



**Punjab & Maharashtra Co-operative Bank Ltd
Invites
Expression of Interest (Eoi)**

For

**Investment /Equity participation for
reconstruction of
Punjab & Maharashtra Co-operative Bank Ltd.**

Eoi ReferenceNo:PMCB/EOI/001/2020

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Issued by:
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Proposal for Investment/Equity participation for reconstruction of Punjab & Maharashtra Co-operative Bank Ltd.

A. Introduction

The Punjab and Maharashtra Co-operative (PMC) Bank Limited invites Expression of Interest (EoI) from interested investors to take up equity interest in the bank for its reconstruction.

The PMC Bank, (hereinafter referred to as “the bank”), headquartered at Mumbai, is a multi-state scheduled cooperative bank with 137 branch licenses across six States. The bank, due to its poor financial position and negative net worth was placed under All Inclusive Directions (AID) by Reserve Bank of India with effect from September 23, 2019. These directions, *inter alia*, provide for restrictions on deposit withdrawal beyond a certain ceiling (presently Rs.1 lakh) and lending.

B. Objective

Objective of the process of invitation of EoI is to identify a suitable equity investor/ group of investors willing to take over management control so as to revive the bank and commence regular day-to-day operations. Subsequent to commencement of the normal day-to-day operations, it will be open for the investor(s) to convert the bank into a Small Finance Bank by making an application to Reserve Bank of India subject to compliance of the RBI guidelines on Voluntary Transition of Primary (Urban) Co-operative Banks (UCBs) into Small Finance Banks (SFBs) dated September 27, 2018 (<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11381&Mode=0>). Further, in terms of the Reserve Bank Guidelines for ‘on tap’ licensing of Small Finance Banks in the Private Sector dated December 5, 2019 (https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3797), a small finance bank is eligible to transition into a universal bank after a minimum period of five years subject to meeting the prescribed eligibility conditions.

C. Eligibility and Capital Requirement

Eligible investors could be Financial Institutions, including banks and NBFCs; and individuals or Group of Individuals/ companies, societies, trusts or any other such entities having adequate networth as detailed in Annexure 1.

The PMC Bank was having total deposits of Rs. 10727.12 crore, total advances of Rs. 4472.78 crore and gross NPA of Rs. 3518.89 crore as on 31 March, 2020. The share capital of the bank is Rs. 292.94 crore. However, the bank registered a net loss of Rs. 6835 crore during 2019-20 and has a negative net worth of Rs 5850.61 crore. The investor(s) should ideally bring in the capital required for enabling the bank to achieve the minimum required capital to risk weighted assets ratio (CRAR) of 9%. However, the investors may explore the option of restructuring a part of deposit liabilities into capital/capital instruments. The bank may also approach DICGC for its support for payment upto Rs. 5,00,000 (Rupees Five lakh only) (insured deposits) to depositors

under the provisions of the DICGC Act, 1961. After due evaluation, the viable proposal(s) will be forwarded to Reserve Bank for its consideration for preparing a draft scheme of reconstruction and other consequential action under Section 45 of Banking Regulation Act, 1945.

D. Process Overview

1. Interested investors can download this EoI document from the bank's website www.pmcbank.com.
2. The investors could be financial institutions including banks and Non-Banking Finance Companies (NBFCs)/ Micro Finance Institutions (MFIs) controlled by residents, resident individuals/ professionals (singly or jointly), companies, societies, trusts or any other such entities.
3. Interested investors may request for a detailed Information Memorandum (IM) on payment of Rs. 15,000 by sending email to ceo@pmcbank.com latest by 20 November, 2020. The requests should be accompanied by the payment details, a duly executed Non-Disclosure Agreement and the requisite details of the investor/s like name, address, contact details, present line of activity, financial position etc.
4. The interested investors will also have an opportunity to meet the management of PMC Bank on submitting a formal request for the same. Meeting schedules would be communicated to the investors and shall be coordinated by the Bank Officials.
5. EoI should be submitted as per the process and instructions provided elsewhere in this document.
6. The responses received from potential investors will be reviewed by the Bank for issue of IM. In case of potential investors being individual/ group of individual(s)/ association of persons/ societies/ trusts or companies, societies, trusts or any other such entities, the bank will evaluate their financial capability of investing the required capital before issue of IM. For this purpose, interested investors will need to submit an appropriate certificate from Chartered Accountants.
7. The bank will reserve the right of making available the IM to shortlisted investors on its sole discretion.
8. The shortlisted investors may conduct due diligence on PMC Bank and subsequently submit their binding offers for further consideration by PMC Bank on or before 15 December, 2020.

E. Submission of Expression of Interest (EoI)

The following process is to be followed by potential investors in relation to submission of EoI:

1. Pre-Bid clarifications:

- i. Potential investors may email their queries / clarifications, if any, to PMC Bank latest by 3 p.m. on 30 November, 2020.
- ii. Email queries should be sent in an excel file that has columns for query description, clause and page number reference (if applicable).
- iii. Email should be marked to ceo@pmcbank.com.
- iv. No emails received after the aforementioned time shall be entertained.
- v. The Bank shall endeavor to respond expeditiously to the clarifications received via email on a best-effort basis. It is clarified that the Bank is under no obligation to address any clarifications sought by the potential investors.
- vi. All the queries so received by the bank and their reply will be forwarded to all the shortlisted investors while keeping the identities of investors confidential.

2. Eol submission by potential investors:

- i. All potential investors must submit the Eol response by way of a password protected soft copy by e-mail on or before 3 p.m. on 15 December, 2020 .
- ii. Email subject should be: "PMC Bank Eol-Submission-XXX"; where XXX would represent the name of potential investor.
- iii. Email should only be addressed to the CEO of PMC Bank and sent to the following email id: ceo@pmcbank.com.
- iv. All attachments/supporting documents should be in pdf format and should be compressed into a single zip folder. Please specify list of attachments in the body of the email.
- v. The compressed/ zip folder attached in the email should be password protected and the password should be sent to the bank in a separate email.
- vi. Hard copy of the complete set of documents should be delivered in person/sent by post/courier at the address mentioned below so as to reach on or before 3 p.m. on 15 December, 2020. The cover should be superscribed "PMC Bank - EOI Submission".
- vii. Address for sending hard copy of Eol submission is as under:
The CEO, Punjab & Maharashtra Co-operative Bank Limited, Central Office, 3rd Floor, Dreams Mall, Bhandup (West) Mumbai-400078.

3. Contents of Eol response – Eol response should contain the following information:

- i. Investor details
 - Description of the prospective investor/s including its identity, structure, principal business, brief financials along with track record of businesses / details of investments in financial services in India and globally.
- ii. Eligibility criteria
 - Provide documents / confirmations / self-declarations / information in

support of the eligibility criteria laid out in Annexure 1 of this EoI.

iii. Deal rationale

- Provide an outline of the rationale for the proposed transaction and overall approach to the investment, together with a brief on the investor's strategy for growth and development of PMC Bank.

iv. Stake to be acquired

- Investor to provide details on stake proposed to be acquired in PMC Bank as part of this process. The amount proposed to be invested as equity or otherwise may be indicated.

v. Source of financing

- Investor to provide details on how the investor proposes to fund this Proposed Transaction. If the investor would need to raise external capital, please indicate broad timelines for procuring the funds to consummate the transaction.

vi. Approvals

- Provide details of the process and anticipated time lines to obtain any regulatory or other third-party approvals, consents or filings the investor/s will require prior to (i) submission of any binding bid/offer; and (ii) completion of the Proposed Transaction. Please factor in anticipated waiting periods of such approvals, consents or filings, based on any prior experience in obtaining such regulatory or other third-party approvals.

vii. Contact information

- Name, designation, telephone/ mobile number and email address of the person(s) who should be contacted for all correspondence, including any clarifications, relating to the Proposed Transaction.

viii. Non-Disclosure Agreement (NDA)

- Duly signed and executed copy of the NDA (which can be obtained on request via website of PMC Bank/email to PMC Bank contact persons). It is clarified that EoI shall be considered incomplete if an executed copy of the NDA is not submitted by the investor.

4. General instructions

- i. The entity intending to make the investment should be directly controlled by the investor. In case of a private equity firm / financial investor, the proposed acquisition entity should be a fund/ vehicle/ entity directly managed by the private equity firm/financial investor. In case proposed entity's details cannot be provided at this stage, please provide requested details for the investor.
- ii. It is clarified that if any of the above requirements/ documents are not directly applicable to the investor, then the investor is required to provide other relevant documents / confirmations / details to facilitate bank's assessment.
- iii. All documents/ self-declarations should be signed by authorized representative /official of the investor.
- iv. The EoI response must be complete and accurate in all respects. Incomplete EoI submissions are liable to be rejected.

- v. All pages of the Eol should be initialed by only the authorized person(s) of the potential investor.
- vi. Please submit documentary evidence wherever possible in support of the details being furnished.
- vii. In case any discrepancy is observed between hard and soft copy, the hard copy will be considered as the base document.
- viii. The Bank reserves the right to seek additional information while assessing the Eol responses. If a written response is requested, it must be provided within 02 days by email. The responses received beyond this period of 02 days may not be considered. However, that would not entitle the investor to change or cause any change in the substances of their Eol document already submitted.

F. Other Matters

1. It is clarified that the Bank expressly reserves the right, from time to time and in its sole discretion, and without any obligation to give reasons or to provide prior notification and without incurring liability to any interested investor, to accept or reject any and all offers it receives and to negotiate with any party individually or simultaneously with other interested investors. In addition, the Bank reserves the right, in its sole discretion, at any time and without notice, to (i) modify the terms and conditions of this offer or the process described herein; and/or (ii) discontinue the process; and/or (iii) exclude/ include any investor from/in the process, whether to comply with applicable CVC guidelines, RBI regulations and any other applicable governmental, regulatory guidelines, regulations or laws or for any other reason.
2. Notwithstanding anything to the contrary contained elsewhere in this document, the Bank shall have the right, exercisable at its sole discretion, to cancel this Eol.
3. The Bank reserves the right, at any time, to waive any of the requirements of this Eol document if it is deemed to be in the interest of the Bank.
4. All communication in relation to the Proposed Transaction shall only be directed to the relevant PMC Bank personnel as mentioned in this document. Potential investors will not reach out to any other official from the Bank without the express written consent of the Bank.
5. At any time prior to the deadline for submission of response to Eol, the Bank may modify any part of this document. Such change(s), if any, may be in the form of an addendum/corrigendum and will be uploaded on the Bank's website. All such change(s) will automatically become part of this Eol and will be binding on all potential investors. Interested investors are advised to regularly refer the Bank's website.
6. By submitting the Eol response, the investor acknowledges that it agrees with the

terms and conditions of this document, is relying solely upon its own independent investigation and evaluation of the Proposed Transaction and that the Bank or its representatives owe no duty of care to the investor in relation to the Proposed Transaction.

7. Wilful misrepresentation of any fact in the Eol will lead to the disqualification of the investor. The Eol and the accompanying documents will become property of PMC Bank.
8. Any effort on the part of investor to influence evaluation process shall result in rejection of the Eol.
9. PMC Bank will not be responsible for non-receipt of Eol within the specified date and time due to any reason including postal delays, non-delivery of email or holidays in between.
10. Applicants shall be deemed to have:
 - I. examined the Eol document and its subsequent changes, if any for the purpose of responding to it
 - II. examined all circumstances and contingencies, having an effect on their Eol submission and which is obtainable by the making of reasonable enquiry
 - III. Satisfied themselves as to the correctness and sufficiency of their Eol submission and if any discrepancy, error or omission is noticed in the Eol, the investor shall notify PMC Bank in writing on or before the end date/time.
11. Investors must advise PMC Bank immediately in writing of any material change to the information contained in the Eol submission, including any substantial change in their ownership or their financial or technical capacity. Copies of relevant documents must be submitted with their advices. For successful investor, this requirement applies until the process for the Proposed Transaction is concluded.
12. Shortlisted investors must not advertise or publish the same in any form without the prior written consent of PMC Bank.
13. Neither the Bank nor any of its representatives shall have any legal, fiduciary or other duty, under law or contract, to any investor with respect to the manner in which the process is conducted. The Bank retains the right to negotiate the terms of arrangement in relation to the Proposed Transaction with any investor at any time regardless of whether or not such investor has previously participated in the process.
14. The Bank shall have the right to cancel the Eol process itself at any time, without thereby incurring any liabilities to the affected investors. Reasons for cancellation, as determined by the Bank in its sole discretion include but are not limited to, the following:
 - i. Proposed Transaction contemplated is no longer desired by the Bank
 - ii. The Proposed Transaction is not in the best interest of the Bank
 - iii. Investors do not meet the expectation of the Bank
 - iv. Any other reason

15. Bank shall be under no obligation to pursue a transaction with any investor until and unless this is expressly provided for in the legally binding agreements duly executed by the relevant parties.
16. The investor is responsible for ensuring that its participation in the process set out herein in relation to the Proposed Transaction and the consummation of the Proposed Transaction complies with the laws of applicable jurisdiction(s).
17. The investors must bear all costs that they may respectively incur in pursuit of the Proposed Transaction including and not limited to their respective due diligence, investigation and evaluation of the Proposed Transaction, including all fees, expenses, and disbursements to any of the investor's representatives, agents and advisers, regardless of whether the investor's Indicative or Binding Final Offer is accepted or rejected for any reason, and that the Bank shall not in any way be liable for the same.
18. This document is governed by and construed in accordance with the laws of India and each party hereby unconditionally submits to the exclusive jurisdiction of the courts of Mumbai in connection with this document.

G. Timelines

Last date for issue of Information Memorandum	-	November 20, 2020
Last date for seeking pre-bid clarifications	-	November 30, 2020
Last date for submission of EoI (soft copy)	-	December 15, 2020
Last date of receipt of hard copy of EoI at PMC Bank	-	December 15, 2020

H. Disclaimer

PMC Bank is not committed either contractually or in any other way to the applicants whose submissions are accepted. The issue of this EoI does not commit or otherwise oblige the Bank to proceed with any part or steps of the process.

While the information provided by the Bank or its advisers to the investors, whether as part of management meetings or otherwise, is believed to be accurate and reliable, the Bank or its representatives (i) do not make any representations or warranties, express or implied; (ii) do not accept any responsibility or liability as to the accuracy or completeness of such information; and (iii) shall not have any obligation to inform the investor of any change in such information. The Bank or its representatives shall not be responsible for any liabilities incurred by the investor in connection with the information provided in terms hereof.

Subject to the applicable legal provisions, the Bank and its administrator/officers/employees/ and advisers disclaim all liabilities (including liability by reason of negligence) from any loss or damage, cost or expense incurred or arising by

reasons of any person using the information and whether caused by reasons of any error, omission or misrepresentation in the information contained in this document or suffered by any person acting or refraining from acting because of any information contained in this Eol document or conduct ancillary to it whether or not the loss or damage arises in connection with any omission, default, lack of care or misrepresentation on the part of the Bank or any of its officers, employees, or advisers.

Annexure I

Eligibility Criteria

Interested investors must read carefully the minimum conditions of eligibility criteria provided herein. Proposals of only those investors who satisfy these conditions will be considered.

Sr. No	Eligibility Criteria	Compliance (Yes/No)	Documents to be submitted
1	Entities The investors should be financial institutions including banks and Non-Banking Finance Companies (NBFCs)/ Micro Finance Institutions (MFIs) controlled by residents, resident individuals/ professionals (singly or jointly), companies, societies, trusts or any other such entities.		Relevant documents evidencing the legal constitution of the investor along with Pan Card details and the full address of the registered office of the investor.
2	Investors acting in concert Please confirm whether the investor is acting alone or in conjunction with any other party; if the latter, please include all requested information for the co-bidder/consortium.		Self-declaration to be provided in this regard.
3	Financial capability Financial capability to consummate the Proposed Transaction		Audited financial statements or certificate from a Chartered Accountant or Self- declaration. It is clarified that if the potential investor is in the business of investment activities, such investor, either directly or indirectly or as a

			general partner to funds managed by them or their affiliates should have adequate networth to consummate the proposed investment.
4	<p>Disqualification</p> <p>The investor shall not be under a declaration of ineligibility for corrupt and fraudulent practice issued by the Govt. of India /State Governments / Regulatory Agencies / IBC 2016/Govt. or Regulator of any other country etc.</p>		Self-declaration to be provided in this regard.
5	<p>Authorization</p> <p>Investor must have requisite corporate authorisation to submit the EoI and all information provided in the EoI should be complete and accurate in all material respects to the best of investor's knowledge</p>		Self-declaration to be provided in this regard.