

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

CONTRACT AWARD PROFORMA – I

To Be Filled And Uploaded on PPRA Website In Respect of All Public Contracts of Works, Services and Goods Worth Fifty Million or More

- | | |
|--|---|
| ➤ NAME OF THE ORGANIZATION | <u>Privatisation Commission</u> |
| ➤ FEDERAL / PROVINCIAL GOVT. | <u>Federal Government</u> |
| ➤ TITLE OF CONTRACT | <u>Advisory Agreement</u> |
| ➤ TENDER NUMBER | <u>TS258983E</u> |
| ➤ BRIEF DESCRIPTION OF CONTRACT | <u>Appointment of Financial Advisor for Privatisation of SME Bank Ltd</u> |
| ➤ TENDER VALUE | <u>~PKR 23 Million + 0.25% of Sale Proceeds</u> |
| <u>Proceeds</u> | |
| ➤ ENGINEER'S ESTIMATE (for civil Works only) | <u>N/A</u> |
| ➤ ESTIMATED COMPLETION PERIOD | <u>End-December 2016</u> |
| ➤ WHETHER THE PROCUREMENT WAS INCLUDED IN ANNUAL PROCUREMENT PLAN? | <u>N/A</u> |
| ➤ ADVERTISEMENT : | |
| (i) PPRA Website (Federal Agencies number) | <u>16 November 2015 (TS258983E)</u>
(If yes give date and PPRA's tender number) |
| (ii) News Papers (<u>Annex – I</u>) (If yes give names of newspapers and dates) | <u>Yes [List of Newspapers / Press</u> |
| ➤ TENDER OPENED ON (DATE & TIME) | <u>14 January 2016</u> |
| ➤ NATURE OF PURCHASE (Local / International) | <u>Local</u> |
| ➤ EXTENSION IN DUE DATE (If any) | <u>No</u> |
| ➤ NUMBER OF TENDER DOCUMENTS | |

SOLD (Attach list of Buyers)

Seven (07) (Annex-II)

➤ WHETHER QUALIFICATION CRITERIA WAS INCLUDED IN BIDDING/TENDER DOCUMENTS (If yes enclose a copy) **Yes (Annex-III)**

➤ WHETHER BID EVALUATION CRITERIA WAS INCLUDED IN BIDDING/TENDER DOCUMENTS (If yes enclose a copy) **Yes (Annex-IV)**

➤ WHICH METHOD OF PROCUREMENT WAS USED: - (Tick one)

- a) SINGLE STAGE – ONE ENVELOPE PROCEDURE _____
- b) SINGLE STAGE - TWO ENVELOPE PROCEDURE. _____
- c) TWO STAGE BIDDING PROCEDURE. _____
- d) TWO STAGE – TWO ENVELOPE BIDDING PROCEDURE.____

✓

- PLEASE SPECIFY IF ANY OTHER METHOD OF PROCUREMENT WAS ADOPTED WITH BRIEF REASONS (i.e EMERGENCY, DIRECT CONTRACTING, NEGOTIATED TENDERING ETC.)

- WHO IS THE APPROVING AUTHORITY **Privatisation Commission Board**

➤ WHETHER APPROVAL OF COMPETENT AUTHORITY WAS OBTAINED FOR USING A METHOD OTHER THAN OPEN COMPETITIVE BIDDING **N/A**

➤ NUMBER OF BIDS RECEIVED **Seven (07)**

➤ WHETHER THE SUCCESSFUL BIDDER WAS LOWEST BIDDER **YES**

➤ WHETHER INTEGRITY PACT WAS SIGNED **N/A**

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

CONTRACT AWARD PROFORMA – II

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- NUMBER OF BIDDERS PRESENT AT THE TIME OF OPENING OF BIDS **Two (02)**
- NAME AND ADDRESS OF THE SUCCESSFUL BIDDER:

Elixir Securities Pakistan (Pvt) Limited,
M.T. Khan Road, 8th Floor, Dawood Center, Karachi 75530, Pakistan.

Bridge Factor (Pvt) Limited.
1st Floor, Kalim Plaza Plot No. 3 - A/1, Kaghan Raod, F-8 Markaz, Islamabad, Pakistan

Mohsin Tayebaly & Co.,
1st Floor, Dime Centre, BC-4, Block-9, Kehkashan, Clifton, Karachi – 75600. Pakistan.

KPMG Taseer Hadi & Co..
Sixth Floor, State Life Building No. 5, Jinnah Avenue, Blue Area, P.O. Box 1323, Islamabad, Pakistan.

- RANKING OF SUCCESSFUL BIDDER IN EVALUATION REPORT (i.e. 1st, 2nd, EVALUATED BID).

<u>Consortium / Interested Party (IP)</u>	<u>Ranking</u>
Elixir Securities Pakistan (Pvt) Limited, Bridge Factor (Pvt) Limited, KPMG Taseer Hadi & Co. and Mohsin Tayebaly & Co.	1
MCB Bank Limited, Ernst & Young Ford Rhodes Sidat Hyder and Mohsin Tayebaly & Co.	2

:-2:-

- NEED ANALYSIS (Why the procurement was necessary?) **Federal Government Policy**

- IN CASE EXTENSION WAS MADE IN RESPONSE TIME, WHAT WERE THE REASONS (Briefly describe) **N/A**

- WHETHER NAMES OF THE BIDDERS AND THEIR PRICES WERE READ OUT AT THE TIME OF OPENING OF BIDS **Yes**

- DATE OF CONTRACT SIGNING (Attach a copy of agreement) **20 April 2016**

- CONTRACT AWARD PRICE **PKR 23 Million + 0.25% of Sale Proceeds**

- WHETHER COPY OF EVALUATION REPORT GIVEN TO ALL BIDDERS (Evaluation report already uploaded on PPRA's website) **Yes (29-01-2016)**

- ANY COMPLAINTS RECEIVED (If yes result thereof) **No**

- ANY DEVIATION FROM SPECIFICATIONS GIVEN IN THE TENDER NOTICE/DOCUMENTS (If yes give details) **No**

- DEVIATION FROM QUALIFICATION CRITERIA (If yes give details) **No**

- SPECIAL CONDITIONS, IF ANY **No**

[F.No.2/1/2008PPRA-RA.III]

Names of Newspapers and Dates where EOI Advertised

<u>Sr. No.</u>	<u>Name of Local Press</u>	<u>EOI Advertised Date</u>
1.	Daily Dawn	November 16, 2015
2.	Daily News	November 16, 2015
3.	Daily Jang	November 16, 2015
4.	Daily Nawa-e-Waqt	November 16, 2015

<u>Sr. No.</u>	<u>Re-Published</u>	<u>EOI Advertised Date</u>
5.	Daily Dawn	December 03, 2015
6.	Daily Jang	December 03, 2015
7.	Daily Nawa-e-Waqt	December 03, 2015
8.	Daily Express	December 03, 2015
9.	Daily Usaf	December 03, 2015

**List of Parties who submitted the EOI Documents for
Financial Advisory Services for SME Bank Limited transaction.**

1. Consortium of:
 - (i) Elixir Securities Pakistan (Pvt) Limited.
 - (ii) Bridge Factor (Pvt) Limited.
 - (iii) KPMG Taseer Hadi & Co.
 - (iv) Mohsin Tayebaly & Co.

2. Consortium of:
 - (i) MCB Bank Limited.
 - (ii) Ernst & Young Ford Rhodes Sidat Hyder

3. Consortium of:
 - (i) BMA Capital Management Ltd,
 - (ii) KPMG Taseer Hadi & Co.
 - (iii) Mohsin Tayebaly & Co.

4. Consortium of:
 - (i) Invest Capital Markets Limited.
 - (ii) KPMG Taseer Hadi & Co.
 - (iii) Mandviwalla & Zafar.

5. Consortium of:
 - (i) Al-Hoqani Securities & Investment Corp. (Pvt) Ltd,
 - (ii) Rahman Sarfraz Rahim Iqbal Rafiq and Bawaney & Patners Advocates,
Investment & Corporate Advisor

6. Consortium of:
 - (i) Grant Thornton Consulting (Pvt) Limited

7. Consortium of:
 - (i) Enclude Limited.

TERMS OF TECHNICAL PROPOSAL FOR SME BANK LTD

1.0 GENERAL

The Technical Proposal will be evaluated on the basis of following criteria i.e.:

- a) **Relevant experience of the Financial Advisor(s)** (30 Marks)
- Experience of Banking Sector, Restructuring, M&A and privatisation
 - Number of assignments undertaken in banking sector in the last 5 years
 - Number of transactions in the same sector completed in the last 5 years
 - Relevant work experience in International, Regional and similar economies
 - Lead Advisory experience on both Buy & Sell Side
- b) **Competency of team** (30 Marks)
- Detailed profile of Key Team members
 - Profile of Team Leader
 - Assigned Staff (legal) Experience in legal issues, privatisation, M&A, especially in the banking sector
 - Assigned Staff (Accounting) experience in accounting, restructuring, M&A etc.
 - Regional experience of the team members
 - Adequate coverage of all key work streams
- c) **Work plan and methodology** (30 Marks)
- d) **Effectiveness of presentation** (10 Marks)
- Understanding of SME Bank and Key Issues
 - Contextualization of SME Bank within the banking sector, especially SME sector
 - Elaboration as to how the Interested Parties envisage undertaking the Transaction

Parties scoring 70 points and above marks in Technical Proposal will be qualified for the opening of Financial Proposal. Only pre-qualified parties will be invited for opening of financial bids. Financial Bids of non-qualifying parties will not be opened and will be returned to them.

- 2.0** Six (06) sets of Technical Proposal should be submitted and must contain comprehensive details and explanation about similar past experience and capabilities in the relevant fields. It should also contain detailed description of proposed methodology for the Transaction (work plan), indicating timeline for different activities. Names, qualification and past experience of the assigned persons including team leader should be highlighted.

3.0 POTENTIAL CONFLICTS

Details of all pending litigation, if any, should be indicated. Details of past conviction and pending litigation against sponsors/partners, Directors etc, if any, and areas of possible conflict of interest may also be indicated.

4.0 DISCLOSURE & UNDERTAKINGS

Please disclose:

- Any actual or potential litigation issues which could constrain or adversely impact your ability to lead this Transaction or could adversely impugn the GOP's reputation.
- Other issues which may affect your ability to execute this Transaction.

**Government of Pakistan
Ministry of Privatisation & Investment
Privatisation Commission**

Islamabad, the January, 2007

NOTIFICATION

S.R.O. (I)/2007. - In exercise of powers conferred by section 41 of the Privatisation Commission Ordinance, 2000 (LII of 2000), the Privatisation Commission hereby makes the following regulations, namely:-

**THE PRIVATISATION COMMISSION
(HIRING OF FINANCIAL ADVISORS) REGULATIONS, 2007**

PRELIMINARY

1. Short title and commencement:-

(1) These regulations may be called the Privatisation Commission (Hiring of Financial Advisors) Regulations, 2007.

(2) They shall come into force at once.

2. Definitions:-

(1) In these regulations unless there is anything repugnant in the subject or context, -
(a) "Evaluation Committee" means a committee constituted by the Chairman, comprising not less than three persons which may include a member of the Board of the Commission with the purpose of evaluating the technical and financial proposals submitted by the interested parties;

(b) "Financial Advisor" or "FA" means an external advisor hired by the Privatisation Commission with the approval of the Board to advise on a major privatisation;

(c) "interested party" or "IP" means a person who has submitted an expression of interest through a formal proposal and payment of required fee, if any;

(d) "major privatisation" means a privatization

(i) which envisages transfer of management control; and

(ii) where the size and complexity of such a privatisation warrants the appointment of a financial advisor; or

(iii) a privatisation which the Board on the recommendation of the Commission has resolved to be a major privatisation notwithstanding the fact that conditions (i) and (ii) aforesaid are not satisfied;

(e) "Ordinance" means the Privatisation Commission Ordinance, 2000 (LII of 2000);

(f) "pre-qualified IP" shall have the meanings as assigned to it in regulation 9;

(g) "Request for Proposals Package" or "RFP Package", in respect to major privatisation means, the letter of invitation, the terms of reference, draft agreement with FA, evaluation criteria for technical,

financial proposals or both, profile of the entity or interest being privatised and such other document which the transaction manager deems as necessary;

(h) "top-ranked IP" shall have the same meaning as assigned to it in regulation 11;

(i) "total fee" means total fee as defined in regulation 4 ; and

(j) "transaction manager" means the person appointed by the Secretary to be primarily responsible for liaising with the FA and ensuring to the extent possible, that the FA is complying with the terms of reference and submitting the deliverables in accordance with agreed schedules.

(2) All other terms and expressions used but not herein defined shall have the same meanings as are assigned to them in the Ordinance.

PROCEDURES

3. Decision to appoint a Financial Advisor. - The Board shall decide whether or not a privatisation (i) may be treated as a major privatisation; and (ii) warrants the appointment of a Financial Advisor. Such decisions shall be taken by the Board based on a summary prepared by the Commission.

4. Initiation process. - The transaction manager prior to the placement of advertisement in the print media for an FA shall prepare and submit for approval of the Chairman the RFP Package. Where deemed necessary by the Commission, inputs on the terms of reference that form part of the RFP Package shall be sought from (i) the Ministry under whose jurisdiction the entity being privatised falls, (ii) the senior management of the entity being privatized; and (iii) the relevant regulatory authority. The RFP Package shall require the parties to submit, inter-alia, information on how it will structure the transaction and why it is qualified to undertake the transaction. In addition to the technical proposals, the Parties shall submit in a separately sealed envelope a financial proposal describing the amount and structure of its fees in accordance with the requirements of the RFP Package. The financial proposals shall specify the Parties fees (the "Total Fee") as the sum of two parts: a retainer and out of pocket expenses and success fee (usually a percentage of the actual sale proceeds).

5. Advertising for the Financial Advisor. – Subject to regulations 13 and 14 herein below, the FA position shall normally be advertised in the relevant media and parties will be invited to submit expressions of interest and their proposals. The parties shall be required to provide technical and financial proposals normally within thirty days from the date of publication of the advertisement.

6. Evaluating the proposals. - On expiry of the date for submission of proposals, the evaluation process will begin. The transaction manager shall circulate the technical proposals to the Evaluation Committee, while the sealed financial proposals will remain in the custody of the Secretary as per procedures laid down separately.

7. Evaluating the technical proposals:-

(1) Each technical proposal shall be standardized using the four categories listed below. The weight to be assigned to each category shall be decided by the Commission within the ranges specified below. The sum of the assigned weights must total 100:-

Category Weight

(a) Specific firm/consortium experience related to the assignment 25-40%

(b) Competence of team 25-40%

(c) Work plan and methodology 25-40%

(d) Effectiveness of presentation 0-10%

(2) Each member of the evaluation committee will assign preliminary scores for each technical proposal using standardized sheets prepared by the transaction manager.

8. Finalising the technical scores. - A meeting of the evaluation committee to finalise the technical scores will normally be called. The final individual technical scores of the Evaluation Committee members will be tabulated by the transaction manager on a top sheet which will be signed by all the members of the evaluation committee. The final technical scores of each IP will be the average of the individual technical scores allocated by each member of the Evaluation Committee. The top sheet, including the final technical scores, will be submitted to the Chairman for approval.

9. Opening of financial proposals. – Short-listed IPs that receives a raw technical score (S_{tr}) of 70 points or higher (pre-qualified IPs) will be invited to attend the opening of the sealed financial bids. All other IPs will stand disqualified and their sealed financial proposals will be returned to them unopened. The sealed financial proposals shall be opened by the Secretary or his nominee. Immediately before the opening of the financial proposals, the Commission will announce a notional value of the expected sale proceeds. This figure shall have been approved by the Chairman and will be used solely for calculating the success fee component where the fee is quoted as a percentage of the sale proceeds.

10. Scoring of technical and financial proposals. - The technical proposal shall be assigned a raw score (S_{tr}) which shall be scaled up to constitute a final technical score (S_t) in the following manner, namely:-

$$S_t = S_{tr} \times 100/S_{tmax}$$

where S_{tmax} = Raw score of the highest ranked IP on technical criteria.

The financial score (S_f) will be calculated in the following manner, namely:-

$$S_f = 100 \times (F_{min}/F_f)$$

where F_{min} = Lowest Total Fee bid
and F_f = Total Fee bid by the IP under consideration.

The combined technical and financial proposal (S_c) shall be calculated in the following manner, namely:-

$$S_c = 0.80 \times S_t + 0.20 \times S_f$$

11. Ranking the pre-qualified Interested Parties. - The transaction manager shall submit to the Evaluation Committee the cumulative marks (technical plus financial) of the pre-qualified IPs based on the calculations set out in regulation 10. The submission will identify the pre-qualified IP scoring the highest cumulative scores (the "top-ranked IP"). Upon endorsement by the evaluation committee, the transaction manager will submit the rankings of the pre-qualified IPs to the Secretary for approval, after which a summary recommending the hiring of the top-ranked IP will be moved to the Board. If the Board approves the summary, the top-ranked IP will be invited for contract negotiations.

12. Contract negotiations. – The contract negotiations shall be conducted by the negotiation team comprising the Director-General or Additional Secretary, transaction manager, legal consultant and any other person that the Board may authorize, with the authorised representatives of the top-ranked IP. The negotiations team of the Commission shall keep the Secretary of the Commission informed about the progress of the negotiations. The negotiations will focus on, inter-alia, issues related to milestones and phases, deliverables, contract duration and procedures for disbursements. The Total Fee (or a component thereof) will be negotiated if the Board so authorises. In case the negotiations with the top-ranked IP are unsuccessful, negotiations with the authorised representatives of second-highest ranked IP will be carried out. If these also prove unsuccessful, negotiations with the authorised representatives

of third-highest ranked IP will be carried out. If these also prove unsuccessful, the matter will be referred back to the Board for further directions. The Board may, in its discretion impose a time period for contract negotiations.

13. Applicability of regulations.-

(1) These regulations shall apply to all major privatisations where a FA is to be appointed, provided that, the applicability of these regulations may be waived in part where circumstances warrant a waiver and the Board so authorizes.

(2) Notwithstanding anything provided hereinbefore and in addition to the foregoing, as regards all international capital offerings and any other Privatisation transaction deemed appropriate by the Board, the provisions of regulation 14 shall mutatis mutandis, apply to the appointment of FA.

14. International capital offerings or any other Privatisation transaction.-

(1) For the purposes of international capital offerings or any other Privatisation transaction deemed appropriate by the Board, the Privatisation Commission with the prior approval of the Board, shall at all times maintain panels comprising ten to fifteen Financial Advisors globally recognised for international capital offerings or for the Privatisation transaction in question. Such panels shall be based on the rankings of internationally recognised and published league tables solely determined by the Board and approved in its discretion. The Board shall review the rankings of the Financial Advisors on its panel on a periodic basis.

(2) Subsequent to the decision by the Board to appoint Financial Advisor with respect to an international capital offering or any other Privatisation transaction, the Privatisation Commission shall send the RFP package approved by the Chairman together with a request in writing to the Financial Advisors on its panel to submit sealed technical, financial proposals or both within twenty one days or such time as determined by the Board of the date of such written request in accordance with the information set-forth in the RFP package.

15. Repeal of regulations:-

(1) The Privatisation Commission (Hiring of Financial Advisors) Regulations, 2001, are hereby repealed.

(2) Anything done, action taken, order passed, instrument made, proceedings initiated, processes or communication issued, powers conferred or assumed under the Regulations repealed under sub-rule (1), shall be deemed to have been validly done, made, issued, taken, initiated, conferred or assumed under the corresponding provisions of these regulations.
