



Date: 30 October 2010

# Indian Oil Corporation Limited

## Request for Proposals

For the

**Engagement of Book Running Lead Managers for the  
"Further Public Offer of IOCL Shares"**

Last Date for submission of Proposal: 1200 hrs (IST) on 12<sup>th</sup> November 2010 (Friday)  
Technical bid opening on : 1230 hrs (IST) on 12<sup>th</sup> November 2010 (Friday)

Registered Office: G9, Ali Yavar Jung Marg,  
Bandra East, Mumbai 400051

Corporate Office: Plot No. 3079/3, J.B. Tito Marg  
Sadiq Nagar, New Delhi 110049

# Engagement of Book Running Lead Managers for Further Public Offer in the domestic market by Indian Oil Corporation Limited and offer for sale of its shares held by Government of India (Further Public Offer of IOCL Shares) – Request for Proposals

## 1. Introduction

Indian Oil Corporation Limited, a Maharatna public sector undertaking, hereinafter referred to as 'IOCL', is operating under the administrative control of the Ministry of Petroleum & Natural Gas. IOCL is primarily engaged in the business of refining, transportation and marketing of petroleum products and petrochemicals with installed refining capacity of 51.2 million metric tonnes, pipeline network of over 10,500 kilometer, marketing infrastructure of over 35,000 selling points and petrochemical facilities at its Panipat & Gujarat Refineries. IOCL is also engaged in exploration & production of crude oil and the distribution of natural gas.

The existing paid up capital of IOCL is Rs.2427.95 crore comprising 2,42,79,52,482 shares of face value of Rs.10 each. Presently, the Government of India is holding 78.92% of the paid up equity capital of IOCL and the balance is held by institutions/FIIs/public etc. The shares of IOCL are listed on the BSE and NSE in India.

## 2. Government decision

The Government of India has approved fresh equity issue of 10% of existing paid up capital by IOCL and alongwith this, the Government of India also intends to disinvest 10% of the pre-issue equity capital of IOCL (subject to final approval by the Government) through Further Public Offer (FPO) in the domestic market, hereinafter referred as "Further Public Offer of IOCL Shares". A part of the Public Offering will be reserved for the employees of IOCL.

Proposals under guidelines at para 5 hereunder are invited, not later than 1200 Hrs. (IST) on 12<sup>th</sup> November 2010 (Friday), from reputed category 1 Merchant Bankers registered with SEBI having a valid certificate, either singly or as a consortium, having experience and expertise in public offerings in capital market, to act as Book Running Lead Managers and to assist and advise IOCL and the Government in the FPO process. The certificate should remain valid till the completion of all activities relating to "Further Public Offer of IOCL Shares".

## 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 of IOCL Shares", including but not restricted to, as mentioned below: -

i. Advise on the timing and the modalities of the "Further Public Offer of IOCL Shares".

- ii. Structure the "Further Public Offer of IOCL shares" in conformity with the prevailing framework and Guidelines/Regulations of SEBI, Stock Exchanges, Securities Contract and Regulations Act, 1957, Companies Act, 1956, RBI and Other Regulatory Agencies, if any.
- iii. Undertake due diligence activities and draft/prepare the Draft Red Herring Prospectus (DRHP) and/or RHP and Final Prospectus for the "Further Public Offer of IOCL Shares" and completing all stipulated requirements and formalities of regulatory/statutory authorities.
- iv. Undertake filing of the DRHP and/or RHP and Final Prospectus with SEBI/Stock Exchange(s)/ROC.
- v. Advising on the regulatory norms and assisting in securing approval / exemptions, wherever necessary, from various regulatory agencies such as SEBI, Stock Exchanges, RBI etc and completion of regulatory requirements.
- vi. Conduct pre-market survey, road shows, generate interest amongst prospective investors and undertake book building activity. Arranging meetings with the key investors and facilitate communication about the growth potential of the IOCL and articulating the key marketing themes and positioning of the IOCL.
- vii. Organise Road Shows, both domestic and international. All expenses in this regard, except expenses of IOCL and Government officials, would be borne by BRLMs.
- viii. Undertake market research, pricing of the "Further Public Offer of IOCL Shares", allocation of shares and after sale support.
- ix. Ensure best return to IOCL and the Government of India
- x. Perform all other responsibilities connected with the "Further Public Offer of IOCL Shares".
- xi. Underwriting connected with the "Further Public Offer of IOCL Shares".
- xii. Assist in selection of intermediaries to be appointed by the IOCL.
- xiii. Coordinate the work of intermediaries.
- xiv. Associate in preparation of statutory advertisements for publications in coordination with Advertising Agency / IOCL and approve the same. The cost of preparation of such advertisements will be borne by BRLMs and the cost of publication will be borne by IOCL.
- xv. Undertake the task of printing and distribution of stationery required for the "Further Public Offer of IOCL Shares" as illustrated in Annexure-I. The BRLMs will ensure that the

stationery is printed in adequate quantity (minimum 1.5 crore application forms) and delivered to the Centres/Parties well in advance. Any deficiency noticed in this regard shall be viewed seriously by IOCL/Government. All expenses in this respect will be borne by the BRLMs.

- xvi. Ensure completion of all post issue related activities as laid down in SEBI guidelines.
- xvii. The BRLMs will have to enter into requisite agreements for the proposed transaction as well as any other agreement(s) deemed necessary for the "Further Public Offer of IOCL Shares".
- xviii. Rendering such other assistance as may be required in connection with "Further Public Offer of IOCL Shares".

**NOTE:**

- a. The appointment of Bankers to the Issue, Registrar to the Issue, Legal Advisers – Domestic and International and Advertising Agency/Public Relation Agency will be made by IOCL. IOCL will also bear the fee /expenditure involved on account of these intermediaries.
- b. IOCL will pay the fee to SEBI / stock exchanges as filing fee; payment to NSE/BSE for use of software for the book building and listing of shares and the payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries' account.
- c. The expenses related to the travel programme of only Government and IOCL officials will be borne by IOCL.
- d. IOCL will bear the expenses relating to the payment of brokerage to the brokers etc. to elicit wider participation of retail investors. The brokerage will be paid on the amount retained by IOCL / Government @ 0.35% for Retail Investors and 0.15% for High Net Worth Individual (HNI). The taxes, if any, applicable on brokerage shall also be borne by IOCL. In the first instance the brokerage will be paid by the appointed BRLMs and on successful completion of the transaction the brokerage would be reimbursed by IOCL on production of documentary proof of actual disbursement. The appointed BRLMs may pay additional brokerage over and above the brokerage indicated and payable by IOCL. The cost of such additional brokerage, including applicable taxes thereon, shall be borne by BRLMs.
- e. All merchant bankers are required to furnish a breakup of expenses on items like printing of stationery; public relation agency (preparation of statutory advertisements and road shows); additional brokerage etc. This break up, for information only, may be provided along with the financial bid on a separate sheet being the annexure to the financial bid.

- f. In case the Government/IOCL decides to defer the FPO after the Application Forms have been printed, IOCL would reimburse the actual cost of printing of Application Forms only and not the distribution cost.
- 3.2 IOCL will select and appoint upto 6 (Six) Merchant Bankers with requisite experience in equity public offerings, who together will form a team and be called Book Running Lead Managers. The BRLMs, in consultation with IOCL, will form a syndicate as required under the SEBI Guidelines/Regulations. IOCL will have the option of appointing additional syndicate member(s), if considered necessary.

#### **4. Eligibility**

- 4.1 Category I Merchant Banker should have handled at least one equity public offering by Indian issuer in domestic market (IPO/FPO) of the size of more than Rs.1000 crore during the last three financial years and current financial year i.e. 1.04.2007 –30.09.2010.
- 4.2 The Government of India has prescribed guidelines for qualifications for Advisors for disinvestment process, enclosed at Annexure-II. The interested Bidders fulfilling eligibility criteria mentioned in paragraph 4.1 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 exists as on date and if in future such a conflict of interest arises we will intimate the same to the Government of India/IOCL.”

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.

#### **5. Submission of Proposal:**

- 5.1 Proposals have 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 lac only) by way of a demand draft drawn in favour of ‘Indian Oil Corporation Limited’ payable at New Delhi,
  - b. Certificate, duly signed by the authorized signatory of the bidder as per para 4.2,
  - c. Certificate in format at Annexure-III,

- d. Authority letter authorizing the person of the bidder to sign the proposal and other documents ; and
  - e. Copy of the valid certificate of Category I Merchant Banker issued by SEBI.
- ii. Envelope 2 (Sealed) containing the technical bid as per format in para 5.4, to be opened in the presence of the bidders on 12<sup>th</sup> November 2010 (Friday) at 1230 hrs. (IST) in the Business Centre, 1<sup>st</sup> Floor, Indian Oil Corporation Limited, Corporate Office, Plot No. 3079/3, J.B. Tito Marg, Sadiq Nagar, New Delhi. Envelope should be marked as "Technical Bid" in bold letters.
  - 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 after the presentations. Please note that bids with conditionality will be summarily rejected. Envelope should be marked as "Financial Bid" in bold letters.

5.2 The proposal (all three envelopes) are to be submitted not later than 1200 hours (IST) on 12<sup>th</sup> November 2010 to Shri A.K. Sharma, General Manager (Corporate Finance) - Treasury, Indian Oil Corporation Limited, Corporate Office, Plot no. 3079/3, J.B. Tito Marg, Sadiq Nagar, New Delhi – 110049 in hard copies in original duly signed by the authorized officers of the Merchant Bankers. No proposal will be entertained after the appointed time and date. IOCL will not be responsible for any postal/ courier delay. The proposals received after the appointed time and date will be summarily rejected.

5.3 IOCL reserves the sole right to accept or reject any or all Proposals thus received without assigning any reasons thereof.

#### 5.4 **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 criterion has been indicated against each Section.

##### **Section-A:**

##### **Experience and Capabilities in handling similar transactions as Advisers/Global Coordinators - (Weightage for evaluation 20/100) (from 1.4.2007 to 30.09.2010)**

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

- ii. The financial statements (Balance Sheet and Profit & Loss A/c without schedules) for the last three financial years of the firm submitting the Proposal duly signed by an authorized signatory along with the latest unabridged annual report 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 in another consortium.
- iv. Details of equity public offerings by Indian issuer in domestic market (IPO/FPO) and international markets (GDR/ADR) which were managed as Book Running Lead Managers / Lead Managers, in respect of issue size of more than Rs.1000 crore, are to be furnished in the format given in **Annexure-IV**.
  - a. For equity public offering in domestic market (IPO/FPO), the following criteria of Prime League Table is to be used:

Source		Prime League Table as appearing on the web-site of Prime Data Base i.e. <a href="http://www.primedatabase.com">www.primedatabase.com</a>
1.	Issue Type	Public
2.	Period	01.04.2007 to 30.09.2010
3.	Offering Type	IPOs/FPOs
4.	Instrument	Equity
5.	Issuer Type	All
6.	Issue Size	Above Rs.1000 crore
7.	Industry	All
8.	Investment Banker Category	All
9.	Other Conditions	1. In BB, credit to BRLM, CBRLM & CBR. In FP, Credit to LM, JLM, CLM 2. Issue amount credit on full basis to concerned managers 3. Issue amount in Indian rupee

- b. For equity public offering by Indian Issuer in international market (GDR/ADR), the following criteria of Prime League Table is to be used:

Source		Prime League Table as appearing on the web-site of Prime Data Base i.e. <a href="http://www.primedatabase.com">www.primedatabase.com</a>
1.	Issue Type	International Capital Market Offering
2.	Period	01.04.2007 to 30.09.2010
3.	Instrument Type	Equity
4.	Issue Size	Above Rs.1000 crore
5.	Instrument	ADR / ADS / GDR / GDS
6.	Industry	All
7.	Other Conditions	1. Issue amount credit on full basis to concerned manager 2. Issue amount in Indian rupee

Please note that the prime league tables as appearing on the web-site Prime Data Base as on **4<sup>th</sup> November 2010** are required to be used for furnishing the above data.

- v. Equity sales and distribution capacity with demonstrable capability of selling equity public issues of Indian Issuers in domestic market (IPO/FPO) and international market (GDR/ADR); along with distribution network may be furnished.

#### **Section- B:**

#### **Sector Expertise, Experience and Understanding of IOCL- (Weightage for evaluation 20/100)**

- i. Indicate work done in the areas of expertise of IOCL- like studies or research undertaken.
- ii. Exhibit strength/expertise in the areas of business of IOCL, if any.
- iii. The equity public offerings by Indian issuer, operating in the area of energy i.e. Oil Exploration / Drilling / Refining (including marketing & pipelines) and Power Generation & Supply, in domestic market (IPO/FPO) and international market (GDR/ADR) handled in the last three financial years and current financial year (from 1.4.2007 to 30.09.2010) are to be furnished in the format given in **Annexure-V** as per following criteria of Prime League Table:

- a. For equity public offering in domestic market (IPO/FPO):

Source		Prime League Table as appearing on the web-site of Prime Data Base i.e. <a href="http://www.primedatabase.com">www.primedatabase.com</a>
1.	Issue Type	Public
2.	Period	01.04.2007 to 30.09.2010
3.	Offering Type	IPOs/FPOs
4.	Instrument	Equity
5.	Issuer Type	All
6.	Industry	Oil Exploration / Drilling / Refining and Power Generation & Supply
7.	Investment Banker Category	All
8.	Other Conditions	1. In BB, credit to BRLM, CBRLM & CBR. In FP, Credit to LM, JLM, CLM 2. Issue amount credit on full basis to concerned managers 3. Issue amount in Indian rupee

- b. For equity public offering by Indian Issuer in international market (GDR/ADR):

Source		Prime League Table as appearing on the web-site of Prime Data Base i.e. <a href="http://www.primedatabase.com">www.primedatabase.com</a>
1.	Issue Type	International Capital Market Offering
2.	Period	01.04.2007 to 30.09.2010
3.	Instrument Type	Equity
4.	Instrument	ADR / ADS / GDR / GDS
5.	Industry	Oil Exploration / Drilling / Refining and Power Generation & Supply
6.	Other Conditions	1. Issue amount credit on full basis to concerned manager 2. Issue amount in Indian rupee

Please note that the prime league tables as appearing on the web-site Prime Data Base as on 4<sup>th</sup> November 2010 are required to be used for furnishing the above data.

- iv. Research Reports done on the companies operating in areas of business of IOCL.  
v. SWOT analysis of the IOCL.

## **Section- C:**

### **Deal Team Qualification & Manpower Commitment to the Deal - (Weightage for evaluation 10/100)**

- i. 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. Separately, similar details in respect of the supervisory team may be indicated.
- ii. An undertaking may also be given that if during the process, any of the core team members is not available due to resignation etc. another person of at least similar qualification and experience would be made available with concurrence of IOCL.
- iii. Details of other professionals who would provide back up support may also be indicated separately.

## **Section- D:**

### **Marketing strategy & Post Issue Market Support - (Weightage for evaluation 20/100)**

- i. Optimal syndicate structure suggested to maximize quality and quantity of demand.
- ii. Strategy for pre-marketing.
- iii. Proposed Road Show venues and reasons for suggesting the same and the level of BRLM representatives who will travel on the domestic and international road shows.
- iv. Demand analysis and aspects influencing demand.
- v. Strategy for marketing shares and identification of target investor groups.
- vi. Commitment(s) which may act either as a constraint, or as a conflicting interest, to the BRLMs involvement in the proposed "Further Public Offer of IOCL Shares".
- vii. Strength in lending after market support, with specific reference to public equity issues by Indian Issuer in domestic market managed in the past.
- viii. Identification of key selling points for marketing the offering.
- ix. Details of the valuation methodology to be followed in determining the price of the "Further Public Offer of IOCL Shares".

- x. Underwriting capabilities including details of capital base of the Investment Bank available to support such underwriting, record of past underwriting commitments and experience for issues handled in last three financial years and current financial year (from 1.4.2007 to 30.09.2010). Details of the underwriting commitments (including hard underwriting) which could not be met.
- xi. Indicate realistic time schedule for launching the proposed "Further Public Offer of IOCL Shares" with break up of all activities to be undertaken by various agencies involved in the process.

**Section- E:**

**Local presence and commitment to India and strength in drawing Retail Investors' 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- F:**

**Global Presence and Distribution Capabilities - (Weightage for evaluation 10/100)**

- i. Indicate global network and distribution strength.
- ii. The funds mobilized and retained from international investors for equity public offerings by Indian issuer in domestic market of the size of more than Rs.1000 crore during the last three financial years & current financial year i.e. from 1.4.2007 to 30.09.2010. Please provide year-wise data giving the geographical distribution of the investors as per the format enclosed as **Annexure VI**.
- iii. The understanding and relationship with international institutional investors.

**Section- G:**

**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.

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 5.2 as a part of the Proposal.

**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 in the format prescribed in paragraph 5.4 above for the proposed transaction, before an empowered Committee comprising IOCL Directors and Government nominees, hereinafter termed as "IOCL FPO Committee" at Indian Oil Corporation Limited, Senior Management Center, A-6, HUDCO Place, Andrews Ganj, New Delhi. The presentations will be held from 14<sup>th</sup> November 2010 to 16<sup>th</sup> November 2010. The time of the presentation will be hosted on the website of IOCL by 12<sup>th</sup> November, 2010. Only the Team Leader of the Core Team shall make the presentation.
- 6.2 The IOCL FPO Committee would evaluate the Bidders on the criteria mentioned in paragraph 5.4 above based on their presentation and proposals received. Only the parties scoring predetermined marks/score out of 100 will be technically short listed.
- 6.3 The IOCL FPO Committee would open the Financial Bids of only such short listed Bidders. 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. The bidders, if they so desire, may remain present for the opening of the financial bids.
- 6.4 The marks scored by the short listed bidders in the technical bid 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 bidder quoting the lowest fee will be awarded maximum 30 marks and the marks to other bidders will be reduced in proportion to the fee quoted by them compared to the fee quoted by the lowest bidder.
- 6.5 The bidder scoring the highest combined score of technical and financial bids will be determined as H1 and would be appointed for the transaction. The other qualified BRLMs 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 BRLMs are filled up. "IOCL FPO Committee" may even consider selecting lesser number of Bidders for appointment as BRLMs.
- 6.6 The fee quoted by H1 would be shared equally by all the appointed BRLMs. However, if any BRLM(s) selected on this basis has / have quoted a lower fee than that quoted by H1 that BRLM will get a fee equal to the fee quoted by him divided by the number of BRLMs appointed for the transaction. However, the expenses to be incurred by the appointed BRLMs on items as mentioned in para 3.1 and notes thereunder would be shared equally by all the BRLMs.

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 envelope) in lump-sum amount subject to a floor fee of Rs.6,00,000 /- (Rupees Six Lacs) inclusive of all applicable taxes i.e. the fee quoted should not be lower than Rs. Six lacs. The fee over & above the floor fee should be quoted in increment of Rs.1,00,000 (Rupee One Lac) i.e. Rs.7 lacs, Rs.8 lacs and so on. The bids of the bidders not quoting the fee in line with the above may be rejected. 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 should be unconditional and inclusive of all the expenditure including the work mentioned in paragraph 3.1 and notes thereunder.
- 7.3 The Bidder shall provide the break up of expenses as mentioned in paragraph 3.1(e) as annexure to Financial Bid.
- 7.4 The Bidders will be liable to pay taxes applicable as per law.

## **8. Performance Incentive**

- 8.1 IOCL shall give performance incentive to BRLM(s) for securing subscription (in terms of number of shares allotted) under retail category as given below, subject to the condition that the issue under retail category is subscribed fully (at allotment price):
- 8.1.1 The incentive of total Rs.4,00,00,000 /- (Rupees Four Crore) shall be given to the BRLM securing highest subscription under retail category.
- 8.1.2 If the BRLM securing the highest subscription is able to secure subscription higher by 25% or more of the subscription secured by second highest BRLM, the BRLM securing the highest subscription shall be given additional incentive of Rs.1,00,00,000 /- (Rs. One Crore) over and above the initial incentive of Rs.4,00,00,000 /- (Rupees Four Crore).
- 8.2 The incentive shall be given in Indian rupee after listing of shares. The applicable service tax, if any, on the incentive shall be borne by IOCL. The incentive shall be paid based on the data obtained from the Registrar to the issue.

For any further clarification, contact Shri A.K. Sharma, GM (Corporate Finance) - Treasury, Indian Oil Corporation Limited, Corporate Office, Plot no. 3079/3, J.B. Tito Marg, Sadiq Nagar, New Delhi - 110 049, Tel. 011-26260076 , Fax 011-26260087, e-mail: [sharmaak6@iocl.co.in](mailto:sharmaak6@iocl.co.in)

**Indicative List of Stationery for the “Further Public Offer” in Respect of Indian Oil Corporation Limited**

<b>Sl No.</b>	<b>Description</b>
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.	Confirmation of Allocation Notice, Refund Stationery Etc.

**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 proposes, 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 to be given on the letterhead of the Bidder**

This is to certify that the fee quoted by us for engagement as Book Running Lead Manger for Further Public Offer of IOCL Shares is in accordance with the terms and conditions laid down in the Request for Proposal displayed on the web-site of the IOCL and Department of Disinvestment and is unconditional.

**Signature of authorized signatory with date and seal of the Bidder**

Details of equity public offering by Indian issuer in domestic market and international market

	1 <sup>st</sup> Apr'07 to 30 <sup>th</sup> Sep'10	
	Issuer's name	Issue size (Rs./lacs)
<b>A. Domestic Equity Public Offering</b>		
1.		
2.		
3.		
.		
.		
.		
Total (A)		
<b>B. Offering of Indian Equity in International Markets (GDR/GDS/ADR/ADS)</b>		
<b>i. GDR / GDS</b>		
1.		
2.		
3.		
.		
.		
.		
Total (i)		
<b>ii. ADR / ADS</b>		
1.		
2.		
3.		
.		
.		
.		
Total (ii)		
Total B=(i+ii)		
Total (A+B)		
<b>Public offerings pulled out / withdrawn pre or post roadshows</b>		
1.		
2.		
3.		
.		
.		
.		
Total		

Details of equity public offering by Indian issuer operating in the area of energy i.e. Oil Exploration / Drilling / Refining (including marketing & pipelines) and Power Generation & Supply

	1 <sup>st</sup> Apr'07 to 30 <sup>th</sup> Sep'10	
	Issuer's name	Issue Size (Rs./lacs)
<b>A. Domestic Equity Public Offering</b>		
1.		
2.		
3.		
.		
.		
.		
Total (A)		
<b>B. Offering of Indian Equity in International Markets (GDR/GDS/ADR/ADS)</b>		
<b>i. GDR / GDS</b>		
1.		
2.		
3.		
.		
.		
.		
Total (i)		
<b>ii. ADR / ADS</b>		
1.		
2.		
3.		
.		
.		
.		
Total (ii)		
Total B=(i+ii)		
Total (A+B)		

## Global Presence and Distribution Capabilities - Geographical Distribution of Investors

Year	2007-08	2008-09	2009-10	April'10 to Sep'10
No. of Issues				
Total amount mobilized by the Bidder for Issuers (Rs./crore) - (A)				
Out of the above total amount retained by the Issuers (Rs./crore) - (B)				
Geographical Distribution (as a percentage of (B) i.e. total amount retained by the Issuers)				
US (%)				
Europe (%)				
Asia (%)				
India (%)				
Others (%)				

Note: Issue wise details are not required