



No. O-17034/65/2018-PS  
**Government of India**  
**Ministry of Housing and Urban Affairs**  
**P.S. Desk**

Nirman Bhawan, New Delhi  
Dated 30<sup>th</sup> August, 2018

**OFFICE MEMORANDUM**

Subject : **HUDCO & NBCC Merchant Bankers Request for Proposal for uploading on the website of M/o HUA**

The undersigned is directed to forward herewith the Request for Proposal (RFP) for engagement of merchant bankers and selling brokers for disinvestment of NBCC and HUDCO through the offer for sale by promoters through the stock exchanges method in domestic market. As directed by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, the RFP document is required to be uploaded on the website of the Ministry.

Therefore, IT Cell is requested to kindly upload the enclosed documents on the website of the Ministry immediately.

This issues with the approval of Competent Authority.

(C.V. Sarada)

Under Secretary to the Govt. of India  
Tele. No. 2306 1462

**Encl. : as above.**

The Section Officer (IT),  
M/o Housing & Urban Affairs,  
Nirman Bhawan,  
New Delhi



**No. 3/3/2018-DIPAM-V**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT (DIPAM)**

**ENGAGEMENT OF MERCHANT BANKERS AND SELLING BROKERS FOR THE  
DISINVESTMENT IN NBCC (INDIA) LIMITED THROUGH THE "OFFER FOR SALE  
BY PROMOTERS THROUGH THE STOCK EXCHANGES" METHOD IN THE  
DOMESTIC MARKET – REQUEST FOR PROPOSALS**

**1. Introduction**

- 1.1 NBCC (India) Limited (formally known as National Buildings Construction Corporation Limited ) was incorporated on 15.11.1960 as a wholly owned Government of India Enterprise under the erstwhile Ministry of Works, Housing & Supply (MoWHS), which is now known as Ministry of Housing and Urban Affairs (Formerly Ministry of Urban Development (MoUD)).
- 1.2 NBCC is carrying on its activities in three verticals viz., (i) Project Management & Consultancy (PMC), (ii) Engineering Procurement & Construction (EPC), and (iii) Real Estate Development. PMC includes re-development projects on self financing model New Moti Bagh Complex (Delhi) under General Pool Residential Accommodation (GPRA) Scheme was the first project under this model and has already been completed. Presently, re-development of East Kidwai Nagar, New Delhi is in progress. NBCC has also been allocated re-development work of old government colonies at Sarojini Nagar, Nauroji Nagar & Netaji Nagar in Delhi .
- 1.3 NBCC has acquired significant land bank across the Country for Real Estate development. NBCC has also signed MOUs with various Government, Semi Government, Local bodies, CPSUs etc. such as CPWD, Air India, NAWADCO, DDA, IRDA etc. for joint development of land which is expected to generate sizable business for the Company in near future.
- 1.4 Board of Directors of NBCC consist of Twelve (12) Directors which comprises of four (4) Functional Directors including Chairman-cum Managing Director, two (2) Government Nominee Director and Six (6) Independent Directors. Presently one functional director position is vacant.
- 1.5 In 2007, NBCC paid dividend to the GoI for the first time and since then, it has been paying dividend every year. It became debt free company in 2008. NBCC became Schedule "A" company on 23.7.2008, MINIRATNA on 18.9.2012 and NAVRATNA CPSE on 23.6.2014.
- 1.6 In April, 2012, Government of India (GOI) holding Rs. 120 crore paid-up equity share capital (i.e. 12 crore equity share of Rs 10/- each) in NBCC disinvested 10% of its stake through Initial Public Offer(IPO) and got the company's share listed at BSE & NSE. The total sale proceed from IPO was Rs. 124 crore



(approx.). In June, 2016 NBCC'S equity share of Rs 10/- each was splitted into 5 equity share of Rs 2/- each.

- 1.7 Further, disinvestment of 15% in NBCC by GOI through Offer For Sale (OFS) fetch Rs. 2200 crore (approx) to Government which resulted in shareholding structure of NBCC as GOI-75% (i.e. Rs 90 crore equity share capital divided into 45 crore equity shares of Rs 2/- each) & Public - 25% (i.e. Rs 30 crore equity share capital divided into 15 crore equity shares of Rs 2/- each).
- 1.8 In February 2017, Company allotted bonus shares to its existing shareholder's in the ratio of 1:2 resulting in increase in paid-up share capital from Rs 120 crore to Rs 180 crore divided into 90 crore equity shares of Rs 2/- each whereby GOI's Holding is Rs 135 crore equity share capital (i.e. 67.50 crore equity shares of Rs 2/- each) and Public holds Rs 45 crore equity share capital (i.e. 22.50 crore equity share of Rs 2/- each). Presently (as on 1.8.2018) GOI's holding in NBCC is Rs 132.75 crore (73.75%) due to transfer of share to Bharat 22 ETF and Employee Share Sale Offer.
- 1.9 NBCC (India) Ltd. was listed in April, 2012 with a market cap of Rs. 1200 crore and went upto all time high of Rs 26,000 crore in the month of November, 2017. Presently NBCC's market capital is Rs 13000 crore (approx).
- 1.10 NBCC has Six (6) subsidiary companies which includes four (4) wholly owned Indian subsidiaries namely (i) NBCC Services Ltd. (Year 2014); (ii) NBCC Engineering & Consultancy Ltd. (Year 2015); (iii) NBCC International Ltd. (Year 2017); (iv) NBCC Environment Engineering Ltd. (Year 2017); one foreign subsidiary i.e. NBCC Gulf LLC (wherein NBCC holds 70% share capital) (Year 2015) and acquired 'Hindustan Steelworks Construction Ltd' where NBCC subscribed 51% post issued share capital w.e.f. 1.4.2017.
- 1.11 In year 2015 NBCC formed a Joint Venture Company with Government of Rajasthan (GOR) named 'Real Estate Development and Construction Corporation of Rajasthan Ltd' (Year 2015) where both hold 50% of the issued share capital.
- 1.12 NBCC's major thrust areas are Re-development works, Smart City Projects, Affordable Housing, real estate development projects particularly in tier-II & III cities and it is well equipped to meet all types of challenges in the construction sector which ensures sustainable growth in company's business in years to come.
- 1.13 NBCC has achieved Excellent MOU rating since 2003-04 except FY 2012-13 when it was rated very good.
- 1.14 The GOI intends to disinvest 10% paid up equity capital of NBCC out of its shareholding of 73.75%, through 'Offer for Sale of shares by promoters through the stock exchanges' (OFS) method as per Securities and Exchange Board of India (SEBI) Rules and Regulations.
- 1.15 The Government is also considering allotting shares to eligible and willing employees of NBCC at a discount to the Issue/ discovered price (lowest cut off price) up to a maximum of certain percentage of the OFS size subsequent to



completion of the transaction under OFS. The percentage and extent shall be decided in due course. Merchant bankers/Selling Brokers will be required to render such assistance as may be required in this connection.

- 1.16 DIPAM, on behalf of Government of India, requires the services of reputed Law Firms with experience and expertise in Public Offerings/OFS in capital markets to act as Legal Advisers and assist Government in the process. **The Domestic Law Firm will act as the Legal Adviser to the transaction and submit Proposals in consortium with an International Law Firm of repute, with similar experience and expertise in Public Offerings/OFS in capital markets.**
- 1.17 The confirmation letter duly signed by the authorized signatory of the Consortium Partner (International Law Firm) may be furnished along with the Proposal, in support of their willingness to be a part of the Consortium.
- 1.18 Guidelines for qualification of Merchant Banker(s) as detailed in **Annexure-I**, Format of unconditional bid on the letter head of the bidder as detailed in **Annexure-II** and details of Domestic/International Equity Offerings as detailed in **Annexure-III**.

## **2. Proposal**

- 2.1 The GOI intends to disinvest 10% paid up equity capital of NBCC out of its shareholding of 73.75%, through 'Offer for Sale' of shares by promoters through the stock exchanges' (OFS) method as per Securities and Exchange Board of India (SEBI) Rules and Regulations.
- 2.2 The Government is also considering allotting shares to eligible and willing employees of NBCC at a discount to the Issue/discovered price (lowest cut off price) up to a maximum of certain percentage of the OFS size subsequent to completion of the transaction under OFS. The percentage and extent shall be decided in due course. Merchant bankers/Selling Brokers will be required to render such assistance as may be required in this connection.
- 2.3 Proposals under the guidelines at para 5 hereunder are invited from reputed Category I Merchant Bankers registered as such with SEBI and **having valid license as stock broker** in their name or in the name of their associate; either singly or as a consortium; with experience and expertise in public offerings in the capital market; to act as Merchant Banker and to assist & advise the Government in the process. The broking license is required to be valid till the completion of all activities relating to the OFS. Additionally, the Merchant Banker(s) or their associates would be required to act as 'Selling Broker' for the proposed OFS.

## **3. Responsibilities of the "Merchant Banker"**

- 3.1 The Merchant Banker will be required, *inter alia*, to undertake tasks related to all aspects of the OFS, including but not restricted to, as mentioned below:



- (i) Advise the GOI on the timing and the modalities of the "OFS".
- (ii) Structure the "OFS" in conformity with the prevailing framework and Regulations/ Guidelines of SEBI, the Stock Exchanges and Securities Contracts (Regulation) Act, 1956; Securities Contracts (Regulation) Rules, 1957; and Companies Act, 1956, and Companies Act 2013, and rules made under above statutes, etc.
- (ii) Prepare the notice to be filed with the Stock Exchange(s) and complete all stipulated requirements & formalities of regulatory/ statutory authorities.
- (iii) Filing of the notice with the Stock Exchange(s).
- (iv) Advise on the regulatory norms and assist in securing approval and exemptions, wherever necessary, from regulatory agencies such as SEBI, Stock Exchanges, RBI, FIPB, etc., if required.
- (v) Ensure best return to the Government.
- (vi) Conduct market survey, domestic and international road shows to generate interest amongst prospective investors. Arrange meetings with the key investors, facilitate communication about the growth potential of the Company and articulate the key marketing themes and positioning of the Company. All expenses in this regard will be borne by the Merchant Banker(s) except the tour expenses of Government and company officials.
- (vii) Undertake market research, assist in the pricing of the Issue, allocation of shares and provide after sale support, etc.
- (viii) Perform all other responsibilities connected with the "OFS".
- (ix) Assist in selection of intermediaries, if any, to be appointed by Government and coordinate the work of all intermediaries.
- (x) Prepare and approve the statutory advertisements for publication. The cost of the preparation will be borne by the Merchant Banker(s) and the cost of publication will be borne by the Government.
- (xi) The appointed Merchant Banker(s) will also make the following payments:
  - i. NSE/BSE charges for use of software for the OFS;
  - ii. NSE/BSE transaction charges;
  - iii. SEBI fee.

- (xii) Shall enter into the requisite agreements.
- (xiv) Ensure completion of all post issue related activities as laid down in the SEBI Regulations, and NSE and/or BSE rules.
- (xv) Rendering such other assistance as may be required in connection with the OFS.
- (xvi) To act as Seller Broker(s).
- (xvii) Transfer of shares on offer to the designated stock exchange or the clearing corporation.
- (xviii) Transfer of funds and/ or the unsold shares to Government account on completion of the transaction.
- (xix) After completion of the OFS transaction render such assistance as may be required in connection with allotment of shares to employees.

#### 4. Accountability

In order to ensure best returns to the Government the selected bankers will be required to comply with the following conditions emerging from the responsibilities listed in clause 3 above:

- 4.1 Within 7 (seven days) from the date of issue of the appointment letter each of the selected bankers will submit to the concerned DIPAM officer:-
  - a) separate list of investors of both domestic and international investors, (indicating name and address) to be approached by each of the selected bankers respectively for the OFS;
  - b) details of inter-se allocation of responsibilities ("Inter-Se") in relation to the OFS, amongst the merchant bankers and/ or their affiliates. The Inter-Se submitted by the selected bankers shall be evaluated by DIPAM and they may be required to make certain alterations and resubmit the Inter-Se. The Revised Inter-Se should be submitted to DIPAM within 2 days of finalization of the revisions in the Inter-Se with DIPAM. The revised Inter-Se, upon formal acceptance by DIPAM, shall become final and binding Inter-Se of Action which the merchant banker would be required to implement;
  - c) a detailed strategy for reaching out to the retail investors so as to create awareness about retail participation in the OFS.



- d) a "Plan of Action" on each responsibility and tasks to be undertaken by the selected bankers as a merchant banker in connection with the captioned OFS including but not limited to all the tasks as specified hereunder. The Plan of Action submitted by the selected bankers shall be evaluated by DIPAM and they may be required to make certain alterations and resubmit the Plan. The Revised Plan of Action should be submitted to DIPAM within 2 days of finalization of the revisions in the Plan of Action with DIPAM. The revised Plan of Action, upon formal acceptance by DIPAM, shall become final and binding Plan of Action which the merchant banker would be required to implement.
- 4.2 The selected bankers will be required to provide regular updates as decided by DIPAM, regarding the progress made on the final Plan of Action (as referred above) and the tasks undertaken (including follow-ups done) etc during the preceding period and the course of action for the period after the day this update is being given.
- 4.3 The selected bankers will be required to submit post the domestic and international investor meetings book building of the investors with likely volume and likely price based on latest interaction and response of the fund managers.
- 4.4 The selected bankers will be required to advise DIPAM on the proper and optimum timing and best floor price for the OFS (apart from other tasks in relation to OFS). Further, any decisions of the DIPAM, GOI or the working group regarding the captioned OFS (including pricing and timing) shall be kept confidential by the selected bankers and during the course of the OFS they shall not opine to anyone else (including proposed investors) on the correctness of any decisions of DIPAM or GOI on the captioned OFS (including specifically with regard to pricing or timing).
- 4.5 The selected bankers will be required to ensure media management and PR so as to generate adequate publicity for the OFS within the realms as permitted by Securities and Exchange Board of India.
- 4.6 Further, after the closure of OFS, within 10 days of the T day (T day being the OFS trading date), the selected bankers will be required to submit a self appraisal on the Final Plan of Action that DIPAM had accepted. DIPAM shall also evaluate the bankers performance based on the Final Plan of Action and self appraisal sent by the selected bankers, which shall be taken into consideration by DIPAM for future assignments.
- 4.7 The Government will select and appoint **upto three (3) Merchant Banker(s)** with requisite experience in Public Offerings, who together will form a team. The number of Merchant Bankers shall be decided at the time of appointment.



## 5. Eligibility

- 5.1 Bidders should have handled and completed at least one domestic equity issue (Initial Public Offering or Further Public Offering or OFS) of the size of Rs. 300 crore or more during the period from **01.07.2015 to 30.06.2018**. For this purpose, the completed IPO/ FPO/OFS as up to the last completed quarter will be taken into consideration.
- 5.2 The Government has prescribed guidelines for qualifications for Merchant Bankers for disinvestment process, enclosed at **Annexure-I**. The interested bidders fulfilling eligibility criteria mentioned in paragraph 5.1 above are advised to go through the guidelines and if eligible, furnish the following certificate as a part of the Proposal:

"We certify that there has been no conviction by a Court of Law or indictment/adverse order by a regulatory authority for a grave offence against us or any of our sister concern(s). It is further certified that there is no investigation pending against us or our sister concern(s) or the CEO, Directors/Managers/ Employees of our concern or of our sister concern(s). It is certified that no conflict of interest as defined in O.M. No.5/3/2011-Policy dated 8<sup>th</sup> June, 2011 exists as on date and if in future such a conflict of interest arises, we will intimate the same to the Government of India/ Company.

Further, we certify that as on the date we are not 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 the Merchant Banker(s), except for the list of the mandates, duly signed by us, in the same line of business and for the same type of transaction, as enclosed.

Further, we certify and undertake that for a period commencing from the date of our appointment (if so appointed) as the Merchant Banker(s) till the completion of the transaction, we shall keep the Government/CPSE informed of any mandate/contracts entered into, to advise or act on behalf of or associate ourselves 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 in respect of which we have been appointed as the Merchant Banker(s)."

*Note: The certificate should be signed by the authorized signatory of the Bidder. The content of the certificate must not be changed. Clarification, if any, may be provided separately.*



## 6. Submission of Proposal:

6.1 Proposals are required to be submitted as per the following directions:

(i) Envelope 1 (unsealed) containing the following:

- (a) Non-refundable fee of Rs. 1,00,000 (Rupees One Lakh only) by way of a demand draft drawn in favour of 'Pay and Accounts Officer, Ministry of Finance, DIPAM, New Delhi' payable at Delhi (Enclosure-1);
- (b) Certificate, duly signed by the authorized signatory of the bidder as per paragraph 5.2 (Enclosure-2);
- (c) Certificate in format at Annexure-II(Enclosure-3);
- (d) Authority letter authorizing the person of the bidder to sign the proposal and other documents (Enclosure-4);
- (e) Copy of the valid certificate of Category I Merchant Banker issued by SEBI (Enclosure-5);
- (f) Copy of valid broking license issued by SEBI (Enclosure-6); and
- (g) Willingness of the broker to act as a selling broker for the OFS transaction (Enclosure-7).

(ii) Envelope 2 (Sealed) containing the technical bid as per format in paragraph 6.4, to be opened in the presence of the bidders on **17<sup>th</sup> September, 2018 at 3:30 pm.** in the Committee Room of the DIPAM (Room No.515, 5<sup>th</sup> Floor, Block 14, CGO Complex, Lodhi Road, New Delhi- 110003). The bidders are also required to send technical bid through soft copy to DIPAM after the opening of the bids.

(iii) Envelope 3 (Sealed) containing the Financial Bid, to be opened only after the presentations and of only those parties who qualify in the technical bid. The bids will be opened in the presence of the bidders (who are technically qualified based on presentations) immediately after the presentations. Bids with conditionality will be summarily rejected.

6.2 The proposal (all three envelopes) can be submitted latest by **3:00 pm. on 17<sup>th</sup> September, 2018** to Shri Narendra Singh, Under Secretary, DIPAM, Room No. 406 4<sup>th</sup> Floor, Block No.14, CGO Complex, Lodhi Road, New Delhi-110003, in hard copies in original, duly signed by the authorized officer of the Merchant Banker. No proposal will be entertained after the appointed time and date. The Government will not be responsible for any postal/courier



delay. The proposals received after the appointed time and date will be rejected.

- 6.3 The Government reserves the sole right to accept or reject any or all Proposals thus received without assigning any reasons thereof.

6.4 **Proposal Format:**

The Proposals are to be submitted in detail as indicated in the following Sections. The weightage for evaluation of the Merchant Banker in respect of each criterion has been indicated against each Section.

**Section (A): Experience and Capabilities in handling transactions as MerchantBanker(s)/Global Coordinators from 1<sup>st</sup> July, 2015 to 30<sup>th</sup> June, 2018.**

**(Weightage for evaluation: 15/100)**

- (i) Profile of the organization with full particulars of the constitution, ownership and business activities of the prospective Merchant Banker(s) (Bidder).

In case of consortium bids, the particulars of the coordinating firm having the principal responsibility for the mandate (Consortium Leader) as well as those of other partners may be furnished along with letters of acceptance from each partner. The responsibility of the consortium bidders shall be 'joint' and 'several'.

*Note: 1. Consortium will be treated as one party and in case of selection, only consortium leader's name will appear in the documents like the Notice to the Stock Exchanges.*

*2. The partners of one consortium are precluded from participating in the bid, as a partner to another consortium.*

- (ii) Unabridged Annual Reports or audited financial accounts for the last three years of the firm submitting the Proposal and of each consortium partner, if applicable.
- (iii) Details of all pending litigation and contingent liabilities, if any should be indicated. Details of past conviction and pending litigation against sponsors/partners, Directors, etc., if any, and areas of possible conflicts of interest may also be indicated.

*Note: In case of consortia, similar details of each proposed partner will be required.*



- (iv) Details of Domestic and International Equity Offerings managed as Book Running Lead Managers, in respect of issue size of **Rs. 300 crore** or more, to be furnished in the format given in **Annexure-III**.
- (v) Equity sales and distribution capacity with demonstrable capability of selling Indian Issues in particular, Asian equity and global equity; along with distribution network and broking capability may be furnished.

**Section (B): Past Performance with DIPAM (In offer for sale or fresh issue in conjunction with offer for sale by way of IPO/FPO/OFS with effect from July, 2015)**

**(Weightage for evaluation: 10/100)**

- (i) The Merchant Bankers would be evaluated on the number of applications and the Issue amount procured by them for various Issues in which the DIPAM also divested GOI shareholding.
- (ii) The quality of deal team and its ability to handle the issues that had arisen during the transactions.
- (iii) Understanding of the regulatory framework by the deal team and the time frame and quality of response to the queries of DIPAM/ Company.

*Note: The Merchant Bankers who have not worked on any assignment in the past with the DIPAM would be evaluated on all parameters except Section B above and would be awarded marks out of 90 instead of 100 and then proportionately increased to a scale of 100 so that they are neither at an advantage nor at a disadvantage.*

**Section (C): Sector Expertise, Experience and Understanding of NBCC.**

**(Weightage for evaluation: 20/100)**

- (i) Indicate work done in the areas of construction, housing and real estate sector, including NBCC- like studies or research undertaken.
- (ii) Exhibit strength/ expertise in the areas of construction, housing and real estate sector, including NBCC, if any.
- (iii) The Public Offerings handled during the period from **01.07.2015 to 30.6.2018** in the areas of construction, housing and real estate sectors, including NBCC.
- (iv) Research Reports done on the companies operating in areas of construction, housing and real estate sectors, including NBCC.



- (v) SWOT analysis of NBCC.

#### **Section (D): Deal Team Qualification and Manpower Commitment to the Deal**

##### **(Weightage for evaluation: 10/100)**

Details of the core team that will be handling the proposed issue, their status in the organization, their background, qualification, experience and present addresses, telephone numbers— office, residence, mobile, email, etc. — hands-on experience should be furnished. Separately, similar details in respect of the supervisory team may be indicated.

Details of other professionals who would provide back-up support may also be indicated separately.

An undertaking is also to be given that if during the process, any of the core team members is not available due to resignation, etc., another person of similar qualification and experience would be made available with concurrence of the Government.

#### **Section (E): Marketing strategy and Post Issue Market Support**

##### **(Weightage for evaluation: 15/100)**

- (i) Strategy for marketing and identification of target investor groups.
- (ii) Proposed Road Show venues and reasons for suggesting the same and the level of Merchant Banker representation, who will travel on the domestic and international road shows.
- (iii) Demand analysis and aspects influencing demand.
- (iv) Commitment(s), which may act either as a constraint, or as a conflicting interest, to your involvement in the proposed OFS.
- (v) Details of the valuation methodology to be followed in determining the price of the "OFS".
- (vi) Indicate realistic time schedule for launching the proposed "OFS" with break-up of all activities to be undertaken by various agencies involved in the process.



**Section (F): Local presence and commitment to India and strength in drawing Retail Investor participation**

**(Weightage for evaluation: 15/100)**

A brief note evidencing the Bidders presence in India in both qualitative and quantifiable terms with specific reference to research teams and details of available infrastructure may be furnished. The details shall include manpower deployed in the investment banking (equity segment), offices in India and other relevant information. The distribution network strength to elicit maximum retail participation should be indicated.

**Section (G) : Global Presence and Distribution Capabilities**

**(Weightage for evaluation: 10/100)**

- (i) Indicate global network and distribution strength.
- (ii) The funds mobilized from international investors for Equity Public Offerings in India during the period from **01.07.2015 to 30.06.2018**
- (iii) The understanding and relationship with international institutional investors.

**Section (H) : Research Capability**

**(Weightage for evaluation: 5/100)**

Research strength in the country, sector, region and world, based on rating as established by independent global surveys- Details should be given relating to research capabilities, experience and background of the research team.

6.5 The complete information sought above with any additional information considered necessary by the Bidder as a part of the Proposal, should be sent (maximum of 10 pages in font size 12) to the officer mentioned in para 6.2.

**7. Procedure for Selection of the Merchant Banker(s)**

7.1 Qualified interested Bidders would be required to make a presentation of their credentials, in the format prescribed in paragraph 6.4 above, for the proposed transaction, before an Inter-Ministerial Group (IMG) at New Delhi in the Committee Room of DIPAM, Room No.515, 5<sup>th</sup> Floor, Block No.14, C.G.O. Complex, Lodhi Road, New Delhi- 110003. The time of the presentation will be posted on the website of DIPAM ([www.dipam.gov.in](http://www.dipam.gov.in)) in



due course. Only the Team Leader of the Core Team shall make the presentation.

7.2 The IMG would evaluate the Bidders on the criteria mentioned in paragraph 6.4 above based on their presentation and Proposals received and shortlist them for the purpose of opening of their Financial Bids. Only the parties scoring predetermined marks/score out of 100, which will be announced before presentation, will be technically short-listed.

7.3 After the short-listing of Bidders based on their presentations, the IMG would open the Financial Bids of only the short-listed Bidders. The shortlisted bidders, if they so desire, may remain present at the time of opening of the financial bids. The marks scored by the short-listed bidders will be announced before opening of the financial bids. The date and time of opening of the financial bids would be announced at the time of the presentations.

7.4 The marks scored by the short-listed bidders in the technical evaluation will then be given a weightage of 70. Similarly, the financial bids of the short listed bidders will be given a weightage of 30. The combined score of technical and financial bids on QCBS will determine the H1, H2, H3 and so on.

7.5 The party scoring the highest points/ marks (H1) based on the above principles would be appointed for the transaction. The other technically qualified Merchant Bankers ranked as H2, H3 and so on in that order would be asked to accept the fees quoted by H1 and the parties who so accept the fees quoted by H1 will also be appointed till the required number of Merchant Bankers are filled up. Government may consider selecting lesser number of Bidders for appointment as Merchant Bankers.

7.6 The fee quoted by H1 would be shared equally by all the appointed Merchant Bankers. However, if any Merchant Banker selected on this basis has quoted a lower fee than that quoted by H1, such Merchant Banker will get a fee equal to the fee quoted by him divided by the number of Merchant Bankers appointed for the transaction. However, the expenses to be incurred by the appointed Merchant Bankers on items as mentioned in para 3.1 above would be shared equally by all the Merchant Bankers.

7.7 The selected Bidders will work as a team and be called Merchant Bankers.

## **8. Requirements for Financial Bids**

8.1 The Bidder is required to quote a fee in INR (in a sealed envelope) for the transaction. The fee quoted by the Bidder should be inclusive of all the applicable taxes, cess, duties, etc.



**The fee quoted should be minimum Re.1.00 (Rupee one) or in multiples of Re.1.00 (Rupee one), failing which the financial bid would be rejected.**  
The different taxes should be indicated separately while raising the bills for payment of fee. All bills are to be raised in INR and will be payable in INR only after successful and satisfactory closure of the transaction.

8.2 The fee quoted should be unconditional and inclusive of the expenditure to be incurred on the work mentioned in paragraph 3.1 above.

8.3 The Bidders may quote a drop dead fee, if any, payable by the Government in case of calling off of the transaction by the Government after initiation of the process by the Bidder. The drop dead fee applicable at various stages of the transaction should be indicated. The lowest drop dead fee quoted by any of the finally selected Bidders would be treated as drop dead fee payable by the Government and be shared equally by all the Bidders. Drop dead fee will not be a criterion in determining the H1 Bidder.

8.4 The Bidders will be liable to pay taxes applicable as per law.

## **9. Termination of the assignment**

9.1 In case it is found during the course of the transaction or at any time before award of the assignment or after its execution and during the period of subsistence or after the period thereof, that one or more of the terms and conditions laid down in this Request for Proposal has not been met by the Bidder, or the Bidder has made material misrepresentation or has given any materially incorrect or false information, the Bidder shall be disqualified forthwith if not yet appointed as the Merchant Banker/Selling Broker. Also if the Selected Bidder has already been appointed as the Merchant Banker/Selling Broker, as the case may be, the same shall, notwithstanding anything to the contrary contained in this RFP, be liable to be terminated, by a communication in writing by the DIPAM to the Selected Bidder without the DIPAM being liable in any manner whatsoever to the Selected Bidder. This action will be without prejudice to any other right or remedy that may be available to the DIPAM under the Bidding Documents, or otherwise. However, before terminating the assignment, a show cause notice stating why its appointment should not be terminated would be issued giving it an opportunity to explain its position.

9.2 Further, during the course of appointment of the selected bankers for the captioned OFS, at any point of time if DIPAM (in its discretion) thinks that the selected bankers are not performing up to the expectations of DIPAM, then DIPAM shall have the right to substitute the selected bankers with another Merchant Banker, as DIPAM may deem fit, without assigning any reasons.

10. For any further clarification, contact Shri Narendra Singh, Under Secretary, DIPAM, Ministry of Finance, Room No. 406, 4<sup>th</sup> Floor, Block



No.11, CGO Complex, New Delhi -110003, Tel. 011-24360163, e-mail:-  
[narendra.singh64@gov.in](mailto:narendra.singh64@gov.in)

11. A pre-bid meeting will be held at 10<sup>th</sup> September, 2018 at 11:30 A.M in the Conference Hall of DIPAM (Room No.515, Block No.14, CGO Complex, New Delhi). The interested parties may attend the pre-bid meeting, if they so desire.

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**Annexure - I**

No.5/3/2011-Policy  
Government of India  
Ministry of Finance  
Department of Disinvestment

Block 14, CGO Complex,  
Lodhi Road, New Delhi- 110003

Dated the 8<sup>th</sup> June, 2011

**OFFICE MEMORANDUM**

**Subject: Guidelines for qualification of Merchant Banker(s) for disinvestment process.**

In order to inspire public confidence in the selection of Merchant Banker(s) through competitive bidding, the Government had framed comprehensive and transparent guidelines defining the criteria for their selection. In addition to using a set of criteria like sector experience, knowledge, commitment etc., additional criteria for qualification/disqualification of the parties to act as Merchant Banker(s) to the Government for disinvestment transactions were prescribed by the Department of Disinvestment vide its O.M. No. 5/3/2011 – Policy dated 2.5.2011.

2. In supersession of the above-mentioned O.M. of this Department, the revised criteria for qualification/disqualification of the parties to act as Merchant Banker(s) for disinvestment transactions would be as under:

- (a) Any conviction by a Court of Law or indictment/adverse order by a regulatory authority for a grave offence against the Merchant Banker concern or its sister concern would constitute a disqualification. Grave offence would be defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of offence would be taken on a case-to-case basis after considering the facts of the case and relevant legal principles by the Government. Similarly, the decision in regard to the relationship between the sister concerns would be taken based on relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.
- (b) In case such a disqualification takes place, after the entity has already been appointed as Merchant Banker, the party would be under an obligation to withdraw voluntarily from the disinvestment process, failing



which the Government would have the liberty to terminate the appointment/contract.

- (c) Disqualification shall continue for a period that Government deems appropriate.
- (d) Any entity, which is disqualified from participating in the disinvestment process, would not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.
- (e) The disqualification criteria would come into effect immediately and would apply to all the Merchant Bankers already appointed by the Government for various disinvestment transactions, which have not yet been completed.
- (f) Before disqualifying a concern, a Show Cause Notice why it should not be disqualified would be issued to it and it would be given an opportunity to explain its position.
- (g) Henceforth, these criteria will be prescribed in the advertisements seeking Expressions of Interest (EOI) from the interested parties to act as Merchant Banker. Further, the interested parties shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority is pending against them. In case any investigation is pending against the concern or its sister concern or against the CEO or any of its Directors/Managers/Employees, full details of such investigation including the name of the investigating agency, the charge/offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, similar undertaking will be obtained along with EOI. They would also have to give an undertaking that if they are disqualified as per the prescribed criteria, at any time before the transaction is completed, they would be required to inform the Government of the same and voluntarily withdraw from the assignment.
- (h) The interested parties would also be required to submit a list of or disclose any mandated transactions which are 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 have appointed the Merchant Bankers and confirm in writing that there exists no conflict of interest as on the date of submitting their proposal for



appointment/ their appointment as Merchant Bankers in handling of the transaction and that, in future, if such a conflict of interest arises, the Merchant Banker would immediately intimate the Government/Company (being disinvested) of the same.

The Government/Company (being disinvested) shall at its sole discretion after providing due and reasonable opportunity decide whether such future conflict of interest shall materially adversely affect the interest of the Government and the Company (being disinvested) in relation to the transaction and shall be entitled to grant the consent to the Merchant Banker to continue as Merchant Banker or terminate the appointment of the Merchant Banker. For disinvestment purposes, conflict of interest is defined to include engaging in any activity or business by the Merchant Banker in association with any third Party, during the engagement, which would or may be reasonably expected to, directly or indirectly, materially adversely affect the interest of Government of India and/ or the Company (being disinvested) in relation to the transaction, and in respect of which the Merchant Banker has or may obtain any proprietary or confidential information during the engagement, that, if known to any other client of the Merchant Banker, could be used in any manner by such client to the material disadvantage of Government of India and/ or the Company (being disinvested) in the transaction.

- (i) The conflict of interest would be deemed to have arisen if any Merchant Banker 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 have appointed the Merchant Banker. 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 Merchant Banker.
- (j) The conflict of interest would also be deemed to have arisen if any Merchant Banker firm/ concern has any professional or commercial relationship with any bidding firm/ concern for the same disinvestment transaction during the pendency of such transaction. In this context, both Merchant Banker firm and bidding firm would mean the distinct and separate legal entities and would not include their sister concern, group concern or affiliates etc. The professional or commercial relationship is defined to include acting on behalf of the bidder or



undertaking any assignment for the bidder of any nature, whether or not directly related to disinvestment transaction. (This clause is applicable in strategic sale only).

- (k) The interested parties would also be required to give information and disclose that as on the date of submitting their proposal for appointment/ their appointment as Merchant Bankers in respect of the transaction, they are 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 have appointed the Merchant Banker.

- In the event the Merchant Banker fails to disclose that it is advising or acting on behalf of or associated with any other person or entity 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 have appointed the Merchant Banker, at the time of giving the afore-mentioned undertaking, the Government/Company (being disinvested) shall be entitled to terminate their appointment. Before terminating the appointment, a show cause notice stating why its appointment should not be terminated would be issued giving it an opportunity to explain its position.

- (l) For a period commencing from the date of appointment of the Merchant Banker till the completion of the transaction, the Merchant Banker shall keep the Company/ Government informed of any mandate/contract entered into to advise or act on behalf of or associate itself 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 in respect of which the Merchant Banker has been appointed as the Merchant Banker. Provided that, if six months or more have elapsed from the date of appointment as Merchant Banker to the government disinvestment transaction, the Merchant Banker would normally be permitted by the Government/Company (being disinvested), save for exigent circumstances. The decision of the Government/Company (being disinvested) in this regard shall be final and binding on the Merchant Banker. 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 Merchant Banker.

- (m) For the purpose of clauses (k) and (l) above, the 'nature' of transaction may include, but not be limited to, a capital market transaction which in turn could include, but not be limited to, a domestic offering of shares or any other security, whether by way of initial public offer or further public offer or qualified institutions placement or issue of IDRs or by any other manner, as well as the international offering of securities, whether by way of issue of ADRs, GDRs or FCCBs or by any other manner.
- (n) In the event the Merchant Banker 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 Merchant Banker. Before terminating the appointment, a show cause notice stating why its appointment should not be terminated would be issued to the Merchant Banker giving it an opportunity to explain its position.

(V.P. Gupta)  
Deputy Secretary to the Government of India  
Tel: 2436 8036

To,

All Ministries/ Departments of the Government of India



**FORMAT OF UNCONDITIONAL BID ON THE LETTERHEAD OF THE  
BIDDER**

This is to certify that the fee quoted by us for engagement as Merchant Banker for disinvestment in NBCC through "OFS" is in accordance with the terms and conditions laid down in the Request for Proposals displayed on the website of the Department of Investment and Public Asset Management and is unconditional.

Seal with signatures of authorized signatory of the Merchant Banker



**DETAILS OF DOMESTIC/ INTERNATIONAL EQUITY OFFERINGS**

Parameters	01.07.2015- 30.06.2016		01.07.2016- 30.06.2017		01.07.2017- 30.06.2018	
	Mandate	Value (Rs. Cr)	Mandate	Value (Rs. Cr)	Mandate	Value (Rs. Cr)
DOMESTIC EQUITY PUBLIC OFFERINGS	1		1			
	2		2			
	3		3			
<b>TOTAL</b>						
INTERNATIONAL EQUITY PUBLIC OFFERINGS	1		1			
	2		2			
	3		3			
<b>TOTAL</b>						
PUBLIC OFFERINGS PULLED OUT/ WITHDRAWN PRE OR POST ROADSHOW	1		1			
	2		2			
	3		3			
<b>TOTAL</b>						

**Note:** Please indicate whether you were engaged by the Government of India for any Equity Public Offering, other than those mentioned above, and if so, furnish details.



No. 3/2/2018-DIPAM-V  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE

**DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT  
(DIPAM) ENGAGEMENT OF MERCHANT BANKERS AND SELLING BROKERS  
FOR THE DISINVESTMENT IN HOUSING AND URBAN DEVELOPMENT  
CORPORATION (HUDCO) THROUGH THE "OFFER FOR SALE BY  
PROMOTERS THROUGH THE STOCK EXCHANGES" METHOD IN THE  
DOMESTIC MARKET – REQUEST FOR PROPOSALS.**

**1. Introduction**

**1.1 The Company:** HUDCO is a premier techno-financing public sector enterprise, in the field of housing and infrastructure development in our country. It was incorporated in 1970 and is a Public Financial Institution (PFI) under section 4A of the Companies Act 1956. It is a Schedule-'A' Mini-Ratna CPSE in Financial Services cognate group under the administrative control of M/o Housing and Urban Affairs with 89.81% shareholding by the Government of India. It operates through a strong and multi-disciplinary work force placed over its nationwide network of regional and development offices. HUDCO's business is funded through equity from the Government of India and market borrowings of various maturities, including bonds and term loans

**1.2 Industrial/ Business Operations:** HUDCO's borrowers primarily include State Governments and their para-statal institutions. HUDCO finances projects of State Governments and their agencies such as state housing boards, rural housing boards, police housing corporations, road development corporations, slum clearance boards, etc. and also Development Authorities, Municipal Corporations, etc. In addition to project lending, housing loans to individuals are also offered. The 47 years of experience in housing and urban infrastructure sectors has helped HUDCO to establish a strong brand name which has further extended its coverage of the market. HUDCO has a pan-India presence through its wide network of zonal, regional and development offices.

**1.3** The paid up equity capital as on 31.03.2018 was Rs. 2001.90 crore. Government of India holds 89.81% of the equity. The face value of each HUDCO share is Rs. 10/-.

**2. Proposal**

**2.1** The GOI intends to disinvest 10% paid up equity capital of HUDCO out of its shareholding of 89.81%, through 'Offer for Sale of shares by promoters through the stock exchanges' (OFS) method as per Securities and Exchange Board of India (SEBI) Rules and Regulations.

**2.2** The Government is also considering allotting shares to eligible and willing employees of HUDCO at a discount to the Issue/ discovered price (lowest cut off



price) up to a maximum of certain percentage of the OFS size subsequent to completion of the transaction under OFS. The percentage and extent shall be decided in due course. Merchant bankers/Selling Brokers will be required to render such assistance as may be required in this connection.

2.3 Proposals under the guidelines at para 5 hereunder are invited from reputed Category I Merchant Bankers registered as such with SEBI and **having valid license as stock broker** in their name or in the name of their associate; either singly or as a consortium; with experience and expertise in public offerings in the capital market; to act as Merchant Banker and to assist & advise the Government in the process. The broking license is required to be valid till the completion of all activities relating to the OFS. Additionally, the Merchant Banker(s) or their associates would be required to act as 'Selling Broker' for the proposed OFS.

### **3. Responsibilities of the "Merchant Banker"**

3.1 The Merchant Banker will be required, *inter alia*, to undertake tasks related to all aspects of the OFS, including but not restricted to, as mentioned below:

- i. Advise the GOI on the timing and the modalities of the "OFS".
- ii. Structure the "OFS" in conformity with the prevailing framework and Regulations/ Guidelines of SEBI, the Stock Exchanges and Securities Contracts (Regulation) Act, 1956; Securities Contracts (Regulation) Rules, 1957; and Companies Act, 1956, and Companies Act 2013, and rules made under above statutes, etc.
- iii. Prepare the notice to be filed with the Stock Exchange(s) and complete all stipulated requirements & formalities of regulatory/ statutory authorities.
- iv. Filing of the notice with the Stock Exchange(s).
- v. Advise on the regulatory norms and assist in securing approval and exemptions, wherever necessary, from regulatory agencies such as SEBI, Stock Exchanges, RBI, FIPB, etc., if required.
- vi. Ensure best return to the Government.
- vii. Conduct market survey, domestic and international road shows to generate interest amongst prospective investors. Arrange meetings with the key investors, facilitate communication about the growth potential of the Company and articulate the key marketing themes and positioning of the Company. All expenses in this regard will be borne by the Merchant Banker(s) except the tour expenses of Government and company officials.



- viii. Undertake market research, assist in the pricing of the Issue, allocation of shares and provide after sale support, etc.
- ix. Perform all other responsibilities connected with the "OFS".
- x. Assist in selection of intermediaries, if any, to be appointed by Government and coordinate the work of all intermediaries.
- xi. Prepare and approve the statutory advertisements for publication. The cost of the preparation will be borne by the Merchant Banker(s) and the cost of publication will be borne by the Government.
- xii. The appointed Merchant Banker(s) will also make the following payments :
  - a. NSE/BSE charges for use of software for the OFS;
  - b. NSE/BSE transaction charges;
  - c. SEBI fee.
- xiii. Shall enter into the requisite agreements.
- xiv. Ensure completion of all post issue related activities as laid down in the SEBI Regulations, and NSE and/or BSE rules.
- xv. Rendering such other assistance as may be required in connection with the OFS.
- xvi. To act as Seller Broker(s).
- xvii. Transfer of shares on offer to the designated stock exchange or the clearing corporation.
- xviii. Transfer of funds and/or the unsold shares to Government account on completion of the transaction.
- xix. After completion of the OFS transaction render such assistance as may be required in connection with allotment of shares to employees.

#### 4 Accountability

In order to ensure best returns to the Government the selected bankers will be required to comply with the following conditions emerging from the responsibilities listed in clause 3 above:

- 4.1 Within 7 (seven days) from the date of issue of the appointment letter each of the selected bankers will submit to the concerned DIPAM officer:-



- a) separate list of investors of both domestic and international investors, (indicating name and address) to be approached by each of the selected bankers respectively for the OFS;
- b) details of inter-se allocation of responsibilities ("Inter-Se") in relation to the OFS, amongst the merchant bankers and/ or their affiliates. The Inter-Se submitted by the selected bankers shall be evaluated by DIPAM and they may be required to make certain alterations and resubmit the Inter-Se. The Revised Inter-Se should be submitted to DIPAM within 2 days of finalization of the revisions in the Inter-Se with DIPAM. The revised Inter-Se, upon formal acceptance by DIPAM, shall become final and binding Inter-Se of Action which the merchant banker would be required to implement;
- c) a detailed strategy for reaching out to the retail investors so as to create awareness about retail participation in the OFS.
- d) a "Plan of Action" on each responsibility and tasks to be undertaken by the selected bankers as a merchant banker in connection with the captioned OFS including but not limited to all the tasks as specified hereunder. The Plan of Action submitted by the selected bankers shall be evaluated by DIPAM and they may be required to make certain alterations and resubmit the Plan. The Revised Plan of Action should be submitted to DIPAM within 2 days of finalization of the revisions in the Plan of Action with DIPAM. The revised Plan of Action, upon formal acceptance by DIPAM, shall become final and binding Plan of Action which the merchant banker would be required to implement.

4.2 The selected bankers will be required to provide regular updates as decided by DIPAM, regarding the progress made on the final Plan of Action (as referred above) and the tasks undertaken (including follow-ups done) etc during the preceding period and the course of action for the period after the day this update is being given.

4.3 The selected bankers will be required to submit post the domestic and international investor meetings book building of the investors with likely volume and likely price based on latest interaction and response of the fund managers.

4.4 The selected bankers will be required to advise DIPAM on the proper and optimum timing and best floor price for the OFS (apart from other tasks in relation to OFS). Further, any decisions of the DIPAM, GOI or the working group regarding the captioned OFS (including pricing and timing) shall be kept confidential by the selected bankers and during the course of the OFS they shall not opine to anyone else (including proposed investors) on the correctness of any decisions of DIPAM or GOI on the captioned OFS (including specifically with regard to pricing or timing).



- 4.5 The selected bankers will be required to ensure media management and PR so as to generate adequate publicity for the OFS within the realms as permitted by Securities and Exchange Board of India.
- 4.6 Further, after the closure of OFS, within 10 days of the T day (T day being the OFS trading date), the selected bankers will be required to submit a self appraisal on the Final Plan of Action that DIPAM had accepted. DIPAM shall also evaluate the bankers performance based on the Final Plan of Action and self appraisal sent by the selected bankers, which shall be taken into consideration by DIPAM for future assignments
- 4.7 The Government will select and appoint up to three (3) Merchant Banker(s) with requisite experience in Public Offerings, who together will form a team. The number of Merchant Bankers shall be decided at the time of appointment.

5. **Eligibility**

- 5.1 Bidders should have handled and completed at least one domestic equity issue (Initial Public Offering or Further Public Offering or OFS) of the size of Rs. 300 crore or more during the period from **01.07.2015 to 30.06.2018**. For this purpose, the completed IPO/FPO/OFS as up to the last completed quarter will be taken into consideration.
- 5.2 The Government has prescribed guidelines for qualifications for Merchant Bankers for disinvestment process, enclosed at **Annexure-I**. The interested bidders fulfilling eligibility criteria mentioned in paragraph 5.1 above are advised to go through the guidelines and if eligible, furnish the following certificate as a part of the Proposal:

"We certify that there has been no conviction by a Court of Law or indictment/adverse order by a regulatory authority for a grave offence against us or any of our sister concern(s). It is further certified that there is no investigation pending against us or our sister concern(s) or the CEO, Directors/Managers/ Employees of our concern or of our sister concern(s). It is certified that no conflict of interest as defined in O.M. No.5/3/2011-Policy dated 8<sup>th</sup> June, 2011 exists as on date and if in future such a conflict of interest arises, we will intimate the same to the Government of India/Company.

Further, we certify that as on the date we are not 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 the Merchant Banker(s), except for the list of the mandates, duly signed by us, in the same line of business and for the same type of transaction, as enclosed.



Further, we certify and undertake that for a period commencing from the date of our appointment (if so appointed) as the Merchant Banker(s) till the completion of the transaction, we shall keep the Government/CPSE informed of any mandate/contracts entered into, to advise or act on behalf of or associate ourselves 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 in respect of which we have been appointed as the Merchant Banker(s)."

*Note: The certificate should be signed by the authorized signatory of the Bidder. The content of the certificate must not be changed. Clarification, if any, may be provided separately.*

## **6. Submission of Proposal:**

6.1 Proposals are required to be submitted as per the following directions:

- (i) **Envelope 1 (unsealed)** containing the following:
  - (a) Non-refundable fee of Rs 1,00,000/- (Rupees one Lakh only) by way of a demand draft drawn in favour of 'Pay and Accounts Officer, Ministry of Finance, DIPAM, New Delhi' payable at Delhi (Enclosure-1);
  - (b) Certificate, duly signed by the authorized signatory of the bidder as per paragraph 5.2 (Enclosure-2);
  - (c) Certificate in format at **Annexure-II** (Enclosure-3);
  - (d) Authority letter authorizing the person of the bidder to sign the proposal and other documents (Enclosure-4);
  - (e) Copy of the valid certificate of Category I Merchant Banker issued by SEBI (Enclosure-5);
  - (f) Copy of valid broking license issued by SEBI (Enclosure-6); and
  - (g) Willingness of the broker to act as a selling broker for the OFS transaction (Enclosure-7).
- (ii) **Envelope 2 (Sealed)** containing the technical bid as per format in paragraph 6.4, to be opened in the presence of the bidders on **17<sup>th</sup> September, 2018 at 3:30 pm.** in the Committee Room of the DIPAM (Room No. 515, 5<sup>th</sup> Floor, Block 14, CGO Complex, Lodhi Road, New Delhi- 110003). The bidders are also required to send technical bid through soft copy to DIPAM after the opening of the bids.



- (iii) **Envelope 3 (Sealed)** containing the Financial Bid, to be opened only after the presentations and of only those parties who qualify in the technical bid. The bids will be opened in the presence of the bidders (who are technically qualified based on presentations) immediately after the presentations. Bids with conditionality will be summarily rejected.

6.2 The proposal (all three envelopes) can be submitted latest by **3:00 pm. on 17<sup>th</sup> September, 2018** to **Shri Narendra Singh**, Under Secretary, DIPAM, Room No. 406, 4<sup>th</sup> Floor, Block No.14, CGO Complex, Lodhi Road, New Delhi-110003, in hard copies in original, duly signed by the authorized officer of the Merchant Banker. No proposal will be entertained after the appointed time and date. The Government will not be responsible for any postal/ courier delay. The proposals received after the appointed time and date will be rejected.

6.3 The Government reserves the sole right to accept or reject any or all Proposals thus received without assigning any reasons thereof.

6.4 **Proposal Format:**

The Proposals are to be submitted in detail as indicated in the following Sections. The weightage for evaluation of the Merchant Banker in respect of each criterion has been indicated against each Section.

**Section (A) : Experience and Capabilities in handling transactions as Merchant Banker(s)/Global Coordinators from 1<sup>st</sup> July, 2015 to 30<sup>th</sup> June, 2018.**

**(Weightage for evaluation : 15/100)**

- (i) Profile of the organization with full particulars of the constitution, ownership and business activities of the prospective Merchant Banker(s) (Bidder).

In case of consortium bids, the particulars of the coordinating firm having the principal responsibility for the mandate (Consortium Leader) as well as those of other partners may be furnished along with letters of acceptance from each partner. The responsibility of the consortium bidders shall be 'joint' and 'several'.

*Note: 1. Consortium will be treated as one party and in case of selection, only consortium leader's name will appear in the documents like the Notice to the Stock Exchanges.*

*2. The partners of one consortium are precluded from participating in the bid, as a partner to another consortium.*

- (ii) Unabridged Annual Reports or audited financial accounts for the last three years of the firm submitting the Proposal and of each consortium partner, if applicable.



- (iii) Details of all pending litigation and contingent liabilities, if any should be indicated. Details of past conviction and pending litigation against sponsors/ partners, Directors, etc., if any, and areas of possible conflicts of interest may also be indicated.

*Note: In case of consortia, similar details of each proposed partner will be required.*

- (iv) Details of Domestic and International Equity Offerings managed as Book Running Lead Managers, in respect of issue size of Rs. 300 crore or more, to be furnished in the format given in **Annexure-III**.
- (v) Equity sales and distribution capacity with demonstrable capability of selling Indian Issues in particular, Asian equity and global equity; along with distribution network and broking capability may be furnished.

**Section (B): Past Performance with DIPAM (In offer for sale or fresh issue in conjunction with offer for sale by way of IPO/FPO/OFS with effect from July, 2015).**

**(Weightage for evaluation: 10/100)**

- (i) The Merchant Bankers would be evaluated on the number of applications and the Issue amount procured by them for various Issues in which the DIPAM also divested GOI shareholding.
- (ii) The quality of deal team and its ability to handle the issues that had arisen during the transactions.
- (iii) Understanding of the regulatory framework by the deal team and the time frame and quality of response to the queries of DIPAM/ Company.

*Note: The Merchant Bankers who have not worked on any assignment in the past with the DIPAM would be evaluated on all parameters except Section B above and would be awarded marks out of 90 instead of 100 and then proportionately increased to a scale of 100 so that they are neither at an advantage nor at a disadvantage.*

**Section (C): Sector Expertise, Experience and Understanding of HUDCO**

**(Weightage for evaluation: 20/100)**

- (i) Indicate work done in the areas of Housing & Infrastructure sector, financing of housing and infrastructure projects, consultancy services in said sector - like studies or research undertaken.



- (ii) Exhibit strength/expertise in the areas of Housing & Infrastructure sector, financing of housing and infrastructure projects, consultancy services in said sector, including HUDCO, if any.
- (iii) The Public Offerings handled during the period from **01.07.2015 to 30.6.2018** in the areas of Housing & Infrastructure sector, financing of housing and infrastructure projects, consultancy services in said sector, including HUDCO.
- (iv) Research Reports done on the companies operating in areas of Housing & Infrastructure sector, financing of housing and infrastructure projects, consultancy services in said sector, including HUDCO.
- (v) SWOT analysis of the HUDCO.

#### **Section (D): Deal Team Qualification and Manpower Commitment to the Deal**

##### **(Weightage for evaluation: 10/100)**

Details of the core team that will be handling the proposed issue, their status in the organization, their background, qualification, experience and present addresses, telephone numbers— office, residence, mobile, email, etc. – hands-on experience should be furnished. Separately, similar details in respect of the supervisory team may be indicated.

Details of other professionals who would provide back-up support may also be indicated separately.

An undertaking is also to be given that if during the process, any of the core team members is not available due to resignation, etc., another person of similar qualification and experience would be made available with concurrence of the Government.

#### **Section (E): Marketing strategy and Post Issue Market Support**

##### **(Weightage for evaluation: 15/100)**

- (i) Strategy for marketing and identification of target investor groups.
- (ii) Proposed Road Show venues and reasons for suggesting the same and the level of Merchant Banker representation, who will travel on the domestic and international road shows.
- (iii) Demand analysis and aspects influencing demand.
- (iv) Commitment(s), which may act either as a constraint, or as a conflicting interest, to your involvement in the proposed OFS.



- (v) Details of the valuation methodology to be followed in determining the price of the "OFS".
- (vi) Indicate realistic time schedule for launching the proposed "OFS" with break-up of all activities to be undertaken by various agencies involved in the process.

**Section (F) : Local presence and commitment to India and strength in drawing Retail Investor participation**

**(Weightage for evaluation: 15/100)**

A brief note evidencing the Bidders presence in India in both qualitative and quantifiable terms with specific reference to research teams and details of available infrastructure may be furnished. The details shall include manpower deployed in the investment banking (equity segment), offices in India and other relevant information. The distribution network strength to elicit maximum retail participation should be indicated.

**Section (G):Global Presence and Distribution Capabilities**

**(Weightage for evaluation: 10/100)**

- (i) Indicate global network and distribution strength.
- (ii) The funds mobilized from international investors for Equity Public Offerings in India during the period from **01.07.2015 to 30.06.2018**.
- (iii) The understanding and relationship with international institutional investors.

**Section (H) : Research Capability**

**(Weightage for evaluation: 5/100)**

Research strength in the country, sector, region and world, based on rating as established by independent global surveys- Details should be given relating to research capabilities, experience and background of the research team.

6.5 The complete information sought above with any additional information considered necessary by the Bidder as a part of the Proposal, should be sent (maximum of 10 pages in font size 12) to the officer mentioned in para 6.2.

**7. Procedure for Selection of the Merchant Banker(s)**

7.1 Qualified interested Bidders would be required to make a presentation of their credentials, in the format prescribed in paragraph 6.4 above, for the proposed



transaction, before an Inter-Ministerial Group (IMG) at New Delhi in the Committee Room of DIPAM, Room No.515, 5<sup>th</sup> Floor, Block No.14, C.G.O. Complex, Lodhi Road, New Delhi- 110003. The time of the presentation will be posted on the website of DIPAM ([www.dipam.gov.in](http://www.dipam.gov.in)) in due course. Only the Team Leader of the Core Team shall make the presentation.

7.2 The IMG would evaluate the Bidders on the criteria mentioned in paragraph 6.4 above based on their presentation and Proposals received and shortlist them for the purpose of opening of their Financial Bids. Only the parties scoring predetermined marks/ score out of 100, which will be announced before presentation, will be technically short-listed.

7.3 After the short-listing of Bidders based on their presentations, the IMG would open the Financial Bids of only the short-listed Bidders. The short-listed bidders, if they desire, may remain present at the time of opening of the financial bids. The marks scored by the short-listed bidders will be announced before opening of the financial bids. The date and time of opening of the financial bids would be announced at the time of the presentations.

7.4 The marks scored by the short-listed bidders in the technical evaluation will then be given a weightage of 70. Similarly, the financial bids of the short listed bidders will be given a weightage of 30. The combined score of technical and financial bids on QCBS will determine the H1, H2, H3 and so on.

7.5 The party scoring the highest points/ marks (H1) based on the above principles would be appointed for the transaction. The other technically qualified Merchant Bankers ranked as H2, H3 and so on in that order would be asked to accept the fees quoted by H1 and the parties who so accept the fees quoted by H1 will also be appointed till the required number of Merchant Bankers are filled up. Government may consider selecting lesser number of Bidders for appointment as Merchant Bankers.

7.6 The fee quoted by H1 would be shared equally by all the appointed Merchant Bankers. However, if any Merchant Banker selected on this basis has quoted a lower fee than that quoted by H1, such Merchant Banker will get a fee equal to the fee quoted by him divided by the number of Merchant Bankers appointed for the transaction. However, the expenses to be incurred by the appointed Merchant Bankers on items as mentioned in para 3.1 above would be shared equally by all the Merchant Bankers.

7.7 The selected Bidders will work as a team and be called Merchant Bankers.

## **8. Requirements for Financial Bids**

8.1 The Bidder is required to quote a fee in INR (in a sealed envelope) for the transaction. The fee quoted by the Bidder should be inclusive of all the applicable taxes, cess, duties, etc.



The fee quoted should be minimum Re.1.00 (Rupee one) or in multiples of Re.1.00 (Rupee one), failing which the financial bid would be rejected. The different taxes should be indicated separately while raising the bills for payment of fee. All bills are to be raised in INR and will be payable in INR only after successful and satisfactory closure of the transaction.

8.2 The fee quoted should be unconditional and inclusive of the expenditure to be incurred on the work mentioned in paragraph 3.1 above.

8.3 The Bidders may quote a **drop dead fee**, if any, payable by the Government in case of calling off of the transaction by the Government after initiation of the process by the Bidder. The drop dead fee applicable at various stages of the transaction should be indicated. The lowest drop dead fee quoted by any of the finally selected Bidders would be treated as drop dead fee payable by the Government and be shared equally by all the Bidders. Drop dead fee will not be a criterion in determining the H1 Bidder.

8.4 The Bidders will be liable to pay taxes applicable as per law.

## **9. Termination of the assignment**

9.1 In case it is found during the course of the transaction or at any time before award of the assignment or after its execution and during the period of subsistence or after the period thereof, that one or more of the terms and conditions laid down in this Request for Proposal has not been met by the Bidder, or the Bidder has made material misrepresentation or has given any materially incorrect or false information, the Bidder shall be disqualified forthwith if not yet appointed as the Merchant Banker/Selling Broker. Also if the Selected Bidder has already been appointed as the Merchant Banker/Selling Broker, as the case may be, the same shall, notwithstanding anything to the contrary contained in this RFP, be liable to be terminated, by a communication in writing by the DIPAM to the Selected Bidder without the DIPAM being liable in any manner whatsoever to the Selected Bidder. This action will be without prejudice to any other right or remedy that may be available to the DIPAM under the Bidding Documents, or otherwise. However, before terminating the assignment, a show cause notice stating why its appointment should not be terminated would be issued giving it an opportunity to explain its position.

9.2 Further, during the course of appointment of the selected bankers for the captioned OFS, at any point of time if DIPAM (in its discretion) thinks that the selected bankers are not performing up to the expectations of DIPAM, then DIPAM shall have the right to substitute the selected bankers with another Merchant Banker, as DIPAM may deem fit, without assigning any reasons.



10. For any further clarification, contact Shri Narendra Singh, Under Secretary, DIPAM, Ministry of Finance, Room No. 406, 4<sup>th</sup> Floor, Block No.11, CGO Complex, New Delhi -110003, Tel. 011-24360163, e-mail:-[narendra.singh64@gov.in](mailto:narendra.singh64@gov.in)

11. A pre-bid meeting will be held at 10<sup>th</sup> September, 2018 at 12:00 A.M in the Conference Hall of DIPAM (Room No. 515, Block No.14, CGO Complex, New Delhi). The interested parties may attend the pre-bid meeting, if they so desire.

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No.5/3/2011-Policy  
Government of India  
Ministry of Finance  
Department of Disinvestment

Block 14, CGO Complex,  
Lodhi Road, New Delhi- 110003  
Dated the 8<sup>th</sup> June, 2011

**OFFICE MEMORANDUM**

**Subject: Guidelines for qualification of Merchant Banker(s) for disinvestment process.**

In order to inspire public confidence in the selection of Merchant Banker(s) through competitive bidding, the Government had framed comprehensive and transparent guidelines defining the criteria for their selection. In addition to using a set of criteria like sector experience, knowledge, commitment etc., additional criteria for qualification/disqualification of the parties to act as Merchant Banker(s) to the Government for disinvestment transactions were prescribed by the Department of Disinvestment vide its O.M. No. 5/3/2011 – Policy dated 2.5.2011.

2. In supersession of the above mentioned O.M. of this Department, the revised criteria for qualification/disqualification of the parties to act as Merchant Banker(s) for disinvestment transactions would be as under:

- (a) Any conviction by a Court of Law or indictment/adverse order by a regulatory authority for a grave offence against the Merchant Banker concern or its sister concern would constitute a disqualification. Grave offence would be defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of offence would be taken on a case-to-case basis after considering the facts of the case and relevant legal principles by the Government. Similarly, the decision in regard to the relationship between the sister concerns would be taken based on relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.
- (b) In case such a disqualification takes place, after the entity has already been appointed as Merchant Banker, the party would be under an obligation to withdraw voluntarily from the disinvestment process, failing which the Government would have the liberty to terminate the appointment/contract.
- (c) Disqualification shall continue for a period that Government deems appropriate.
- (d) Any entity, which is disqualified from participating in the disinvestment process, would not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has



been disqualified. The mere pendency of appeal will have no effect on the disqualification.

- (e) The disqualification criteria would come into effect immediately and would apply to all the Merchant Bankers already appointed by the Government for various disinvestment transactions, which have not yet been completed.
- (f) Before disqualifying a concern, a Show Cause Notice why it should not be disqualified would be issued to it and it would be given an opportunity to explain its position.
- (g) Henceforth, these criteria will be prescribed in the advertisements seeking Expressions of Interest (EOI) from the interested parties to act as Merchant Banker. Further, the interested parties shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority is pending against them. In case any investigation is pending against the concern or its sister concern or against the CEO or any of its Directors/Managers/Employees, full details of such investigation including the name of the investigating agency, the charge/offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, similar undertaking will be obtained along with EOI. They would also have to give an undertaking that if they are disqualified as per the prescribed criteria, at any time before the transaction is completed, they would be required to inform the Government of the same and voluntarily withdraw from the assignment.
- (h) The interested parties would also be required to submit a list of or disclose any mandated transactions which are 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 have appointed the Merchant Bankers and confirm in writing that there exists no conflict of interest as on the date of submitting their proposal for appointment/ their appointment as Merchant Bankers in handling of the transaction and that, in future, if such a conflict of interest arises, the Merchant Banker would immediately intimate the Government/Company (being disinvested) of the same.

The Government/Company (being disinvested) shall at its sole discretion after providing due and reasonable opportunity decide whether such future conflict of interest shall materially adversely affect the interest of the Government and the Company (being disinvested) in relation to the transaction and shall be entitled to grant the consent to the Merchant Banker to continue as Merchant Banker or terminate the appointment of the Merchant Banker. For disinvestment purposes, conflict of interest is defined to include engaging in any activity or business by the Merchant Banker in association with any third Party, during the engagement, which would or may be reasonably expected to, directly or indirectly, materially



adversely affect the interest of Government of India and/ or the Company (being disinvested) in relation to the transaction, and in respect of which the Merchant Banker has or may obtain any proprietary or confidential information during the engagement, that, if known to any other client of the Merchant Banker, could be used in any manner by such client to the material disadvantage of Government of India and/ or the Company (being disinvested) in the transaction.

- (i) The conflict of interest would be deemed to have arisen if any Merchant Banker 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 have appointed the Merchant Banker. 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 Merchant Banker.
- (j) The conflict of interest would also be deemed to have arisen if any Merchant Banker firm/ concern has any professional or commercial relationship with any bidding firm/ concern for the same disinvestment transaction during the pendency of such transaction. In this context, both Merchant Banker firm and bidding firm would mean the distinct and separate legal entities and would not include their sister concern, group concern or affiliates etc. The professional or commercial relationship is defined to include acting on behalf of the bidder or undertaking any assignment for the bidder of any nature, whether or not directly related to disinvestment transaction. (This clause is applicable in strategic sale only).
- (k) The interested parties would also be required to give information and disclose that as on the date of submitting their proposal for appointment/ their appointment as Merchant Bankers in respect of the transaction, they are 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 have appointed the Merchant Banker.

- In the event the Merchant Banker fails to disclose that it is advising or acting on behalf of or associated with any other person or entity 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 have appointed the Merchant Banker, at the time of giving the afore-mentioned undertaking, the Government/Company (being disinvested) shall be entitled to terminate their appointment. Before terminating the appointment, a show cause notice stating why



its appointment should not be terminated would be issued giving it an opportunity to explain its position.

- (l) For a period commencing from the date of appointment of the Merchant Banker till the completion of the transaction, the Merchant Banker shall keep the Company/ Government informed of any mandate/contract entered into to advise or act on behalf of or associate itself 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 in respect of which the Merchant Banker has been appointed as the Merchant Banker. Provided that, if six months or more have elapsed from the date of appointment as Merchant Banker to the government disinvestment transaction, the Merchant Banker would normally be permitted by the Government/Company (being disinvested), save for exigent circumstances. The decision of the Government/Company (being disinvested) in this regard shall be final and binding on the Merchant Banker. 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 Merchant Banker.
- (m) For the purpose of clauses (k) and (l) above, the 'nature' of transaction may include, but not be limited to, a capital market transaction which in turn could include, but not be limited to, a domestic offering of shares or any other security, whether by way of initial public offer or further public offer or qualified institutions placement or issue of IDRs or by any other manner, as well as the international offering of securities, whether by way of issue of ADRs, GDRs or FCCBs or by any other manner.
- (n) In the event the Merchant Banker 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 Merchant Banker. Before terminating the appointment, a show cause notice stating why its appointment should not be terminated would be issued to the Merchant Banker giving it an opportunity to explain its position.

(V.P. Gupta)  
Deputy Secretary to the Government of India  
Tel: 24368036

To,

All Ministries/ Departments of the Government of India



**FORMAT OF UNCONDITIONAL BID ON THE LETTERHEAD OF THE BIDDER**

This is to certify that the fee quoted by us for engagement as Merchant Banker for disinvestment in HUDCO through "OFS" is in accordance with the terms and conditions laid down in the Request for Proposals displayed on the website of the Department of Investment and Public Asset Management and is unconditional.

Seal with signatures of authorized signatory of the Merchant Banker



**DETAILS OF DOMESTIC/ INTERNATIONAL EQUITY OFFERINGS**

Parameters	01.07.2015- 30.06.2016		01.07.2016- 30.06.2017		01.07.2017- 30.06.2018	
	Mandate	Value (Rs. Cr)	Mandate	Value (Rs. Cr)	Mandate	Value (Rs. Cr)
DOMESTIC EQUITY PUBLIC OFFERINGS	1		1			
	2		2			
	3		3			
<b>TOTAL</b>						
INTERNATIONAL EQUITY PUBLIC OFFERINGS	1		1			
	2		2			
	3		3			
<b>TOTAL</b>						
PUBLIC OFFERINGS PULLED OUT/ WITHDRAWN PRE OR POST ROADSHOW	1		1			
	2		2			
	3		3			
<b>TOTAL</b>						

**Note:** Please indicate whether you were engaged by the Government of India for any Equity Public Offering, other than those mentioned above, and if so, furnish details.