

F.No 4/37/2017-DIPAM-II A
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT

ENGAGEMENT OF REGISTRAR - FOR DISINVESTMENT OF UPTO 25% PAID UP EQUITY OF MAZAGON DOCK SHIPBUILDERS LIMITED (MDL) OUT OF GOVERNMENT OF INDIA SHAREHOLDING OF 100% THROUGH “INITIAL PUBLIC OFFERING” IN THE DOMESTIC MARKET - REQUEST FOR PROPOSALS.

1. Introduction

1.1 Mazagon Dock Shipbuilders Limited (MDL) is a Defence Public Sector Undertaking under the Ministry of Defence, Dept of Defence Production. MDL is the lead shipyard of India serving the nation's strategic requirements. It was established as a Public Limited Company in 1934. In the year 1960, the Government of India took over the Yard to further augment its warship development programme and incorporated it as a PSU under the Ministry of Defence. MDL was upgraded to schedule 'A' company in 2000 and awarded Miniratna-I status in 2006.

1.2 The company has built and delivered to the Indian Navy 6 Leander Class Frigates, 3 Godavari Class Frigates, 3 Shivalik Class Frigates, 1 Cadet Training Ship, 3 Missile Corvettes, 4 Missile Boats, 5 Destroyers and 2 Submarines. In addition, 7 Offshore Patrol Vessels had been constructed and delivered to Coast Guard. Besides, MDL had also delivered cargo ships, passenger ships, supply vessels, multipurpose support vessel, water tankers, tugs, dredgers, fishing trawlers, barges & border out posts for various customers in India as well as abroad. MDL has fabricated and delivered jackets, main decks of wellhead platforms, process platforms, jack-up rigs etc for ONGCL. MDL is thus in the forefront of meeting our country's commitment of achieving self-reliance in Defence Sector. Presently, MDL is constructing three major warship building projects and one submarine project.

1.3 The authorized share capital of the company is Rs 323.72 Crores and paid up share capital is Rs 249 Crores, fully subscribed by Ministry of Defence, Government of India. The paid up equity capital of Mazagon Dock Shipbuilders Ltd is Rs 249 Crores as on 31.03.2017. Government of India holds 100% of the equity. The face value of each Equity share is Rs 100.

1.4 Profit After Tax for the Fiscal 2015-16 is 637.82 Crores⁽ⁱ⁾ for Mazagon Dock Shipbuilders Ltd as on March 31, 2016, it has a Net worth of Rs 2846.23 Crores⁽ⁱⁱ⁾

1.5 The listing would entail disinvestment of a portion of paid-up equity of Mazagon Dock Shipbuilders Ltd through a prospectus based “Initial Public Offer” (IPO) in the domestic market as per SEBI Rules and Regulations. The percentage of paid-up equity to be divested will be determined based on the post issue capital of the company calculated in consonance with the clause 19 (2) of the Securities Contracts (Regulation) Rules (SCRR). A part of the public

offering will be reserved for employees of the company. The eligible employees and retail investors will be offered shares at a discount (to be decided later) on the Issue price.

- i. *PAT indicated in para 1.3 is as per audited financial statement under Indian GAAP. The financial statements for 2015-16 will be restated under Ind AS. The same shall be audited and will be published along with financial statements of 2016-17 by Aug 2017.*
- ii. *Net worth mentioned is inclusive of reserves for CSR Fund. The financial statements for 2015-16 will be restated under Ind AS. The same shall be audited and will be published along with financial statements of 2016-17 by Aug 2017.*

2. Government decision.

2.1 The Government intends to disinvest upto 25% paid up equity share capital of Mazagon Dock Shipbuilders Limited (MDL) out of its shareholding of 100%, through “Initial Public Offering” in the domestic market. A part of the public offering will be reserved for employees of the company. The eligible employees and retail investors will be offered shares at a discount (to be decided later) on the Issue price.

3. Scope of Work of Registrar:

The scope of work of the Registrar for the IPO is given in **Annexure I**.

4. Eligibility criteria:

4.1 To be eligible for the above transaction, the Registrar should have the following qualifications:-

i) Should be Category I SEBI Registered Registrar, with validity covering at least next 6 months. (Provide copy of the certificate while submitted the proposal).

ii) Clean Track record - no penalty/debar from SEBI in the **past 3 years** and its registration is valid and is not debarred from functioning as a Registrar by any regulatory authority as on the date of submission of its bid. Furthermore there is no investigation pending against it or the CEO, Directors/Managers/Employees of its concern that if decided against the bidder or above person, shall render it ineligible. (Self-certify and submit it along with the proposal).

iii) a) **Maintained at least 1,00,000 folios as on 30.06.2017;**

and

b) **Handled a minimum number of 50,000 applications during the period 01.07.2016 to 30.06.2017 in any one transaction of IPOs, FPOs, SME IPOs. (Details to be furnished in Envelope 1).**

- iv) Past track record of handling the IPO/FPO.
- v) Should have positive financial net worth and profit record in all the past three years.
- vi) Having a functional office at **Mumbai**.

5. **Proposal format**

Interested firms are requested to submit their Proposal in the format given below:

A. **Experience and capability in handling Initial / Further Public Offerings:**

(Weightage for evaluation 25/100)

- i. Profile of the organization.
- ii. Capability, capacity and previous experience of the Firm and expertise in handling such assignments **including IPO/ FPO of CPSEs**.
- iii. Details of successful offerings handled.
- iv. Demonstrate the ability to work with the Government and CPSEs in coordination with BRLMs and other intermediaries as a part of team.

B. **Infrastructure & Manpower:** *(Weightage for evaluation 25/100)*

- i) Details of infrastructural facilities like office, manpower etc.
- ii) Detailed profile of the core and support teams (with CVs of each team member detailing qualification and relevant experience) that will be deployed on the assignment in the event of selection.
- iii) Technology for Client/Investor servicing (dissemination of information on allotments/refunds through Website, IVRS, Alerts, Reports, web access to data base to company, etc.)
- iv) Technical infrastructure - Data base maintenance, Redundancy in capacity, scalability, DRS and BCP, data security, achieve and retrieval, communication, Voice data management, integrity and validation.
- v) **Area of work Site, storage facilities.**
- vi) **Dispatch arrangement - SELF GPC or through mailing agents.**

C. **Understanding of the Regulatory framework:**

(Weightage for evaluation 20/100)

- i) Demonstrate understanding of the legal, policy, regulatory and procedural issues in Public Offerings, i.e. SEBI, Companies Act, FDI etc.
- ii) Indicate your expertise in handling the regulatory requirements including investors grievances redressal and coordinating with the stock exchanges/BRLMS/SEBI etc

D. **Indicative Timeline:** *(Weightage for evaluation 10/100)*

- i) The transaction is proposed to be completed in the current FY. Demonstrate ability to deliver in accordance with tight timetable requirements and the ability to commit key

personnel for the entire duration of the transaction.

E. Strategy for the Initial Public Offering: (*Weightage for evaluation 20/100*)

- i) Indicate intended approach to the proposed transaction including the sequencing of the transaction.

6. Submission of Proposal

6.1 The proposals are required to be submitted in two envelopes as per the following:

- (i) **Envelope 1** containing the technical bid as per format in paragraph 5, and eligibility as per para 4.1 to be opened in the presence of the bidders on **18th August, 2017 at 03.30 PM** in the Committee Room of the Department of Investment and Public Asset Management (DIPAM) (Room No. 515, 5th Floor, Block 14, CGO Complex, Lodhi Road, New Delhi- 110003). The bidders are also required to send soft copy of their technical bid to DIPAM after the opening of the bids.
- (ii) **Envelope 2 (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 (both envelopes) can be submitted latest by 3.00 PM on **18th August, 2017 to Shri Priya Ranjan, Under Secretary, DIPAM, Room No 203, 2nd Floor, Block No. 14, CGO Complex, Lodhi Road, New Delhi- 110003**, in hard copies in original, duly signed by the authorized officer of the Registrar. 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 Pre-Bid Meeting:

A pre bid meeting shall be convened in DIPAM's Conference Hall (Room No. 515), 5th Floor, Block No 14, CGO Complex, Lodhi Road, New Delhi- 110003 on 7th August, 2017 at 11 A.M. The Bidders may use the platform to have all the queries answered. The Bidders are expected to submit all the queries before the pre-bid meeting. A maximum of two representatives from each bidder would be allowed in the pre-bid meeting.

7. Evaluation process

- i) Qualified Interested Firms will be required to make a presentation in respect of their Proposal before a Selection Committee in New Delhi in the Committee Room (No. 515, Block 14), Department of Investment and Public Asset Management DIPAM, CGO

Complex.

- ii) The schedule of presentation will be posted on the Department of Investment and Public Asset Management website www.dipam.gov.in in due course.
- iii) The Selection Committee will evaluate the applicants on the criteria mentioned in paragraph 5 above and based on their Proposal and presentation; short-list them for considering their financial bids. The financial bids of the parties scoring minimum marks as decided by the Selection Committee for Technical Evaluation will only be opened. The technically shortlisted party which quotes the lowest fee for the transaction would be selected as Registrar to the IPO in MDL.
- iv) In case of tie in the lowest financial bid, the marks awarded in technical evaluation will decide the successful bidder i.e. the bidder who has got the highest marks in technical evaluation will be awarded the work.

8. Requirements for Financial Bids

(a) The bidders should submit the financial bid in the format attached as '**Annexure II**'. The lumpsum 'fee quoted' should not be less than Re. 1/- and should be in the multiple of Re. 1/- thereafter.

Note:

- (i) The fee quoted should be unconditional and inclusive of all expenditure included in the scope of work for the IPO/ FPO process and shall also include activities that are **incidental or are associated** in the defined scope. All taxes and levies as applicable from time to time shall be borne by the Bidder.
- (ii) All Postage charges on **activities associated with IPO/FPO shall be borne by the Registrar and shall be factored in the fee quoted.**
- (iii) The bidder cannot prescribe any time limit for validity of financial bid.
- (iv) The Government reserves the right to call off the transaction at any stage without assigning any reasons thereof.

9. For any further clarification, please contact **Shri Priya Ranjan, Under Secretary**, Ministry of Finance, DIPAM, Room No. 203, 2nd Floor, Block No.14, CGO Complex, Lodi Road, New Delhi – 110 003, Tel. 011-24368736, e-mail: priya.ranjan@nic.in.

SCOPE OF WORK OF REGISTRAR FOR IPO

- i. Preparing Anchor CANs post Anchor allocation in case the Company undertakes an issue to Anchor investors.
- ii. Opening the escrow demat account and facilitating the transfer of shares offered for sale by the Selling Shareholder in the demat escrow account prior to the opening of the IPO.
- iii. Liaising with the Depositories on behalf of the Company for obtaining the International Securities Identification Number (ISIN) and for finalising the tripartite agreement to be entered into with the Depositories
- iv. Giving instruction to the Depository to activate lock-in for the pre-IPO capital (as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended) and Anchor lock-in
- v. Ensuring bid cum application forms from various locations are accepted by Self Certified Syndicate Banks (SCSBs) from Brokers / Investors/ Registered Intermediaries.
- vi. Collection of the electronic bid data from the Stock Exchanges after closure of the IPO offer period.
- vii. Collection of the aggregate data in relation to the total number of ASBA applications uploaded by the SCSBs and the total number of equity shares and the total amount blocked against the uploaded ASBA applications, from each SCSB.
- viii. Reconciliation of the compiled data collected from the Stock Exchanges with the data collected from the SCSBs.
- ix. Matching the Depository Participant (DP) ID, Client ID and PAN specified in the reconciled data with the depository's database.
- x. Identifying bids of rejection in respect of which the DP ID, Client ID and PAN in the reconciled/rectified data does not match with the details in the depository's database as well as weeding out multiple applications.
- xi. Keeping a proper record of bids and monies received from the bidders.
- xii. Keeping accurately, at all times, the electronic records related to ASBA applications received from all SCSBs/members of the syndicate/sub-syndicate and taken from the online Public Offer System of the Stock Exchanges including particulars relating to the (a) allocation and allotment of equity shares against valid applications,(b)Public Offer Account and (c) rejected/ unsuccessful ASBA applications.
- xiii. Coordinating with the escrow collection bankers for submission of provisional and final certificate and SCSBs for submission of final certificates, after taking into account rectifications, if any.
- xiv. Coordinating with the concerned depository and ensure that the number of Equity Shares allocated to each category of bidders is correct in all respects.
- xv. Providing correct data in time for determination and finalisation of the basis of allocation

and allotment in coordination with the designated Stock Exchange.

- xvi. Post communication of the basis of allotment, preparation of list of allottees.
- xvii. Dispatch of allotment advice cum intimation, credit of shares to the allottees, etc.
- xviii. Processing including printing, postage, dispatch and other activities in the context of allotment advice cum intimation refund advice, if any.
- xix. Carrying out and complying with the procedures for monitoring activities of the intermediaries
- xx. Ensuring that proper grievance handling mechanism is in place at its office during the period of the IPO and after closing of the offer, as per regulations
- xxi. Settling investor complaints and grievances in a timely manner and maintaining their records
- xxii. Assisting the selling shareholders/ CPSEs by providing necessary reports, etc. and complying with the formalities of the designated stock exchange.
- xxiii. Prepare the schedules in relation to listing application.
- xxiv. Arranging to obtain certificates from Auditors / Practicing secretary with regard to the securities under a "lock-in" period, if any, and also that the allotment as having been made only as per the approved Basis of Allotment, by the Designated Stock Exchange.
- xxv. Consolidating the list of subscriptions received through the Syndicate Members and evaluating their performance. Prepare statement of selling commission payable, if any, and arrange for their dispatch.
- xxvi. Finalizing the final post-IPO monitoring report, along with relevant documents/certificates to be submitted to SEBI within the stipulated time in consultation with the BRLMs and the Company.
- xxvii. Performing such other functions, duties, obligations and services as are required under applicable law (including the rules and regulations prescribed by SEBI) in respect of the Offer, including, but not limited to, such functions, duties, obligations and services as may be more specifically set forth in the agreement to be entered into in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
- xxviii. All processes incidental & associated with the above scope of work.

FINANCIAL BID

Lump Sum fee quoted:
(Inclusive of taxes & levies) (In figure)
(in words)

Note:

- i) The lumpsum 'fee quoted' should not be less than Re. 1/- and should be in the multiple of Re. 1/- thereafter
- ii) Fee quoted should be specified in words and figures. In case of discrepancy, fee quoted in words would be considered valid.
- iii) The Govt./ DIPAM shall not be liable to payment of any amount, other than 'fee quoted' in respect of any activity, defined in scope of work or activities/process incidental/ associated thereof.
- iv) Please refer to para 8 for requirements of financial bids.
