

# **PFC CONSULTING LIMITED**

**(A wholly owned subsidiary of Power Finance Corporation Ltd. -  
A Government of India Undertaking)**

## **Bid Invitation**

**for**

**Selection of Merchant Banker for Valuation of Shares  
of the SPV “DGEN Transmission Company Limited  
(DTCL)” and preparation of Valuation Report**



(A wholly owned subsidiary of Power Finance Corporation Ltd.)

**Registered Office  
1st Floor, “Urjanidhi” 1, Barakhambha Lane, Connaught Place,  
New Delhi – 110 001**

**September, 2014**

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**BID INVITATION LETTER**

**No. : 03/IT07/12-13/DTCL/11/Valuation/**

**September 10, 2014**

**To**

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**Sub: Sealed Bids for Selection of Merchant Banker for Valuation of Shares of the SPV “DGEN Transmission Company Limited (DTCL)” and preparation of Valuation Report**

**1. Background**

Ministry of Power appointed PFC Consulting Ltd. as Bid Process Coordinator for selection of Bidder as Transmission Service Provider (TSP) for implementing Transmission system associated with DGEN TPS of Torrent Power Ltd.

PFCCCL incorporated a Special Purpose Vehicle (SPV) in the name of “DGEN Transmission Company Limited” (“DTCL” or the “Company”) for undertaking initial preparatory activities and conducting the bid process for the selection of the TSP.

The bid process for the subject ITP was completed in May 2014. A Non-Resident Company was selected as the Successful Bidder and Letter of Intent was issued on May 19, 2014.

As part of the RFP Document, the successful Bidder has to acquire 100% shareholding of the SPV at par along with all its related assets and liabilities. As per FDI Policy 2014, the price of shares issued to person resident outside India shall not be less than the fair valuation of shares done by a SEBI registered Merchant Banker or a Chartered Accountant as per the discounted free cash flow method, where the shares of the company are not listed on any recognized stock exchange in India.

PFCCL intend to appoint a SEBI registered Merchant Banker for the valuation of the shares of the SPV of the SPV "DGEN Transmission Company Limited (DTCL)" and preparation of Valuation Report for transfer of the SPV to the Non-Resident Company. Sealed Price Bids are invited for Selection of Merchant Banker for Valuation of Shares of the SPV "DGEN Transmission Company Limited (DTCL)" and preparation of Valuation Report.

The Scope of Work, Eligibility Criteria, Selection procedure, terms of payment, terms and conditions etc. are given below:

## **2. Scope of Work**

The scope broadly covers fair valuation of the shares of the SPV as per the provisions of the Foreign Exchange Management Act (FEMA), FDI Policy and other statutory guidelines issued by Government of India for transfer of the SPV (Resident Company) to a Non-Resident Company. The scope will comprise of the following.

### **i) Due Diligence of Proposed Transmission Project:**

The Merchant Banker would review the RfP Project documents, key parameters for the proposed transmission project viz. implementation schedule, Transmission Service Agreement, project cost, etc.

### **ii) Valuation of the shares of the SPV:**

Based on the due diligence exercise and as per the provisions of FEMA, FDI policy, the Merchant Banker should:

- Develop key assumptions relating to the valuation of the shares of the SPV
- Prepare a base case detailed Financial Model for the proposed transmission project which will incorporate projected balance sheets, income statements, cash flow statements, tax and depreciation schedules and key financial ratios.
- The Merchant Banker shall carry out the fair value as per any internationally accepted pricing methodology for evaluation of shares on arm's length basis.
- Valuation of the shares of SPV shall also be carried under different scenarios considering various operating and financial sensitivities.

On the basis of above, fair valuation of shares of SPV and its shares would be arrived at by the Merchant Banker.

### **iii) Preparation of Valuation Report:**

iv) The scope of the Merchant Banker also covers to assist PFCCL for intimation / approvals, if any, required from RBI/any other concerned Authority for transferring the SPV to Non Resident Company.

### **3. Eligibility Criteria**

The Merchant Banker should be registered with SEBI. The Merchant Banker is required to submit the necessary documentary evidence for establishing that they have a valid registration with SEBI.

### **4. Time Schedule for Completion of the Work**

The Merchant Banker is required to complete work as per the scope of work within 10 days from the issuance of Letter of Award (LoA).

### **5. Deliverables**

The Merchant Banker is required to submit the Report as the following schedule.

- i) Submission of Draft Valuation Report within the 7 days from the date of issue of LoA.
- ii) Submission of Final Valuation Report within 3 days on receipt of comments of PFCCL.

### **6. Terms of Payment**

The terms of payment are as follows:

- i) 80% of payment will be made on submission and acceptance of Final Valuation Report.
- ii) 20% of payment on transfer of SPV.
- iii) The selected Merchant Banker shall submit the bills in duplicate to PFCCL addressed to EVP (Unit #3), PFCCL.

### **7. Penalty for Delay in Submission Reports**

2 % of the value of the consultancy fee for delay per week or part thereof subject to a maximum of 5% of the value of the consultancy fee.

### **8. Period of Engagement**

The period of engagement would be till the completion of all the activities as per the scope of work.

## 9. Basis of Offer

The price offer for the Assignment should be quoted inclusive of all taxes and duties etc as may be applicable. No escalation for any reason whatsoever shall be allowed over and above the bid price. However, service tax, if any, and educational-cess or any such tax/levy calculated as a percentage of the service tax at applicable rates, on the date(s) of payment(s) shall be paid over and above the bid price (price to be quoted as per Form-2). Income tax at source will be deducted by PFCCL as per the applicable law and regulation and TDS certificate shall be issued to the selected Merchant Banker by PFCCL.

## 10. Submission of Bid

10.1. The bid shall consist of single stage single Envelope sealed and marked as **"Proposal for Selection of Merchant Banker for Valuation of Shares of the SPV "DGEN Transmission Company Limited (DTCL)" and preparation of Valuation Report** from -----(Name of the Consultant)" should contain following

- i) The consultant should agree to the entire scope of work and deliverables (given in the Covering Letter Form-1). No proposal for deviation/ part scope of work will be considered.
- ii) Necessary documentary evidence for establishing that they have a valid registration with SEBI.
- iii) Financial Proposal containing the detailed price offer for the consultancy services as per as per format provided at Form-2 of Bid Document

PFCCL may call for any clarifications/ information if required.

10.2. Above mentioned sealed envelope mentioned at 8.1 are to be submitted latest up to **11.30 hrs (IST) on September 19, 2014** at the following address:

<b>Sh. Rajesh Kumar Shahi, VP</b> PFC Consulting Limited First Floor, 'URJANIDHI', 1 Barakhamba Lane Connaught Place, New Delhi – 110001 Tel No: +91-11-23456132	<b>OR</b>	<b>Sh. Sanjay Nayak, AVP</b> PFC Consulting Limited First Floor, 'URJANIDHI', 1 Barakhamba Lane Connaught Place, New Delhi – 110001 Tel No: +91-11-23456144
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10.3. Agencies are instructed not to approach via e-mail, fax, and telephone or contact any official in PFCCL as regards to this bid after the submission of the bids, apart from communications by PFCCL in writing, and any Merchant Banker doing so shall be summarily rejected.

## **11. Bid Opening and Evaluation of Proposals**

The Bids would be opened at 11:30 Hrs (IST) on September 19, 2014 in the presence of the authorized representatives of the bidders, who wish to be present.

The price offer for the Assignment should be quoted inclusive of all taxes and duties etc as may be applicable. No escalation for any reason whatsoever shall be allowed over and above the bid price. However, service tax, if any, and educational-cess or any such tax/levy calculated as a percentage of the service tax at applicable rates, on the date(s) of payment(s) shall be paid over and above the bid price. Income tax at source will be deducted by PFCCL as per the applicable law and regulation and TDS certificate shall be issued to the selected Merchant Banker by PFCCL.

The assignment will be awarded to the Merchant Banker who has quoted lowest price, in Indian Rupees, without condition(s) or alternate price bid. Conditional Financial Proposals will be rejected out rightly.

## **12. Validity of Bid**

Merchant Banker shall keep their bids /proposals valid up to 60 (Sixty) days from the date of submission of Bid. Merchant Banker may be required to further extend the validity of Bid as per the requirement of PFCCL.

## **13. Other Terms & Conditions**

- i) PFCCL shall not issue any material for the work. All the materials should be strictly as per the scope of work and relevant specifications. The Merchant Banker has to make their own arrangements for water and electricity required for construction/supply of the pillars and smooth execution of the work at their own cost.
- ii) The financial proposal by the Merchant Banker shall be in Indian Rupees as per format enclosed (Form 2) with no escalation provision for any reason whatsoever till the completion of the Assignment.
- iii) The selected Merchant Banker shall make available the services of the identified personnel as may be required for successful execution of the assignment and or as may be required by PFCCL on specified dates, venues and time in order to meet the obligations of PFCCL.

- iv) All claims shall be raised by the selected Merchant Banker as per the terms of payment after being due, and would be accepted for payment based on satisfactory progress and quality of the work at the sole discretion of the competent authority.
- v) In case there is a delay by the selected Merchant Banker in accomplishing the work as per scope of work which in the opinion of PFCCL is attributable to the selected Merchant Banker, PFCCL reserves the right to get such specific work(s) done through any other Merchant Banker at the risk and cost of the selected Merchant Banker for timely completion of the work.
- vi) The selected Merchant Banker shall keep PFCCL, both during and after the term of this Contract, fully and effectively indemnified against all losses, damage, injuries, deaths, expenses, actions, proceedings, demands, costs and claims, including, but not limited to, legal fees and expenses, suffered by PFCCL or any Third Party, where such loss, damage, injury or death is the result of a wrongful action, negligence or breach of contract by the selected Merchant Banker, or its personnel.
- vii) No offer should be sent by Fax or E-mail.
- viii) Offers received in the designated office after the due time and date mentioned above shall not be considered.
- ix) PFCCL reserve the right to accept or reject any or all Proposals/Offer or annul the bid Process or modify/ change the content of the bid document without assigning any reason.
- x) PFCCL shall not entertain any claim of any nature, whatsoever, including without limitations, any claim of expenses in relation to the preparation, submission or any other activity relating to bidding or any other expense till award of contract.

Yours sincerely,

**For and on behalf of PFC Consulting Ltd.**

**(Yogesh Juneja)  
Executive Vice President**

Encl.: As above

## FORM – 1: COVERING LETTER

From: To:  
Name: Executive Vice President (Unit # 3)  
Designation: PFC Consulting Limited  
Address: First Floor, 'URJANIDHI',  
1 Barakhamba Lane  
Connaught Place, New Delhi – 110001

Sir,

**Sub: Selection of Merchant Banker for Valuation of Shares of the SPV “DGEN Transmission Company Limited (DTCL)” and preparation of Valuation Report**

1. We \_\_\_\_\_(Name of Merchant Banker) herewith enclose Financial proposal for Selection of Merchant Banker for Valuation of Shares of the SPV “DGEN Transmission Company Limited (DTCL)” and preparation of Valuation Report.
2. We are submitting our bid consisting of:
  - i) sealed envelope consisting of:
    - a) The Covering Letter (Form-1) in which the Merchant Banker inter alia agrees to the entire scope of work and deliverables as proposal for deviation / part scope of work will not be considered.
    - b) Documentary evidence for establishing the valid registration with SEBI
    - c) **Price Offer** (as per format provided at Form 2 of Bid document) in a sealed envelope
3. We declare that the quoted price is firm and shall remain valid for the entire period of the assignment. We further declare that the above quoted fee includes all taxes (excluding service tax), duties & levies etc. payable by us under this assignment.
4. We hereby confirm that if any Income Tax, Surcharge or any other Corporate Tax is attracted under the law, we agree to pay the same to the concerned authorities.
5. We confirm that the prices and other terms and conditions of this proposal are valid for a period of 30 days from the date of opening of the Financial Proposal.



6. We give our unconditional acceptance to the Bid Documents issued by PFCCL and as amended.
7. Further, we confirm that we agree to and seek no deviations from the scope of work, time schedule, payment terms and all other terms and conditions as contained in the 'Bid Document'. The proposal is unconditional.
8. We certify that all the information provided in our bid are true. We understand that any willful misstatement in the bid may lead to disqualification or cancellation of award if made or termination of contract.

Signature of Authorized Person

Name

Designation & seal

Date:

Place:

**FORM – 2: SCHEDULE OF PRICE BID**

(To be submitted as Financial Proposal in Envelope)

**Sub: Selection of Merchant Banker for Valuation of Shares of the SPV “DGEN Transmission Company Limited (DTCL)” and preparation of Valuation Report.**

I \_\_\_\_\_ (Name) on behalf of \_\_\_\_\_  
(Name of the Merchant Banker) herewith submit the Financial Proposal for Valuation of Shares of the SPV “DGEN Transmission Company Limited (DTCL)” and preparation of Valuation Report.

Sl. No	Description	Total Price in INR
1	Valuation of Shares of the SPV “DGEN Transmission Company Limited (DTCL)” and preparation of Valuation Report	In figure:  In Word:

*\*the price written in word will be final in case of discrepancy between price in figure and word.*

**Note:**

1. The price offer for the Assignment should be quoted inclusive of all taxes and duties etc as may be applicable. No escalation for any reason whatsoever shall be allowed over and above the bid price till completion of the assignment. However, service tax, if any, and educational-cess or any such tax/levy calculated as a percentage of the service tax at applicable rates, on the date(s) of payment(s) shall be paid over and above the bid price.
2. The merchant banker shall quote prices taking into consideration of the complete scope of work, any item left out and not specifically mentioned but are required for completion of the work shall be carried out by the merchant banker without any additional cost to PFCCL.
3. Income tax at source will be deducted by PFCCL as per the applicable law and regulation and TDS certificate shall be issued to the Merchant banker by PFCCL
4. All expenses including travel expenses incurred by the selected merchant banker (except statutory payments and applicable taxes) for carrying out the assignment will be borne by the selected merchant banker and PFCCL will not take any responsibility whatsoever on this account
5. The financial proposal with condition(s) or alternate price bid will be summarily rejected.

Seal

Authorised Signatory  
Full Name  
Address