



F.No.4/4/2011-DOD (Part)
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT & PUBLIC ASSET MANAGEMENT
(DIPAM)

Room No.202, 2nd Floor,
Block No.11/14, CGO Complex,
Lodhi Road, New Delhi-110 003.
Dated the 4th August, 2021.

Corrigendum/Addendum No.2

Subject:- Request for Proposal (RFP) for engagement of **Transaction Advisor** for 100 % Strategic Disinvestment of Rashtriya Ispat Nigam Limited (RINL) and RINL's stake in its Subsidiaries/Joint Ventures – **Corrigendum/Addendum**.


In continuation of this Department's Letter No.4/4/2011-DOD (Part) dated 07.07.2021 & 27.07.2021 pertaining to Request for Proposal (RFP) for engagement of Transaction Advisor for 100 % Strategic Disinvestment of Rashtriya Ispat Nigam Limited (RINL) and RINL's stake in its Subsidiaries/Joint Ventures **published on CPP Portal on 07.07.2021 vide Tender ID No.2021_DIPAM_637522_1**.

2. The following provisions of RFP Document, based on acceptance of suggestions received in pre-bid meeting, are modified through this corrigendum/addendum notice:

Clause of / Annexure to RFP Document	Existing provision in RFP/Annexure to RFP	Corrected / modified provision
Para-10.1 of RFP Document	The Bidder is required to quote Transaction fee as a Lump sum amount in the multiples of Re.1. The fee quoted should be inclusive of all duties and expenses but excluding GST. The fee will be payable in Indian rupees after successful completion of the transaction.	The Bidder is required to quote Transaction fee as a Lump sum amount in the multiples of Re.1. The fee quoted should be inclusive of all duties and expenses but excluding GST. The fee shall be payable on achievement of certain milestones as detailed below: (i) 20% of quoted fee after short-listing of bidders in response to Expression of Interests (EOI); (ii) 25% of quoted fee after receipt of Financial Bids from the short-listed bidders (SBs); and (iii) Remaining 55% of quoted fee after completion of the transaction (i.e. upon receipt of entire disinvestment proceeds in the Gol account).

<p>Para-10.5 of RFP Document</p>	<p>A drop-dead fee of Rs.20, 00,000 (Rs. Twenty lakh only) or the lump sum transaction fee quoted by the bidder for the transaction, whichever is lesser shall be payable to the appointed Advisor in case the transaction is called-off. The stages for payment of the drop dead fee shall be as under:</p> <p>a) 10%, if the transaction is called off after the issuance of the EoI/PIM</p> <p>b) 20%, if the transaction is called off after the issuance of the RFP/CIM</p> <p>c) 50%, if the transaction is called off after approval of SPA/SHA/BTA.</p> <p>d) 100%, if the transaction is called off after receiving the Financial Bids.</p>	<p>Milestone based payment system has been introduced. The Drop Dead Fee of ₹20 lakh or 20% of the quoted fee, whichever is lower shall, however, be payable to the selected adviser in case Government take a decision to abandon/call-off the transaction after the stage of issue of EOI/PIM and before short-listing of bidders.</p>
<p>Para-11.2 of RFP Document</p>	<p>New Clause inserted</p>	<p>The contract shall be initially valid for a period of 3 years' from the date of issue of appointment letter and shall be extendable by 1 (one) more year on existing terms and conditions.</p>
<p>(Clauses 5.2.2. & 5.2.3) Annexure-2 to RFP</p>	<p>Success Fee</p> <p>Clause-5.2.2 - Gol shall pay ABC _____percent (----%) of the gross consideration to be paid by the strategic partner to Gol for purchase of its shares in RINL and/ or allotment of new shares, if any, as success fee. The success fee shall be payable on the completion of the services culminating in signing of SHA/SPA, receipt of disinvestment proceeds in Government account; transfer of management control to strategic partner(s).</p>	<p>Clause-5.2.2 - Gol shall pay ABC a consolidated fee of Rs.____ (Rupees____) on achievement of certain milestones as detailed below:</p> <p>(i) 20% of quoted fee after short-listing of bidders in response to Expression of Interests (EOI);</p> <p>(ii) 25% of quoted fee after receipt of Financial Bids from the short-listed bidders (SBs); and</p> <p>(iii) Remaining 55% of quoted fee after completion of the transaction (i.e. upon receipt of entire disinvestment proceeds in the Gol account).</p>
	<p>Clause-5.2.3 - The Gross Consideration includes the consideration made available to RINL or the GOI. The Gross consideration also covers any staged payments or payments/ investment through equity as long as it is a payment in lieu of the Gol's stake in RINL on the date of signing the shareholders' agreement.</p>	<p>Clause-5.2.3 - Deleted</p>

3. The clarifications/responses to pre-bid queries is attached herewith at **Annexure-I**.



4/8/2021

(Rajesh Kumar Singh)

Under Secretary to the Government of India,
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F.No.4/4/2011-DOD (Part)

CPP Tender ID: 2021_DIPAM_637522_1
Date of Publication on CPP Portal: 07.07.2021
Pre-bid meeting Date: 15.07.2021

RESPONSES TO THE QUERIES OF INTERESTED BIDDERS

Engagement of **Transaction Advisor** for Strategic Disinvestment of RINL and all its subsidiaries/JVs – under administrative control of Ministry of Steel”

S. No.	Content of Tender documents with ref.	Query raised by IB	Response/clarification of DIPAM
1.	3.1 (i) Scope of Work of Transaction Advisor	Proposed transaction is sale of 100% stake in RINL and accordingly the stake in JV/subsidiaries shall remain with RINL under the new management. There is no separate transaction envisaged for the JV/subsidiaries. Further, there is no existing restriction under mining leases allotted to subsidiaries or under the JV agreements for GoI to sell 100% stake in RINL along with these entities. Please confirm	(a) No separate transaction is envisaged for the JV subsidiaries. RFP is for RINL and its JVs/Subsidiaries.
2.	3.1.(viii)(a) – Scope of Work of Transaction Advisor	Please confirm that the cost of issuance of advertisement shall be borne by DIPAM as in all the disinvestment transactions.	Yes

3.	3.1.(xiv) Scope of Work of Transaction Advisor	Please confirm that the documents will be drafted by the Legal Advisor being appointed by DIPAM, and TA will assist in providing commercial inputs, negotiation and execution only As per Para 3.1 - We understand that TA will only provide commercial assistance and inputs to LA and RINL counsel in transaction approvals, legal documentation(SPA) and compliances for the Proposed Transaction. Request you to please clarify/ confirm the same.	Yes the documents mentioned in para 3.1 (xiv), would be drafted by LA.
4.	3.1.(xix) Scope of Work of Transaction Advisor	Please confirm that TA will be responsible for assisting in drafting of applications and obtaining such clearances only. The responsibility for making the actual filings shall rest with DIPAM / RINL.	Yes
5.	7E - Deal Team Manpower and Time Commitment	At this stage, only an indicative time allocation can be presented, basis estimated timelines and effort. The time actually spent on the engagement may vary. Trust that shall be acceptable.	Yes
6.	Requirement for Financial Bids 10.3	We understand that the expenses related to due diligence refers to expenses for facilitating conduct of due diligence by potential investors, and not vendor due diligence by the appointed advisor. If required, a separate agency shall be appointed by DIPAM for Vendor Due Diligence and the cost of such exercise shall be borne by DIPAM. Please confirm.	The appointed advisor shall not have to bear Vendor Due Diligence cost but shall facilitate the same.
7.	Annexure 1- Conflict of Interest	Conflict of interest in the extant case would mean providing sell-side advisory services to promoter of an integrated steel manufacturing unit of at least 1 MMTPA for complete divestment or divestment of management control. Please confirm.	RFP clearly defines conflict of Interest in Annexure-1.

8.	Annexure 1- Conflict of Interest	TA appointed under this RFP would be permitted to participate in strategic divestment of any other steel company by DIPAM/GOI, if any, during the tenure of the current engagement and it won't be considered conflict just because the said TA is advising DIPAM on RINL transaction. Also, advising a bidder on a transaction of integrated steel company, other than RINL, being disinvested by Gol or by any other promoter would not be considered as conflict of interest.	Yes, TA appointed under this RFP would be permitted to participate in strategic disinvestment of any other steel company by DIPAM/Gol.
9.	Agreement for advisory services 5.2.2 Success fee Section 10 (10.1) – Requirement for Financial Bids	In clause 5.2.2 of Agreement for advisory services, success fee is to be quoted as a % of gross consideration, while, in clause 10.1 of RFP it is to be quoted as a lump sum. Please confirm which one to follow. Given the current capital structure and required equity infusion in the company, can we request you to retain lump sum amount as success fee which is as per clause 10.1 of the RFP.	Necessary changes in the RFP have been done for lump sum payment and model agreement will be drafted accordingly.
10.	Section 6 (6.1.a) – Submission of Proposal	We trust that the audited financial statements for 2018, 2019, and 2020, shall suffice in case the financial statements for financial year 2021 are not available. Accounting year end for the purpose of financial statements is 31 May for our firm and thus financials for 2021 are not available yet.	Yes, this should be fine.
11.	Section 10.5 Drop Dead Fees	Given the size and complexity of the transaction and also the fee being entirely success based, can we request you to increase the drop dead fee to INR 60 lakh	Milestone based payment system has since been accepted; the request for enhancement in the quantum of Drop Dead Fee is not agreeable. However, the Drop Dead Fee of ₹20 lakh or 20% of the quoted fee, whichever is lower shall be

			payable to the selected adviser in case Government take a decision to abandon/call-off the transaction after the stage of issue of EOI/PIM and before short-listing of bidders. Para-10.5 of RFP has been modified accordingly.
12.	Others: Non-Disclosure Agreement	Unlike other disinvestment transactions, a non-disclosure agreement has not been prescribed in the RFP. We understand that in line with other disinvestment transactions, an NDA will be entered into between the TA and RINL at a later date, based on mutual agreement.	Yes, a NDA would be entered between TA & RINL after appointment.
13.	Others: Surplus Land	As per media reports, RINL has large parcels of unused land at the project site. RINL has also entered into MoU with NBCC for development cum monetization of ~ 22 acres of land and project report has been/will be submitted to RINL by NBCC. Please confirm if there is clarity on sale of such surplus land. Further, if any carve out of surplus assets (including land) is to be done, we understand that it will be carried out by RINL and its advisors. Such work shall not be part of the scope of TA. It may be noted that clarity for such sale of surplus assets (including land) would need to be provided prior to issuance of the EOI/PIM so that the proposed disinvestment proceeds smoothly.	Scope of work is well defined in the RFP.
14.	Conflict of interest	As there is no separate format for certificate prescribed, we understand that the certificate being referred to in clause 4.3 of the RFP is the Annexure-1 itself as it too pertains to 'no conflict of interest'. Please confirm.	Yes

15.	Para 5.2.3	We understand that the gross consideration amount also includes debt entitlements in addition to equity if the transaction is consumed to be structured on Enterprise Value - based on GOI requirements. Please confirm our understanding	Since fee will be on lump sum payment basis. This clause becomes irrelevant.
16.	Para 2.5.1 (f)	Could you elaborate on the definition of 'Not found'. Does that mean that the advisor is not able to find a single buyer or does it mean that GOI is not able to consummate a transaction due to certain asks by the bidder such as valuation, rights and when?	If DIPAM is of the opinion that, sufficient effort has not been put in by the advisor to elicit demand from potential investors.
17.	Para 14	Performance Bank Guarantee (PBG): As the transaction takes long time to consummate, such amount of PBG keep sufficient working capital stuck for a longer period. Hence, we request you to keep it simple such as 5% of the bid amount as it is considered in other on-going disinvestment transactions (RFPs).	PBG of Rs. 1 crore as mentioned in the RFP remains unchanged
18.	Para 10.2	As the size of the transaction is large, we would like to request to consider the payment of the successful fee in stages like some of other recent DIPAM RfPs. For e.g. 25% of the fee quoted to be paid at the time of receiving EOIs and remaining 75% of the fee quoted to be paid on successful completion of the transaction.	Request for milestone based payment instead of the existing provision for making payment after completion of transaction for selected bidder as Transaction Adviser has been accepted. The milestones for release of payment towards fee shall be as under: (i) 20% of quoted fee after short-listing of bidders in response to Expression of Interests (EOI); (ii) 25% of quoted fee after receipt of

			<p>Financial Bids from the short-listed bidders (SBs); and</p> <p>(iii) Remaining 55% of quoted fee after completion of the transaction (i.e. upon receipt of entire disinvestment proceeds in the Gol account).</p> <p>Para-10.1 of RFP has been modified accordingly.</p>
19.	Annexure – 2 General Provisions	<p>Request if the following clause can be added: Engagement as Transaction Advisor would be valid for five (5) years from the date of appointment letter issued by DIPAM or till the completion of transaction, whichever is earlier. The validity can be extended mutually. Such a clause has been introduced in the RFP for appointment of TA for strategic disinvestment of IDBI Bank Ltd.</p> <p>During an open-ended engagement, team members handling the transaction change at frequent intervals due to attrition and the desired output may not be achieved.</p>	<p>It has been decided to introduce/insert a sunset clause in RFP. As such, the contract will be initially valid for a period of 3 years' from the date of issue of appointment letter and shall be extendable by 1 (one) more year on existing terms and conditions.</p> <p>In view of above, Para-11.2 has been introduced / inserted in the RFP Document.</p>
