4.1.3: The Bidder shall have completed at least 1 (one) Valuation Services assignment of ‘assets of similar nature’ during the period starting April 01, 2018 till 5 (five) days prior to the Bid Due Date under this RFP (Schedule A).</p> <p>(a) ‘Assets of Similar Nature’ shall mean Securities and Financial Assets (in Banking and Financial services space) of not less than Rs. 5,000 Crore (Rs. Five thousand crores) in respect of a single assignment;</p> <p>For the purposes of this RFP, the</p>	<p>A. To increase this threshold to at least 5 valuation assignments of Banks/NBFC for M&A / transaction purpose.</p> <p>B. Request to clarify if Banking and Financial services space will include Insurance sector also.</p> <p>C. Clarity is sought as to whether the limit of Rs. 5000 Cr shall be checked for the book value of assets valued or fair value arrived of such asset. Similar clarification requested in case of eligibility for the valuation of tangible Assets.</p> <p>D. Request for clarification that for meeting the Rs. 5000 Cr assignment criterion, whether the bidder can include assignments of sister concerns having the same promoters/shareholding against which they can provide joint credibility since they have undertaken assignments of financial services under the name of their sister concern.</p> <p>E. To clarify whether the assignment to be taken for meeting eligibility shall have a report date on or after 1 April 2018 or the appointment date on or after 1 April 2018.</p>	<p>A. The provisions of clause 4.1.3 of the RFP document are self-explanatory and no change is envisaged.</p> <p>B. Insurance will be covered under the Financial Services.</p> <p>C. The criteria shall be checked for fair value of securities and financial assets.</p> <p>D. The Eligibility Criteria shall be met by the Bidder only.</p> <p>E. The assignment shall have been completed on or after 1 April 2018 i.e. final report or deliverable shall have been issued on or after April 01, 2018.</p>
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expression 'Valuation Services' shall include specific engagement(s) for the purposes of determining the value of a business, business ownership interest, security, tangible and/or intangible asset.

Provided, however, that the following for the purposes of this RFP shall not be considered as 'Valuation Services':

- i. Providing fairness opinions;
- ii. Transfer pricing related valuations;
- iii. Legal disputes and tax issues valuations;
- iv. Valuation of claims;
- v. ESOP valuations;
- vi. Rule 11 UA valuations under the Income Tax Act.

	<p>(b) The documentary proof regarding the completion of the Valuation Services assignment shall be furnished either as a certificate of completion from the client and/or the executed engagement letter and a certificate from a Chartered Accountant certifying full receipt of all payments envisaged in the executed engagement letter.</p>		
	<p><u>On the requirement to conduct land & buildings valuation</u></p> <p>Clause 4.1.4: The Bidder shall have also conducted a land & buildings valuation in India of not less than Rs. 2,500 Crore (Rupees Twenty-five hundred crores) in a single assignment during the period starting April 1, 2018</p>	<p>In the case of eligibility for the valuation of tangible Assets, a limit of INR 2,500 crores should be checked for the Book Value of assets valued or the Fair Value arrived of such assets.</p>	<p>The eligibility criteria shall be checked for fair value of assets.</p>

	till 5 (five) days prior to submission of response to this RFP.		
8.	<p><u>On proposal format and technical evaluation criteria</u></p> <p>Clause 5.1 A: Experience and Capability</p>	To clarify whether details of all the assignments undertaken shall be provided or only assignments having a value, not less than INR 5,000 crores shall be provided.	The provisions of RFP document are self-explanatory. The Bidder is required to present its experience in handling similar assignments.
9.	<p><u>On the weightage of Financial and Technical components</u></p> <p>Clause 8.3: The weightage of Financial and Technical components shall be in the ratio of 30:70 respectively. The combined score of technical and financial bids based on the Quality and Cost Based Selection (QCBS) Method will determine the H-1, H-2, H-3 and so on.</p>	Request that the weightage of Financial and Technical components shall be in the ratio of 15:85 respectively.	No change is envisaged in the RFP document.
10.	<u>On requirements for financial bids</u>	A. Request for confirmation that in case the scope of work changes or there is any change in the valuation	A. and B. The provisions of the RFP document shall prevail. No change is envisaged therein.

Clause 9.1:

The Bidder is required to quote a fixed lump-sum fee (“Fee” or “Contract Value”) in Indian Rupees (in Cover-2 online) for the transaction. The Fee/Contract Value quoted by the Bidder should be inclusive of all the expenses but excluding GST.

Clause 9.2:

The Fee quoted should be minimum 1.00 (Rupee One) or in multiples of 1.00 (Rupee One), failing which the financial Bid would be rejected. The GST component should be indicated separately while raising the bills for payment of fee. All bills are to be raised in Indian Rupees and will be payable in Indian Rupees.

date, which causes additional work, will it entail additional fees.

- B. Request that the minimum fees for the engagement should be INR 2 Crore.

Please refer clause 9.4 and 9.5 of the RFP document in this regard.

11.	<p><u>On assignment milestones and terms of payment</u></p> <p>Clause 10: An amount equivalent to 35% (thirty five percent) of the fee quoted/contract value to be paid after the submission and acceptance of the Draft Report</p>	Request to increase the milestone fee for draft report to 60% from 35% as mentioned in the RFP, since a material portion of AV's time and effort will be already consumed by the time draft report is submitted	No change is envisaged in the RFP document.
12.	<p><u>Performance Security</u></p> <p>Clause 12:</p>	Request that Performance Security should not be applicable to MSME bidders.	<p>As per General Financial Rules (GFR) 170 and 171, exception is given to MSMEs only from furnishing bid security or Earnest Money Deposit and not for performance security.</p> <p>No Earnest Money Deposit has been stipulated for this bid.</p> <p>The Performance Security shall be required to be submitted by only the Successful Bidder in terms of the RFP document.</p>
13.	<p><u>On the time period on engagement</u></p> <p>Clause 13.1: The contract in respect of the assignment shall</p>	It is requested, that if the contract period goes beyond 1 year, both AV and DIPAM should mutually discuss, and based on the past 1-year experience of the valuation exercise, and mutual assessment of additional effort expected in the	The provisions of the RFP document shall prevail and no change is envisaged therein.

be initially valid for a period of 3 (three) years from the date of issue of appointment letter and shall be extendable by 1 (one) more year on existing terms and conditions.

The Bidders are required to complete the aforesaid services/work in all respects as per timelines for various milestones/ deliverables in Clause 10 above.

future, both parties should mutually agree to a fair incremental fee.

14.	<p><u>Annexure II: Confidentiality Undertaking</u></p>	<p>A. Suggestion for following modification:</p> <table border="1"> <thead> <tr> <th data-bbox="674 938 1025 978">Paragraph in RFP</th> <th data-bbox="1025 938 1375 978">Modification suggested</th> </tr> </thead> <tbody> <tr> <td data-bbox="674 978 1025 1385"> <p>The period for which such information shall be treated as confidential is 10 (ten) years from the date of its disclosure, irrespective of the period of the agreement or its earlier termination.</p> </td> <td data-bbox="1025 978 1375 1385"> <p><i>This Agreement shall terminate automatically on (i) the date a definitive engagement agreement is executed between the Parties for the provision of Services or (ii) the Parties deciding not to proceed further with respect to the proposed Services.</i></p> </td> </tr> </tbody> </table>	Paragraph in RFP	Modification suggested	<p>The period for which such information shall be treated as confidential is 10 (ten) years from the date of its disclosure, irrespective of the period of the agreement or its earlier termination.</p>	<p><i>This Agreement shall terminate automatically on (i) the date a definitive engagement agreement is executed between the Parties for the provision of Services or (ii) the Parties deciding not to proceed further with respect to the proposed Services.</i></p>	<p>Please refer Clause 15 of the RFP document.</p> <p>No change is envisaged in Annexure II of the RFP document.</p>
Paragraph in RFP	Modification suggested						
<p>The period for which such information shall be treated as confidential is 10 (ten) years from the date of its disclosure, irrespective of the period of the agreement or its earlier termination.</p>	<p><i>This Agreement shall terminate automatically on (i) the date a definitive engagement agreement is executed between the Parties for the provision of Services or (ii) the Parties deciding not to proceed further with respect to the proposed Services.</i></p>						

In the event that a definitive engagement agreement is not executed between the Parties during the term of this Agreement, then the obligations of confidentiality contained herein shall survive for a period of 1 (one) year from the date of this Agreement.

B. Suggestion for adding the following clause to the Confidentiality agreement:

The bidder may subcontract any Services to any other bidder Entity or any Subcontractor. Regardless, IDBI Bank's contractual relationship is only with the successful bidder and not with any other bidder Entity, Subcontractor or parent/network group/holding company and the bidder alone (and not any other bidder Entity, Subcontractor or parent/ network group) continue to be responsible and liable to IDBI Bank under the Contract and for the Services. Accordingly, IDBI Bank will not bring any Claim in any way in respect of or in connection with this Contract or the Services against any bidder Entity (except the bidder), any Subcontractor or parent/network group/ holding company.

15.	<u>Annexure IV:</u> <u>Affidavit-cum-undertaking</u>	<p>A. Request for clarification with respect to clause 2 (sub-clause ii) regarding debarment of a prospective bidder temporarily by the market regulator during the last two years.</p> <p>B. Request for deletion of clause 6, 8 and definition of “Conflict of interest” from Annexure IV</p>	<p>A. Terms of the RFP document are self-explanatory. No change is envisaged.</p> <p>B. No change is envisaged in the RFP document.</p>				
16.	<u>Annexure VII:</u> <u>Confidentiality Agreement</u>	<p>A. Regarding Clause 8, request to retain information that is necessary to enable the bidder to comply with document retention policy and to be in compliance with any legal and regulatory requirement.</p> <p>B. Modification is requested to Clause 10 as under:</p> <table border="1" data-bbox="663 831 1382 1388"> <thead> <tr> <th data-bbox="663 831 1043 871">Paragraph in RFP</th> <th data-bbox="1043 831 1382 871">Modification suggested</th> </tr> </thead> <tbody> <tr> <td data-bbox="663 871 1043 1388">The Asset Valuer acknowledges and agrees that a breach of this Agreement by the Asset Valuer (including its sub-contractor, if any, appointed in terms of the RFP only for the valuation of ‘Land & Buildings’) will cause IDBI Bank irreparable harm, that damages is not an adequate remedy, and further acknowledges and agrees</td> <td data-bbox="1043 871 1382 1388"><i>The Asset Valuer acknowledges and agrees that a breach of this Agreement by the Asset Valuer (including its sub-contractor, if any, appointed in terms of the RFP only for the valuation of ‘Land & Buildings’) may cause IDBI Bank irreparable harm, that damages is not an adequate remedy, and further</i></td> </tr> </tbody> </table>	Paragraph in RFP	Modification suggested	The Asset Valuer acknowledges and agrees that a breach of this Agreement by the Asset Valuer (including its sub-contractor, if any, appointed in terms of the RFP only for the valuation of ‘Land & Buildings’) will cause IDBI Bank irreparable harm, that damages is not an adequate remedy, and further acknowledges and agrees	<i>The Asset Valuer acknowledges and agrees that a breach of this Agreement by the Asset Valuer (including its sub-contractor, if any, appointed in terms of the RFP only for the valuation of ‘Land & Buildings’) may cause IDBI Bank irreparable harm, that damages is not an adequate remedy, and further</i>	<p>Please refer clause 4 (e) of the Confidentiality Agreement at Annexure VII.</p> <p>The Terms of the RFP document are self-explanatory and no change is envisaged under Annexure VII of the RFP document.</p>
Paragraph in RFP	Modification suggested						
The Asset Valuer acknowledges and agrees that a breach of this Agreement by the Asset Valuer (including its sub-contractor, if any, appointed in terms of the RFP only for the valuation of ‘Land & Buildings’) will cause IDBI Bank irreparable harm, that damages is not an adequate remedy, and further acknowledges and agrees	<i>The Asset Valuer acknowledges and agrees that a breach of this Agreement by the Asset Valuer (including its sub-contractor, if any, appointed in terms of the RFP only for the valuation of ‘Land & Buildings’) may cause IDBI Bank irreparable harm, that damages is not an adequate remedy, and further</i>						

that IDBI Bank is entitled to injunctive relief in any court of competent jurisdiction to prevent breach or to halt a further or continuing breach. The Asset Valuer also acknowledges and agrees that such remedy is cumulative and in addition to any other remedy IDBI Bank may have at law or in equity. It is hereby clarified that any breach of the terms of this Agreement by Asset Valuer's subcontractor (if any, appointed in terms of the RFP only for the valuation of 'Land & Buildings') shall be the sole and exclusive responsibility and liability of the Asset Valuer.

acknowledges and agrees that IDBI Bank is entitled to seek relief in any court of competent jurisdiction to prevent breach or to halt a further or continuing breach. The Asset Valuer also acknowledges and agrees that such remedy is cumulative and in addition to any other remedy IDBI Bank may have at law or in equity. It is hereby clarified that any breach of the terms of this Agreement by Asset Valuer's subcontractor (if any, appointed in terms of the RFP only for the valuation of 'Land & Buildings') shall be the sole and exclusive responsibility and liability of the Asset Valuer.

17.

Annexure VIII:
Office Memorandum

Clause i:

The conflict of interest would be deemed to have arisen if any Adviser in respect of the transaction is appointed by a third party for advising or acting on behalf of or associated with any other person or entity (including any company, partnership, proprietary concern or individual or an HUF or association of persons or body of individuals) which is engaged in the same line of business as that of the Company (being disinvested), in respect of any transaction of same nature as the transaction for which the Government and/or the Company (being disinvested) is proposing to select or

A. Deletion of clause (i) is requested.

B. Request for replacing of clause (i) to (n) with the following:

"As a matter of policy, the bidder and other bidder Entities do not accept clients or engagements on an exclusive basis. It is understood that bidder or other bidder Entities may be engaged to provide services to other parties considering the same or a similar transaction in connection with which Services are being provided under this Contract. If such an engagement is being performed or were to be undertaken, the engagement team providing services hereunder would be separate from any engagement team providing services to such other parties, if any. Confidential information, including the identity of counterparties of the transaction, if any, obtained in the bidder engagement will not, without the IDBI Bank's prior permission, be disclosed to such other parties, if any. Similarly, other bidder Entities and their personnel will have no responsibility to IDBI Bank to use or disclose information, including the identity of such other parties, if any, that other bidder Entities possesses by reason of its services for such other parties, if any, whether or not such information might be considered material to IDBI Bank."

The Terms of Office Memorandum at Annexure VIII of the RFP document shall prevail.

have appointed the Adviser. Further, the decision of the Government/Company (being divested) as to whether such other person or entity is engaged in the same line of business as that of the Company being disinvested, shall be final and binding on the Adviser.

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Clause N:

In the event the Adviser fails to obtain the prior written consent of the Government/Company (being disinvested) as aforesaid, the Government/ Company (being disinvested) shall be entitled to terminate the appointment of the Adviser. Before terminating the appointment, a show cause notice stating why its appointment

	should not be terminated would be issued to the Adviser giving it an opportunity to explain its position.		
18.	<u>Other Queries</u>	<p>A. Request for clarity on the limited liability clause against the assignment that could safeguard the interest of the Asset Valuer, i.e., What is the extent of liability of the successful bidder against this valuation assignment in case of arbitrage or damage to the aggrieved.</p> <p>B. Request for clarification on whether off-balance sheet items like contingent liabilities such as liability on account of outstanding forward exchange contracts, guarantees given on behalf of constituents, acceptances, endorsements and other obligations etc. and bills for collections are to be separately valued.</p> <p>C. Clarification on whether the presentation of the inception report or the subsequent draft/ final reports required to be done in person or virtually?</p> <p>D. Request to provide details of all the parties who shall be in receipt of inception/ draft/ final report apart from DIPAM, IDBI and LIC.</p>	<p>A. The liability will be ascertained in terms of the applicable laws and the conditions of the RFP document/contract.</p> <p>B. For valuation of off-balance sheet items in the nature of outstanding forward exchange contracts, guarantees given on behalf of constituents, acceptances, endorsements and other obligations etc. and bills for collections, the Asset Valuer may rely on security valuation conducted by IDBI Bank.</p> <p>C. Presentations could be in-person or virtual as may be intimated by DIPAM.</p> <p>D. The report would be seen and examined by various layers of decision-making within the Government, including but not limited to the inter-ministerial group comprising of representatives from other Government departments, LIC and IDBI Bank.</p>

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| | | <ul style="list-style-type: none">E. Clarification sought on valuation approach for investments as per Annual Report of FY2023 and Provisions made.F. Clarification sought regarding valuation approach for advances as per Annual Report of FY2023 including Gross NPAs and Technical Write-OffsG. Clarification sought regarding valuation approach for Other Assets as per Annual Report of FY 2023 including claims receivable. | <p>E, F & G. The Terms of Reference under the RFP Document are self-explanatory. No change is envisaged.</p> |
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