

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF DISINVESTMENT**

**ENGAGEMENT OF BOOK RUNNING LEAD MANAGERS FOR DISINVESTMENT IN
NMDC LIMITED THROUGH “ FURTHER PUBLIC OFFER” IN THE DOMESTIC
MARKET-REQUEST FOR PROPOSALS.**

1. Introduction

1.1 NMDC Limited is a public sector undertaking, hereinafter referred to as ‘company’, under the administrative control of the Ministry of Steel. NMDC Limited is engaged in exploration of a wide range of minerals. The paid-up capital of the company as on 31.03.2009 is Rs.396.47 crore comprising 396,47,16,000 shares of face value of Re.1 each. Presently, the Government of India is holding 98.38% of the paid up equity capital of the company and the balance is held by Financial Institutions, public and employees. The shares of the company are listed on various stock exchanges in India.

2. Government decision

2.1 The Government of India intends to divest 8.38% of total paid up equity share capital of NMDC Limited comprising 33,22,43,200 shares, out of its shareholding of 98.38%, through “ Further Public Offer’ in the domestic market. A part of the Public Offering will be reserved for the employees of the company.

2.2 Proposals under guidelines at para 4 hereunder are invited, **by 17.30 Hrs. (IST) 18th December, 2009** from reputed **Category I Merchant Bankers** registered as such with SEBI having a valid certificate, either singly or as a consortium, with experience and expertise in public offerings in capital market, to act as Book Running Lead Managers and to assist and advise Government in the process. The certificate should remain valid till the completion of all activities relating to “Further Public Offer”. **A photo copy of valid SEBI Registration must be enclosed with these Proposals.**

3 Responsibilities of the Book Running-Lead Managers (BRLMs)

3.1 The Book Running Lead Managers will be required, *inter alia*, to undertake tasks related to all aspects of the “Further Public Offer”, including but not restricted to, as mentioned below:-

- (i) Advise the Government on the timing and the modalities of the “Further Public Offer”.
- (ii) Structure the “Further Public Offer” in conformity with the prevailing framework and Guidelines/Regulations of SEBI and the Stock Exchanges, Securities Contract and Regulations Act, 1957 and Companies Act, 1956.
- (iii) Undertake due diligence activities and prepare the DRHP/RHP and completing all stipulated requirements and formalities of regulatory/statutory authorities.
- (iv) Undertake filing of the DRHP/RHP and Final Prospectus with SEBI/ROC.
- (v) Advising on the regulatory norms and assisting in securing approval and exemptions, wherever necessary, from various regulatory agencies such as SEBI and Stock Exchanges.

- (vi) Ensure best return to the Government.
- (vii) Conduct pre-market survey, road shows, generate interest amongst prospective investors and book building. Arranging meetings with the key investors and facilitate communication about the growth potential of the company and articulating the key marketing themes and positioning of the company.
- (viii) Undertake market research, pricing of the "Further Public Offer", allocation of shares and after sale support.
- (ix) Guide and facilitate to obtain requisite approvals from SEBI and others and completion of regulatory requirements.
- (x) Perform all other responsibilities connected with the "Further Public Offer".
- (xi) Underwriting connected with the "Further Public Offer".
- (xii) Coordinate the work of intermediaries; undertake due diligence, draft the DRHP and RHP and Final Prospectus for the "Further Public Offer".
- (xiii) Appoint and co-ordinate the work of Advertising Agency/Public Relation Agency. All expenses in regard to appointment & coordination of Advertising Agency/Public Relation Agency will be borne by the BRLMs.
- (xiv) Undertake the task of printing and distribution of stationery required for the "Further Public Offer" as illustrated in **Annexure-I**. The BRLMs will ensure that the stationery is printed in adequate quantity and delivered to the Centres/Parties well in advance. **Minimum of one crore Application forms for all the categories taken together are required to be printed.** Any deficiency noticed in this regard shall be viewed seriously by the Government. All expenses in this respect will be borne by the BRLMs.
In case the work of the intermediaries appointed by the BRLMs is not found satisfactory, the BRLMs would be required to substitute the intermediary to the satisfaction of the Government while ensuring that time lines are not impacted by any delays on this count.
- (xv) The appointed BRLMs will pay the filing fee to SEBI; make payments to NSE/BSE for use of software for book building; and make payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries' account.
- (xvi) Rendering such other assistance as may be required in connection with FPO.

NOTE:

- (a) The appointment of Bankers to the Issue, Registrar to the Issue, Legal Advisers -Domestic and International and Auditors will be made by Government. Government will also bear the expenditure involved on account of these intermediaries.
- (b) The advertisements required to be published in the newspapers will be prepared by the Advertising Agency/Public Relation Agency appointed by the BRLMs and would be cleared by the BRLMs for publication. All expenses on preparation of these advertisements for the print media and on the roadshows to be organised in connection with the "Further Public Offer", will be borne by the BRLMs in full. However, the cost of publication of the advertisements would be borne by the Government.

- (c) The expenses relating to Bankers, Auditors, Legal Advisers-domestic and international, Registrar to the Issue and the tour of only Government and NMDC officials will be borne by the Government.
- (d) It may be noted that no benefit accruing to the Bankers to the Issue will be available to the BRLMs.
- (e) In case Government decides to defer the Public Offering after the Application Forms have been printed, Government will reimburse the actual cost of printing of Application forms only and not the distribution cost. Further, in the event the filing fee is required to be paid again due to postponement of the offering, Government will reimburse the statutory fees actually paid in connection with the Public Offer by the BRLMs.

3.2 The Government will select and appoint upto **six Merchant Bankers** with requisite experience in Public Offerings, who together will form a team and be called Book Running Lead Managers. The BRLMs, in consultation with the Government, will form a syndicate as required under the SEBI Guidelines/Regulations.

4. **Submission of Proposal:**

4.1 Proposals, either singly or as a consortium, from reputed Merchant Bankers, with adequate experience of Public Offerings in capital markets are invited for selection as Book Running Lead Managers which may be submitted to Shri T.Thiagarajan, Under Secretary, Department of Disinvestment, Room No. 205, 2nd Floor, Block No.11, CGO Complex, New Delhi- 110003. The bidders will be required to deposit along with their proposals, **a non-refundable earnest money of INR 1,00,000(Rupees one lakh only) by way of a demand draft drawn in favour of 'Pay and Accounts Officer, Ministry of Finance, Department of Disinvestment, New Delhi' payable at Delhi.**

4.2 The Proposal can be submitted **by 1730 hours (IST) on 18th December, 2009** in **original** hard copies only duly signed by authorized officers of the BRLMs along with evidence establishing the authority. No Proposal will be entertained after the appointed time and date. The Department will not be responsible for any postal/courier delay. The Proposals received after the appointed time and date will summarily be rejected.

4.3 The Government of India reserves the sole right to accept or reject any or all Proposals thus received without assigning any reasons there for.

4.4 **Proposal Format:**

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

Section (A):

Experience and Capabilities in handling similar transactions as Advisers/Global Coordinators-(Weightage for evaluation 15/100)

- (i) Profile of the organization with full particulars of the constitution, ownership and business activities of the prospective Book Running Lead Manager (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

each other partner may be furnished along with letters of acceptance from each partner. The responsibility of the consortium bidders shall be 'joint' and 'several'.

Note: Consortium will be treated as one party and in case of selection only consortium leader's name will appear in the documents like RHP/Prospectus.

- (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. In case of consortia, similar details of each proposed partner will be required. However, the partners of one consortium are precluded from participating in the bid, as a partner to another consortium.
- (iv) Details of Domestic/International Offerings managed as Book Running Lead Managers, in respect of issue size of Rs.500 crore or more, are to be furnished in the format given in **Annexure-II.**
- (v) Equity sales and distribution capacity with demonstrated capability of selling Indian issues in particular, Asian equity and global equity; along with distribution network may be furnished

Section (B):

Sector Expertise and Experience- (Weightage for evaluation 10/100)

- (i) Indicate work done in the mineral & metals sector (preferably iron ore/ steel) like studies or research undertaken.
- (ii) Exhibit strength/expertise in the mineral & metals sector (preferably iron ore/ steel), if any.
- (iii) The Public Offerings handled in the last three years relating to mineral & metals sector (preferably iron ore/ steel).
- (iv) Research Reports done on the companies operating in mineral & metals sector (preferably iron ore/steel).

Section (C):

Understanding of NMDC Limited- (Weightage for evaluation 10/100)

- (i) Details of understanding of NMDC Limited and SWOT analysis of the company be indicated.

Section(D):

Deal Team Qualification & Manpower Commitment to the Deal- (Weightage for evaluation 15/100)

- (i) Details of core team (**2 or 3 or more persons who will be working on the transaction and doing ground work like writing DRHP etc**) that will be handling the proposed issue, their status in the organization, their background, qualification, experience and present addresses, telephone numbers-office, residence, mobile, e-mail etc.,- hands on experience should be furnished.It is expected that the BRLMs team leader for the Public Offering shall be available full time for this project from receipt of mandate till its completion.
- (ii) An undertaking may also be given that if during the process, any of the team members is not available by way of resignation etc., another person of the same

- qualification and experience would be made available with concurrence of the Government.
- (iii) Details of other professionals who would provide back up support may also be indicated separately.

Section (E):

Marketing strategy & Post Issue Market Support- (Weightage for evaluation 15/100)

- (i) Optimal syndicate structure suggested to maximize quality and quantity of demand.
- (ii) Proposal on syndicate incentivisation (***range of commission proposed may be indicated***).
- (iii) Strategy for pre-marketing.
- (iv) Proposed Road Show venues and reasons for suggesting the same.
- (v) Demand analysis and aspects influencing demand.
- (vi) Strategy for marketing shares and identification of target investor groups.
- (vii) Commitment(s) which may act either as a constraint, or as a conflicting interest, to your involvement in the proposed "Further Public Offer".
- (viii) Strength in lending after market support, with specific reference to Indian issues managed in the past.
- (ix) Identification of key selling points for marketing the offering.
- (x) Details of the valuation methodology to be followed in determining the price of the "Further Public Offer".
- (xi) Underwriting capabilities including details of capital base of the Investment Bank available to support such underwriting, record of past underwriting commitments and experience. Details of the underwriting commitments (including hard underwriting) which could not be met.
- (xii) Indicate realistic time schedule for launching the proposed "Further Public Offer" with break up of all activities to be undertaken by various agencies involved in the process.

Section(F):

Local presence and commitment to India- (Weightage for evaluation 15/100)

- (i) 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.

Section (G):

Global Presence and Distribution Capabilities- (Weightage for evaluation 15/100)

- (i) Indicate global network and distribution strength.
- (ii) The funds mobilized from international investors for Public offerings in India.
- (iii) The understanding and relationship with international institutional investors.

Section (H):

Research Capability- (Weightage for evaluation 5/100)

- (i) 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.

4.5 The complete information sought above with any additional information considered necessary by the Bidder, should be sent (maximum of 10 pages in font size 12) to the officer mentioned in para 4.1, as a part of the Proposal.

5. **Eligibility**

5.1 Bidders should have handled domestic/international equity issues of the size of Rs.500 crore or more during the last three years.

5.2 The Government of India has issued guidelines prescribing guidelines for qualifications for Advisors for disinvestment process, enclosed at **Annexure-III**. 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. It is further certified that there is no investigation pending against us or our sister concern or the CEO, Directors/Managers/Employees of our concern or of our sister concern.

It is certified that no conflict of interest exists as on date and if in future such a conflict of interest arises we will intimate the same to the Government of India”.

The certificate should be signed by the authorized signatory of the Bidder.

Note: The content of the certificate must not be changed. Clarification, if any, is to be provided separately.

6. **Procedure for Selection of the Book Running-Lead Managers (BRLMs)**

6.1 Qualified interested Bidders would be required to make a presentation of their credentials and Proposal for the transaction, before an Inter-Ministerial Group (IMG) of the Government of India at New Delhi in the Committee Room of Department of Disinvestment, Room No.515, Block No.14, CGO Complex, New Delhi-110003. **The presentations will be held on 22nd & 23rd December, 2009.** The time of the presentation will be posted on the Website by **21st December, 2009.** **Only the Team Leader of the Core Team referred to in Section (D) of Para 4.4 above shall make the presentation.**

6.2 While considering the selection of BRLMs, Government will duly take cognizance of their mandate in other Public Offerings in Private as well as in Government Sectors.

6.3 The IMG would evaluate the Bidders on the criteria mentioned in paragraph 4 above and based on their presentation and Proposals received, shortlist them for the purpose of assessing their Financial Bids. The financial bids of shortlisted bidders only will be opened by the IMG.

6.4 Immediately after the presentation, the Bidders will be required to hand over to the Convener of the Inter-Ministerial-Group, a sealed envelope containing the Financial Bid and another envelope (not to be sealed) containing a certificate (format at **Annexure-IV**) that the Financial Bid is unconditional. Please note that bids with conditionality will summarily be rejected.

6.5 The L1 Bidder will be selected for the transaction and the L2 Bidder will be required to match the fees quoted by L1 Bidder. In case L2 does not accept the offer, Government will make the offer to L3 and so on, till the required number of Bidders are finally selected. In case, the required number of Bidders are not willing to match the fee quoted by L1 Bidder, Government may consider selecting lesser number of Bidders for appointment as BRLMs.

6.6 The selected Bidders will work as a team and be called Book Running Lead Managers.

7. **Requirements for Financial Bids.**

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

7.2 The Bidder is required to quote a fee (in a sealed envelope) as a percentage of proceeds to be received through the "Further Public Offer". The fee quoted by the Bidder should be inclusive of all the applicable taxes, cess, duties etc. 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.

7.3 Along with the financial bid all bidders are required to furnish the break-up of expenses in Rupees on items like printing of stationery; advertisement agency/public relation agency; fees payable to SEBI as filing fee, payment to NSE, BSE for use of software for the book building and payment required to be made to depositories or depository participants, for transfer of shares etc. and brokerage to be paid to brokers etc. for wider participation of retail investors. This information has to be on a separate sheet accompanying the Financial Bid. This break-up will be utilized to assess the extent of expenditure to be incurred by BRLMs under the RFP that is included in the Fee quoted by them.

7.4 The lowest fee quoted by the selected Bidder would be shared **equally** by all the BRLMs appointed following the process detailed in para 6.5 above. Similarly, the expenditure to be incurred by the selected BRLMs in this transaction, would be shared equally.

7.5 The Bidders may quote a drop dead fee, if any, payable by Government in case of calling off the transaction by the Government after initiation of the process by the Bidder. The lowest drop dead fee quoted by any of the finally selected Bidders would be treated as drop dead fee payable by Government and be shared equally by all the Bidders. Drop dead fee will not be criterion in determining L1 Bidder.

7.6 The fee quoted by the bidders shall include provision for syndicate members also. It is clarified that Government will not pay any commission/brokerage for the "Further Public Offer".

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

8. For any further clarification, please contact Shri T.Thiagarajan, Under Secretary, Ministry of Finance, Department of Disinvestment, 2nd Floor, Block No.11, CGO Complex, Lodhi Road, New Delhi-110003, Tel. 011-2436 8531, Fax 011-24366524, e-mail: t.thiagarajan@nic.in.

Annexure-I

**INDICATIVE LIST OF STATIONERY FOR THE “FURTHER PUBLIC OFFER” in
RESPECT OF NMDC LIMITED**

Sr.	Description
1	DRAFT RED HERRING PROSPECTUS
2	RED HERRING PROSPECTUS(ORDINARY & SPECIAL)
3	PROSPECTUS
4	BID CUM APPLICATION FORM with Memorandum in Book form(RESIDENT/NRI/EMPLOYEES etc.)
5	POSTERS/BANNERS
6	CAN, REFUND STATIONERY ETC.

Annexure-II

Details of Domestic/International Public Offerings

Parameters	2005 Mandates And Value	2006 Mandates And Value	2007 Mandates And Value	2008 Mandates And Value	2009 Mandates And Value	Total
DOMESTIC PUBLIC OFFERINGS						
INTERNATIONAL PUBLIC OFFERINGS						
Public offerings pulled out/withdrawn pre or post road shows						

Note: (i) Please indicate whether you were engaged by Government of India for any Public Offering and if so, furnish details.

(ii) Provide year wise details of the mandate including the number of applications collected from Retail Investors, the % of Retail applications to the total applications. Similar, details of amount collected from Retail Investors be indicated.

No.6/4/2001-DD-II
Government of India
Department of Disinvestment

Block 14, CGO Complex
New Delhi

Dated 13th July 2001.

OFFICE MEMORANDUM

Subject: Guidelines for qualification of Advisors for disinvestment process

Government has examined the issue of framing comprehensive and transparent guidelines defining the criteria for selection of Advisors, so that the parties selected through competitive bidding inspire public confidence. Earlier, a set of criteria like sector experience, knowledge, commitment etc., used to be prescribed. Based on experience and in consultation with concerned departments, Government has decided to prescribe the following additional criteria for the qualification/disqualification of the parties to act as Advisors to the Government for the disinvestment transactions:

- (a) Any conviction by a Court of Law or indictment/adverse order by a regulatory authority for a grave offence against the Advising 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 Advisor, 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 Advisors 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 Advisor. 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 charges/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 give an undertaking that there exists no conflict of interest as on the date of their appointment as Advisors in handling of the transaction and that, in future, if such a conflict of interest arises, the Advisor would immediately intimate the Government of the same. For disinvestment purpose, 'conflict of interest' is defined to include engaging in any activity or business by the Advisor 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 or the Company (being disinvested) in relation to the transaction, and in respect of which the Advisor has or may obtain any propriety or confidential information during the engagement, that if known to any other client of the Advisor, could be used in any manner by such client to the material disadvantage of Government of India or the Company (being disinvested) in the transaction. The conflict of interest would be deemed to have arisen if any Advisor 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 Advisor 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.
- (i) On receiving information on conflict of interest, the Government would give the option to the Advisor to either eliminate the conflict of interest within a stipulated time or withdraw from the transaction and the Advisor would be required to act accordingly, failing which Government would have the liberty to terminate the appointment/contract.

Sd/-
(A.K. Tewari)
Under Secretary to the Government of India.

Annexure-IV

FORMAT OF UNCONDITIONAL BID ON THE LETTER HEAD OF THE BIDDER

This is to certify that the fee quoted by us for engagement as Book Running Lead Managers for disinvestment in NMDC Limited through “Further Public Offer” is in accordance with the terms and conditions laid down in the Request for Proposals displayed on the website of the Department of Disinvestment and is unconditional.

Seal with signatures of authorized signatory of the BRLM

