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## News

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### Terrific weekend for Luthra & DLA: EIL and Coal India IPOs announced

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Six law firms had a 30-minute window to convince the Government on why they should be chosen for the disinvestment for the state run Engineers India Limited on Friday. Luthra & Luthra along with DLA Piper have won the bid to represent the Government for the EIL and Coal India IPOs.

Six law firms had a 30-minute window to convince the Government on why they should be chosen for the disinvestment for the state run [Engineers India Limited \(EIL\)](#) on Friday. Luthra & Luthra (Luthra) along with DLA Piper have won the bid to represent the Government for EIL and the Coal India IPOs.

Domestic law firms and the International Legal Counsels (ILCs) bid jointly for all Government disinvestments. For the EIL IPO, Luthra and DLA Piper, Amarchand and O'Melveny Myers and S&R Associates and Dorsey & Whitney had qualified after the technical rounds of the bid.

Madhurima Mukherjee, Partner, Luthra & Luthra and head of their capital market practice speaking to *Bar & Bench* said, "The Government had put in detailed processes to shortlist law firms and did a great job. The law firms were first shortlisted on technical parameters such as firms past record and capital market experience, profile of partners leading the transaction and their individual experience. Once you clear the technical bids then financial bids were considered."

Legal Director Biswajit Chatterjee led the DLA Piper team to present their credentials before the Government. Speaking to *Bar & Bench* he said, "We are very excited to do these significant government transactions where we can showcase DLA Piper's global strength and India related expertise." DLA Piper has been gaining on India practice ever since Biswajit joined in 2008.

Law firms have fared better than bankers as far as fee consideration is concerned. A source from the Department of Disinvestment said, "There was no vast difference in terms of fees between the bidders. For the EIL IPO, Luthra and DLA Piper had quoted about Rs.1.35 crore (\$300,000), Amarchand and O'Melveny had quoted Rs.1.65 crore (\$366,000) and S&R along with Dorsey had put in a bid of about Rs.1.75 crore (\$388,000). He added, "The government is not only looking at the financial bids. They are also looking at overall quality and will improve its own process of choosing law firms as we go ahead."

The Coal India IPO was also bagged by the Luthra-DLA duo to represent the Government. Amarchand and Jones Day, AZB and Clifford Chance had also bid to act as legal advisors on the high profile Coal India IPO. The Government is planning to raise between \$2.7 billion (Rs.12,100 crore) to \$3.3 billion (Rs.15,000 crore) and is touted to be the largest IPO to hit the Indian market.

Law firms are understood to have drastically cut their legal fee for Government IPOs. Top tier domestic law firms charge anywhere between Rs.30 lakh (\$65,000) to Rs.80 lakh (\$170,000) for IPO transactions, while foreign law firms charge anywhere between \$250,000 (Rs.1.1 Crore) to \$500,000 (Rs.2.25 Crore).

Bankers, in order to be on the top of league tables are quoting nearly zero fee bids for Government IPOs. Economic Times (ET) reports that, "There has been an instance or two, where the government has rejected zero-fee bid because for a commercial contract to be signed there has to be some amount on paper." ET quoting a source said, "Bankers will incur a cost of about \$3 million (Rs.13.5 Crore) to \$4 million (Rs.18 Crore) for legal documentation and marketing. But the Bankers are ending up with just about Rs.12,000-13,000 in all."

Speaking on the reasoning to do disinvestment transactions, Madhurima said, "We have taken a conscious decision to do interesting and major disinvestment transactions and what better than being on the largest IPO in India."

With the Government's fiscal deficit soaring and its decision to disinvest profit making, Government companies, law firms will benefit from these multi-billion IPOs.

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