

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

**ENGAGEMENT OF BOOK RUNNING LEAD MANAGERS FOR DISINVESTMENT IN
SJVN LIMITED THROUGH INITIAL PUBLIC OFFERING IN THE DOMESTIC
MARKET – REQUEST FOR PROPOSALS**

1. Introduction

1.1 SJVN Limited, hereinafter referred to as 'company', is a joint venture between Government of India and the Government of Himachal Pradesh and is under the administrative control of the Ministry of Power, Government of India. SJVN Limited is engaged in the business planning, promoting, organizing and execution of projects relating to generation, distribution, operation & maintenance and sale of power. The paid-up capital of the company as on 31.03.2009 is Rs.4,108.81 crore comprising 410,88,14,000 shares of face value of Rs.10 each. Presently, the Government of India is holding 75% of the paid up equity capital of the company and the balance 25% is held by the Government of Himachal Pradesh. The Registered Office of the company is at Shimla, Himachal Pradesh.

2. Government decision

2.1 The Government of India intends to disinvest 10% paid up equity share capital of SJVN Limited comprising of 41,08,81,400 shares out of its shareholding of 75%, through Public Offering 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) 7th December 2009**, from reputed 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 Initial Public Offering.

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 Public Offering, including but not restricted to, as mentioned below: -

- (i) Advise the Government on the timing and the modalities of the Public Offering.
- (ii) Structure the Public Offering 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 Prospect 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 Public Offering, 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 Public Offering.
- (xi) Underwriting connected with the Public Offering.
- (xii) Coordinate the work of intermediaries; undertake due diligence; draft the DRHP and RHP and Final Prospectus for the Public Offering.
- (xiii) Appoint and co-ordinate the work of Advertising Agency/Public Relation Agency. All expenses in this regard will be borne by the BRLMs.
- (xiv) Undertake the task of printing and distribution of stationery required for the Public Offering 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. 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.

- (xv) The appointed BRLMs will pay the fee to SEBI as filing fee; payment to NSE/BSE for use of software for the book building; and the 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 Public Offering.

NOTE:

- (a) The appointment of Bankers to the Issue, Registrar to the Issue, Legal Advisers – Domestic and International and Auditors will be made by the 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 in respect of the Agency including that on advertisements (print media) to be prepared by them and the roadshows to be organized in connection with the Public Offerings, 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 SJVN 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.

3.2 The Government will select and appoint upto four 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 V.P. Gupta, Under Secretary, Department of Disinvestment, Room No.517, Fifth Floor, Block No.14, CGO Complex, New Delhi-110 003. The bidders will be required to deposit along with their proposals, a non-refundable earnest fee of INR 50,000 (Rupees fifty thousand 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 on 7th December, 2009 in hard copies only duly signed by authorized officers of the BRLM(s) 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 be summarily 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 therefor.

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'.
- (ii) Unabridged Annual Reports or audited financial accounts for the last four 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, that could affect the performance of the Bidder. 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.100 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 15/100)

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

Section (C):

Understanding of SJVN Limited - (Weightage for evaluation 15/100)

Details of understanding of SJVN Limited and SWOT analysis of the company be indicated.

Section (D):

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

Details of 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, e-mail etc. - hands on experience should be furnished.

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.

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.
- (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 Public Offering.
- (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 Public Offering.
- (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 Public Offering 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 10/100)

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.

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 Public Offerings in India.
- (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.

4.4 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.100 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

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 for the proposed transaction, before an Inter-Ministerial Group (IMG) at New Delhi in the Committee Room of Ministry of Disinvestment, Room No.515, Block No.14, CGO Complex, New Delhi-110003. The presentations will be held on 14th and 15th December 2009. The time of the presentation will be posted on the website by 11th December 2009. Only the Team Leader shall make the presentation.

6.2 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 their Financial Bids.

6.3 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 envelop (not to be sealed) containing a certificate (format at Annexure-IV) that the financial is unconditional. Please note that bids with conditionality will be summarily rejected.

6.4 After the short listing of Bidders based on their presentations, IMG would open the Financial Bids of only short listed Bidders.

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 is 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 Bidder is required to quote a fee (in a sealed envelop) as a percentage of proceeds to be received through the “Initial 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.

7.2 The fee quoted by the selected lowest Bidder would be shared by all the appointed BRLMs in proportion agreed to by them and would be intimated/disclosed to the Department of Disinvestment before taking up the assignment.

7.3 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.

7.4 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 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 Government and be shared equally by all the Bidders. Drop dead fee will not be criterion in determining L1 Bidder.

7.5 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 "Initial Public Offering".

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

8. For any further clarification, contact Shri V.P. Gupta, Under Secretary, Ministry of Finance, Department of Disinvestment, Fifth Floor, Block No.14, CGO Complex, Lodi Road, New Delhi - 110 003, Tel. 011-2436 8036, Fax 011-2436 8502, e-mail: vp_gupta@nic.in

**INDICATIVE LIST OF STATIONERY FOR THE PUBLIC OFFERING IN RESPECT OF
SJVN 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)
5	POSTERS/BANNERS
6	CAN, REFUND STATIONERY ETC.

Annexure-II

Details of Domestic/International Public Offerings

(Value Rs. in Crore)

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

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 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 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 purposes, '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 proprietary 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

FORMAT OF UNCONDITIONAL BID ON THE LETTERHEAD OF THE BIDDER

This is to certify that the fee quoted by us for engagement as Book Running Lead Managers for disinvestment in SJVN Limited through "Initial 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