

Tender No. IFCI/SACD/NEDFi/2021-22-02

Dated: December 10, 2021

**REQUEST FOR PROPOSAL
FOR
PURCHASE OF IFCI's SHAREHOLDING
IN
NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LTD. (NEDFi)**



**IFCI Tower, 61, Nehru Place
New Delhi 110 019**

Important Dates	
Date of Issue of the Document	December 10, 2021
Last date for Pre-Bid Queries	December 17, 2021
Last Date of Submission of Bids	December 31, 2021

Disclaimer:

- i. This “Invitation of Bids / Offers” is not an offer by IFCI Limited but an invitation to receive offers from interested and eligible parties. The purpose of this Offer Document is to provide the necessary information to such interested and eligible parties that may be useful to them in formulating their Proposals in response to this “Invitation for Bids/ Offers”.
- ii. No contractual obligation whatsoever shall arise from the process of Invitation of Bids / Offers for Sale of Equity.
- iii. IFCI Limited reserves the right to modify or even not to proceed with the transaction.

1. Background

1.1 IFCI Limited (IFCI) is the oldest Development Financial Institution of the country set-up in 1948 as a statutory corporation under Industrial Finance Corporation Act, 1948 (IFC Act) for providing medium and long-term finance to the Industrial sector. Presently, IFCI is a Government Company (A Government of India Undertaking) in terms of Section 2(45) of Companies Act, 2013 with Government of India's shareholding of 61.02% of the total paid up share capital of IFCI. ([IFCI \(ifcilttd.com\)](http://ifcilttd.com))

1.2 The North Eastern Development Finance Corporation Ltd (NEDFi) is a Public Limited Company registered under the Companies Act 1956 on 9th August, 1995. It is notified as a Public Financial Institution under Section 4A of the said Act and was registered as an NBFC in 2002 with RBI. The shareholders of the Corporation are IDBI, SBI, LIC, SIDBI, ICICI, IFCI, SUUTI, GIC and its subsidiaries. NEDFi provides financial assistance to micro, small, medium and large enterprises for setting up industrial, infrastructure and agri-allied projects in the North Eastern Region of India and also Microfinance through MFI/NGOs. Besides financing, the Corporation offers Consultancy & Advisory services to the state Governments, private sectors and other agencies. IFCI holds 10% equity shareholding (100,00,000 shares) in NEDFi.

For more details website of NEDFi i.e. <https://www.nedfi.com> may be visited.

2. Objective

2.1 IFCI intends to sell its entire equity shareholding in NEDFi i.e.100,00,000 (one crore) fully paid up unencumbered equity shares each of face value of Rs.10/- (constituting 10% of NEDFi's equity share capital) through a competitive bidding process to an eligible buyer (hereinafter called "**Bidder**").

2.2 The selection of the bidder shall be on the basis of the **Highest Bid Price Per Share** subject to fulfillment of its eligibility criteria and other terms, as specified further in this document hereinafter referred to as "Request for Proposal (RFP)".

3. Eligibility Criteria:

The bidders must satisfy the following eligibility criteria before submitting the proposal:

- i. The bidder must be eligible to hold equity shares in NEDFi.

- ii. The **minimum lot size** which a Bidder can bid is the entire shareholding of IFCI i.e. **100,00,000 (one crore) equity shares**. Bids with a lot size lesser than minimum lot size shall be summarily rejected.
- iii. An **Earnest Money Deposit (EMD) of Rs.5 lakh (Rupees Five Lakh Only) is to be submitted with the bid**. The bids without EMD shall be summarily rejected. However, IFCI shall have the right, at its sole discretion, to exempt the EMD condition in case the bidder is a Public Sector Entity.
- iv. The **Reserve Price has been fixed at Rs.103.95/- per share** of NEDFi. The bids below the reserve price shall be summarily rejected.
- v. The Bidder cannot submit bid in consortium with other parties. Bid submitted on consortium basis shall be summarily rejected.
- vi. In case of non-acceptance of the selected bidder, at any stage and due to any reason by any other Authority including, but not limited to, NEDFi (Board of Directors / Shareholders), RBI etc. the bid shall be rejected and EMD shall be refunded without interest. In this case the offer may be made to the second highest bidder at discretion of IFCI.
- vii. IFCI shall have the right to reject any bid or to terminate the whole process, at any time, without mentioning any reason.

4. Submission of Proposals

- I. The bids may be submitted, by an eligible buyer, directly to IFCI.
- II. The Bids are to be submitted in the prescribed format only, provided in Annexure I of this document. The Bids are to be submitted on or before **Friday, December 31, 2021 at 1500 hrs IST**, in a sealed envelope super scribed as Bid for buying of IFCI's Equity Shareholding in NEDFi. The envelopes are to be dropped in a **Box kept on Ground Floor**, IFCI Tower, 61, Nehru Place, New Delhi – 110019 captioned **"BIDS FOR PURCHASE OF IFCI's SHAREHOLDING IN NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LTD. (NEDFi)"**, on / before last date and time as mentioned above.
- III. **Every bid should include the following documents:**
 - a) Application form as specified in Annexure I. This shall be signed by the authorized representative of the bidder.
 - b) The bid currency shall be Indian National Rupees Only.

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- c) Details of the bidder (Name, Nature of Incorporation, Nature of Business, Address of Registered Office, etc.) duly signed by an authorized representative of the bidder on their letter head.
- d) All the submitted papers should be on Letter Head of the submitting entity along with signature of the Authorized Signatory. Names, Addresses & contact details (including mobile number) of the Authorized Signatory and Contact Person(s) are to be clearly mentioned.
- e) Document for authentication of Authorized Signatory viz. Board Resolution, Power of Attorney etc. of the bidder.
- f) IFCI may at its discretion seek additional documents later and the bidder shall be liable to submit the same to maintain its eligibility.
- g) Bids should include an **EMD of Rs.500000/- (Rupees Five Lakh Only)** in form of a **Demand Draft in favor of IFCI Ltd. payable at New Delhi.**

(Important: The Bids received after the due date and time shall not be accepted)

- IV. The Bids are to be addressed to "*The General Manager (SACD), IFCI Limited, 12th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110 019*". IFCI shall not be responsible for any postal delay etc.
- V. IFCI reserves the right to extend the validity or terminate the process at any time at its sole discretion, even after opening of bid(s).
- VI. The Bids submitted should be unconditional for acceptance. Conditional bids shall be summarily rejected.
- VII. The EMD shall be adjusted with the final realization amount for the transaction. IFCI shall have the right to forfeit the EMD in case any malafide or considerable misrepresentation from the bidder is found, during the process.

5. Pre-bid Queries

The prospective Bidder(s), requiring any clarification may send their queries to IFCI latest ***by 1700 hours (IST) on December 17, 2021.*** *Queries can be sent to hod.sa@ifcilttd.com.* IFCI shall endeavor to respond to the queries at the earliest. Any addendum and / or corrigendum or any other additional information shall be published on IFCI's website only. Prospective Bidders should refer to the IFCI's website regularly for any information. Further,

the website of NEDFi i.e. <https://www.nedfi.com> may be visited for any information on NEDFi available in public domain.

6. Authorized Signatory

The bid proposals should be complete with all documents duly signed by authorized signatories. All information/ details are required to be supported by documents duly certified by the authorized signatories. Proof of the Authorized Signatory having the authority to sign the documents (Copy of Board Resolution/ Power of Attorney) must be enclosed.

7. Opening and Selection of Bids

7.1 Bid Opening:

- i. The date and time of opening of bids shall be intimated to the bidders at the contact details mentioned on the Bid envelope. Therefore the contact details (including mobile number) of the contact person, should be clearly mentioned on (outside) the Bid envelop.
- ii. The Bidders may authorize their representatives for attending the bid opening session.

7.2 Bid Selection:

- i. The bids shall be ranked as highest (H1) to lowest i.e. H1, H2, H3 on the basis of bid price per share quoted in the bid. The selection shall be on the basis of Highest Bid Price (H1), subject to other conditions viz. eligibility, acceptance etc.
- ii. In case of tie in two or three bids in terms of Bid Price per Share, the preference shall be given to a Public Sector Entity. In case of further tie among public sector entities preference will be given to the entity with higher Net-Worth i.e. Equity Capital + Reserves & Surplus for the preceding FY ended 31/03/2021.
- iii. IFCI shall have the right to reject the bid(s) in case the bids are found to be lower than the expected price.

7.3 Execution of the Process after selection of successful bidder:

- i. IFCI shall send communication i.e. **Letter of Selection (LOS)** to the **successful Bidder**, which the successful bidder has to accept within the time stipulated in the LOS.
- ii. After confirmation of receipt of the total sale consideration by IFCI from the successful bidder, the due process of transfer of the Shares of NEDFi to the Successful bidder by IFCI shall be executed.

(Important: The above mentioned process is as tentatively envisioned as per extant procedures, however there may be deviations and / or differences during execution / completion of the transaction.)

8 It may be noted that declaration of successful bidder is not a guarantee to sell NEDFi's shares by IFCI to the bidder. The final sale transaction shall be subject to fulfillment of all the requirement and / or submissions necessary for the sale, including but not limited to all the required submissions and / or approvals from any other legal / statutory requirement as per extant rules. However, IFCI shall have the right to terminate the process at any time.

9 Disqualification:

- i. IFCI shall not consider for the purpose of qualification any bid that is found to be incomplete in content and/or attachments and/or legal capacity/authenticity.
- ii. Without prejudice to any other rights or remedies available to IFCI, the Bidder may be disqualified and its bid dropped from further consideration for any reason whatsoever including but not limited to those listed below:
 - (a) Misrepresentation by the Bidder / Investor;
 - (b) Failure on the part of the Bidder to provide necessary and sufficient information required to be provided in the Bid Package;
 - (c) Failure to comply with the terms and conditions mentioned in the Tender Document;
 - (d) If the bid is not as per the format prescribed in the Tender Document;
 - (e) If the bid is not accompanied with the required documents and bid deposit (EMD).

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- (f) If the bid and other documents are not signed by the authorized signatory of the Bidder.

If any information comes to the knowledge of IFCI which would have entitled IFCI based on the prescribed Tender Document/ submission requirement specified above, to reject or disqualify the Bidder, IFCI reserves the right to reject the Bid of the Bidder at the instant time, or at any time thereafter as and when such information comes to the knowledge of IFCI and the bid deposit shall be forfeited in such cases.

10 Earnest Money Deposit (EMD)

- a) The EMD shall be refunded to the unsuccessful Bidders within 15 days from the date of acceptance of **letter of selection (LOS)** by the **successful bidder**. The EMD of the successful bidder shall be adjusted with final sale consideration. No interest shall be payable on the EMD by IFCI Ltd.
- b) In case any successful bidder is found ineligible to buy / hold equity shares of NEDFI later during the execution process, refund of EMD, without interest, may be considered by IFCI in light of merits of the case.

11 Confidentiality

The Bidder shall agree that all confidential information relating to the transaction shall be kept confidential, from the date hereof until the end of a period of 1 year from the date of completion of the Transaction (transfer of shares to the buyer).

12 Fraud and Corrupt Practices

12.1 The Bidder and their respective officers, employees, agents and advisers shall observe the highest standard of ethics during the Evaluation and Selection Process. Notwithstanding anything to the contrary contained in the RFP, IFCI shall reject a proposal without being liable in any manner whatsoever to the Bidder, if it determines that the Bidder has, directly or indirectly or through an agent, engaged in corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice (collectively the "**Prohibited Practices**") in the Evaluation and Selection Process.

12.2 In such an event, IFCI shall, without prejudice to its any other rights or remedies, forfeit and appropriate the Bid Security or EMD or Performance Security, as the case may be.

12.3 Without prejudice to the rights of IFCI under **Clause 12.1** hereinabove and the rights and remedies which IFCI may have under the future communications in this regard, if a Bidder, is found by IFCI to have directly or indirectly or through an agent, engaged or indulged in any corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice during the Selection Process, or after the issue/acceptance of the LOS, such Bidder shall not be eligible to participate in any assignment or RFP issued by IFCI during a period of 2 (two) years from the date such Bidder is found by IFCI to have directly or through an agent, engaged or indulged in any corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice, as the case may be.

12.4 For the purposes of this Section, the following terms shall have the meaning hereinafter respectively assigned to them:

(a) "Corrupt Practice" means (i) the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of any person connected with the Selection Process (for avoidance of doubt, offering of employment to or employing or engaging in any manner whatsoever, directly or indirectly, any official of IFCI who is or has been associated in any manner, directly or indirectly with the Selection Process or the LOS or has dealt with matters concerning the LOS or arising there from, before or after acceptance thereof, at any time prior to the expiry of one year from the date such official resigns or retires from or otherwise ceases to be in the service of IFCI, shall be deemed to constitute influencing the actions of a person connected with the Selection Process);

(b) "Fraudulent Practice" means a misrepresentation or omission of facts or disclosure of incomplete facts, in order to influence the Selection Process;

(c) "Coercive Practice" means impairing or harming or threatening to impair or harm, directly or indirectly, any person or property to influence any person's participation or action in the Selection Process;

(d) "Undesirable Practice" means (i) establishing contact with any person connected with or employed or engaged by IFCI/NEDFi with the objective of canvassing, lobbying or in any manner influencing or attempting to influence the Selection Process; and

(e) "Restrictive Practice" means forming a cartel or arriving at any understanding or arrangement among Bidders or any other party with the objective of restricting or manipulating a full and fair competition in the Selection Process.

13 Other terms and conditions

- (i) The Bidder(s) are required to do their independent enquiries about the operations and other information about NEDFi. IFCI shall not be responsible for any issue(s) raised by the Bidder in future.
- (ii) IFCI reserves the right to reject any or all bids without assigning any reason thereof as well as the right to add/ delete/ modify any one or more of the terms and conditions. IFCI also reserves the right not to sell the NEDFi shares to any of the Bidder(s) and may terminate the sale process without thereby incurring any liability.
- (iii) IFCI shall not in any way be held responsible for any procedural delay and shall not be assigned any financial loss caused during the Assignment.
- (iv) IFCI reserves the right to withdraw the RFP at any time without assigning any reason and shall not be held liable for any losses or damages caused by such withdrawal. The withdrawal of RFP would be by giving intimation through IFCI's website.
- (v) The decision of IFCI in regard to acceptance or non-acceptance of the proposal shall be final and binding on the Bidders.
- (vi) The Bidder is required to comply with the all the guidelines issued by Central Vigilance Commission (CVC), Government of India, wherever applicable.
- (vii) The corrigendum/addendum, if any shall be uploaded on IFCI's website www.ifcilttd.com.

14 Dispute Settlement

14.1 Disputes, if any, arising out of this contract/ agreement shall be mutually settled without any obligation on any party within 30 days. However, in the event of non-settlement of disputes through amicable means, such disputes shall be as per Arbitration and

Conciliation Act, 1996, as amended up to date. The venue of the Arbitration shall be at New Delhi and the language shall be English. The arbitration shall be conducted by a sole arbitrator who shall be mutually appointed by both the parties.

14.2 All matters relating to the sale process of equity shares of NEDFi by IFCI and the bidding procedure thereof shall be governed by the laws applicable in India. Only Courts at New Delhi (with exclusion of all other courts) shall have the jurisdiction to decide or adjudicate on any matter, which may arise. Bidders are requested to adhere to laws/guidelines applicable to this Transaction which includes the following but not limited to:

- a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 1997 and amendments thereof, if any and as applicable.
- b) Companies Act, 2013 and amendments thereof, if any and as applicable.
- c) Unlisted Public Companies (Preferential Allotment) Rules, 2003 and amendments thereof, if any and as applicable.
- d) Securities Contracts (Regulation) Act, 1956 (42 of 1956) and amendments thereof, if any and as applicable.
- e) Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 and amendments thereof, if any and as applicable.
- f) Reserve Bank of India A.P. (DIR Series) Circular No. 25 dated December 22, 2006 and amendments thereof, if any and as applicable.
- g) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereof and as applicable, if any.
- h) All other such Acts, Rules, Regulations, General Orders, Guidelines, Circulars and amendments thereof issued by SEBI, Ministry of Corporate Affairs, Ministry of Finance, Government of India, RBI or any such other regulatory/statutory bodies in India.

14.3 Bidders are required to carry out their own due diligence at their cost and comply with any applicable legal requirements as required of them in this regard both in India as well as the concerned country having jurisdiction over their registered office.

ANNEXURE - I

(On the Letter Head of the Bidder)
(FORMAT FOR BID)

Date:

The General Manager,
Subsidiaries and Associates Coordination Department,
IFCI Limited, IFCI Tower,
61, Nehru Place,
New Delhi - 110 019.

Ref: Invitation of Bids for purchase of IFCI's Shareholding in North Eastern Development Finance Corporation Ltd. (NEDFi), RFP dated December 10, 2021.

Sub: Bid for purchase of IFCI's equity shares held in NEDFi.

Sir,

1. We (Full Name of the bidder) having reviewed and fully understood all of the requirements of the offer document provided, I / We hereby make an application for purchase/buying of 100,00,000 (One crore Only) equity shares of NEDFi held by IFCI, from IFCI, as contained in the Invitation of Bids / Offers vide Bid Document No. IFCI/SACD/NEFi/2021-22-02 dated December 10, 2021 as per details below.

- i. Name of the Bidder : _____
- ii. Number of Shares Bid : 100,00,000 (One crore Only) - (A)
- iii. Bid Price Per Share Rs. _____/- - (B)
(not to be lesser than the Reserve Price i.e. Rs.103.95/- per share)
- iv. Total consideration to be paid by the Bidder Rs. _____/- i.e. (A)X(B).

2. It is certified that(name of the Bidder) satisfies the eligibility criteria provided in the Invitation of Bids / Offers and is eligible to hold equity shares of NEDFi.

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3. We also acknowledge that in case of misrepresentation of the information furnished to IFCI, our proposal shall be rejected / terminated summarily, which shall be binding on us.
 4. We confirm, that the above offer may be accepted or rejected by IFCI at its discretion and mere submission of Bid does not imply any binding for acceptance by IFCI.

Yours sincerely,

Signature

[Office Seal]

Name (Authorised Signatory)

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