

PRELIMINARY INFORMATION MEMORANDUM

Global Invitation for Expression of Interest

For

STRATEGIC DISINVESTMENT OF BEML LIMITED



By



MINISTRY OF DEFENCE

Government of India

The President of India, Through the Ministry of Defence



(Strictly Privileged & Confidential)

Transaction Advisor



SBI Capital Markets Limited

Head Office: 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005

January 2021

Abbreviations

AIF	Alternative Investment Funds
ATT	Aircraft Towing Tractor
BEML/Company	BEML Limited
Bn	Billion
BgSE	Bangalore Stock Exchange
BSE	BSE Limited
CAD	Computer Aided Design
CCEA	Cabinet Committee on Economic Affairs
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CIM	Confidential Information Memorandum
CPSE	Central Public Sector Enterprises
CGD	Core Group of Secretaries on Disinvestment
Cr	Crore
DIPAM	Department of Investment and Public Asset Management
EBIT	Earnings Before Interest & Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortisation
EMD	Earth Moving Division
EMU	Electric Multiple Unit
Eoi /EOI	Expression of Interest
FY	Financial Year
Gol/GOI	Govt. of India
Govt.	Government
Guntas/Gunthas	Unit of measurement of land. 40 Guntas = 1 Acre
H&P	Hydraulic & Power line Division
HMV	High Mobility Vehicles
HQ	Head Quarter
IAS	Indian Administrative Service
IES	Indian Engineering Service
IB	Interested Bidders
Km	Kilometre
Kg	Kilogram
LA	Legal Advisor
Ltd	Limited
Mn	Million
MoD/MOD	Ministry of Defence
NSE	The National Stock Exchange of India Limited
OFB	Ordnance Factory Board
OHE	Overhead Equipment
PAT	Profit After Tax
PAN	Permanent Account Number as per Income Tax Act, 1961, as amended

BEML Limited
Preliminary Information Memorandum



PBT	Profit Before Tax
PIM	Preliminary Information Memorandum
PSU	Public sector undertaking
RFP	Request for Proposal
Rs	Indian Rupees
SAST	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SBICAP	SBI Capital Market Limited
SBU	Strategic Business Unit
SEBI	Securities and Exchange Board of India
TA	Transaction Advisor
TAN	Tax deduction and collection Account Number as per Income Tax Act, 1961, as amended
TOR	Terms of Reference

The words "lakh" or "lac" mean "100,000", and the word "million" means "10 lakh", and the word "crore" means "10 million" or "100 lakh" and the word "billion" means "1,000 million" or "100 crore".

TABLE OF CONTENTS

1.	INTRODUCTION	8
1.1.1	Transaction Background	8
1.1.2	Contact Details.....	8
1.1.3	Important Dates.....	9
1.1.4	Clarifications	10
2.	COMPANY OVERVIEW.....	12
2.1.1	Introduction	12
2.1.2	BEML History:	13
2.1.3	Business Segments	14
2.1.4	Mining & Construction Equipment Business.....	14
2.1.5	Defence & Aerospace Business.....	15
2.1.6	Rail & Metro Business.....	16
2.1.7	International Business Division for Exports.....	17
2.1.8	Marketing & Distribution.....	18
2.1.9	Order Book Status:	19
2.1.10	Manufacturing Facilities.....	20
2.1.11	Bengaluru Complex	21
2.1.12	KGF Complex.....	22
2.1.13	Mysuru Complex.....	23
2.1.14	Palakkad Complex	24
2.1.15	Vignyan Industries Limited (VIL).....	25
2.1.16	Power Generation (Windmill and Solar)	25
2.1.17	Safety and Quality Control	25
2.1.18	Research & Development.....	26
2.1.19	Subsidiary & JVs.....	27
2.1.20	Land Details	29
2.1.21	Capital Structure.....	31
2.1.22	Shareholding Pattern	32
2.1.23	Board of Directors & Corporate Governance	33
2.1.24	Senior Management and Department Head Details:	34
2.1.25	Human Resource Strength	37
2.1.26	Strengths	37
2.1.27	Opportunities.....	38
3.	COMPANY FINANCIALS.....	39
3.1.1	Consolidated Statement of Profit and Loss:	39
3.1.2	Statement of Consolidated Unaudited Results for Quarter and Six Months Ended, September 30, 2020.....	41
3.1.3	Consolidated Balance Sheet Statement:	42
3.1.4	Debt Position of the Company	44

3.1.5	Contingent Liabilities as on March 31, 2020:	44
3.1.6	Standalone and Consolidated Unaudited Statement of Assets and Liabilities as on September 30, 2020.....	47
4.	INDUSTRY	49
4.1.	Mining & Construction Equipment:	49
4.2.	Rail & Metro:.....	51
4.3.	Indian Defence Industry:.....	55
5.	PROPOSED TRANSACTION	61
5.1.	Salient features of the Proposed Transaction	61
5.2.	Open Offer Guidelines.....	64
5.3.	Process for the Proposed Transaction	65
6.	INSTRUCTION FOR SUBMISSION OF EOI.....	69
7.	ELIGIBILITY CRITERIA.....	75
8.	DISQUALIFICATIONS	83
9.	ANNEXURES.....	87
9.1.	Annexure 1: Format for Letter of EOI for sole IB/Consortium	87
9.2.	Annexure 2: Form A (forming an integral part of the EOI)	93
9.3.	Annexure 3: General Power of Attorney	98
9.4.	Annexure 4: Power of Attorney in favour of Lead Member	100
9.5.	Annexure 5: Format for Consortium Agreement (In case of Consortiums)	103
9.6.	Annexure 6: Confidentiality Undertaking.....	107
9.7.	Annexure 7: Advertisement.....	117
9.8.	Annexure 8: Department of Investment and Public Asset Management (DIPAM) Guidelines	118
9.9.	Annexure 9: Declaration in relation to Statement of Legal Proceedings.....	120
9.10.	Annexure 10: Format of Affidavit.....	122
9.11.	Annexure 11: Guidelines for Management-Employee Bids in Strategic Sale.....	124
9.12.	Annexure 12: DIPAM Guidelines for Employees Bids	127

Disclaimer Notice

SBI Capital Markets Limited ("**SBICAP**" or "**Advisor**" or "**Transaction Advisor**") has been appointed as the advisor by the Government of India ("**GOI**") for advising and managing the proposed strategic disinvestment of BEML Limited (hereinafter referred to as "**BEML**" or "**Company**"), pursuant to work order dated March 21, 2017 (aforesaid proposed strategic disinvestment hereinafter referred to as the "**Proposed Transaction**") This Preliminary Information Memorandum (hereinafter referred to as the "**PIM**") has been prepared by SBICAP which includes proprietary information of the Company and it is issued for the limited purposes of providing certain information on BEML for enabling recipients to be apprised of such certain basic details of BEML prior to submission of the Expression of Interest ("**EOI**") in respect of the Proposed Transaction. This PIM does not contain complete information in relation to the Company including details of the land, other assets, intellectual properties, legal proceedings involving the Company etc. Unless otherwise specified, the information contained herein is as of September 30, 2020, and may be subject to material updates, revisions or amendment. GOI, the Company or SBICAP, undertake not to update this PIM, and do not intend for this PIM to form the basis of an investment decision or a decision to participate in the Transaction. The recipient of this PIM should conduct their own investigation and analysis of the Company in connection with the Proposed Transaction. This PIM is not intended to form the basis or as a recommendation on behalf of the Company or GOI or SBICAP for any investment decision.

SBICAP has not independently verified any of the information and data contained herein. Neither the GOI, the Company nor SBICAP (nor any of their respective affiliates, subsidiaries, advisors, and agents), (i) make any representations or warranties, express or implied, as to the accuracy, or completeness of such information and data, (ii) take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy, completeness, authenticity, correctness and fairness of the information or for any of the opinions contained in the PIM or for any errors or omissions or for any loss/damage be it tangible or intangible, howsoever arising, from the use of this PIM and (iii) take any responsibility or accept any liability for any other written or oral communications transmitted to the recipient by or on behalf of Company or SBICAP or GOI or any of their advisors in the course of your evaluation of any transaction involving the Company. Any liability or responsibility of GOI, the Company and SBICAP and their respective advisors is, therefore, expressly disclaimed.

The GOI reserves the right to change the procedures for pursuing the Proposed Transaction. The issue of this PIM does not imply that the GOI, Company or SBICAP are bound to select an interested bidder for the Proposed Transaction and the GOI and SBICAP reserve the right to reject all or any of the Interested Bidders or their EOIs without communicating any reasons whatsoever.

The PIM may include certain estimates, projections, statements, targets and forecasts with respect to the Company/industry in which the Company operates and these are based on the various assumptions made by the management, officers or employees of the Company and/or SBICAP. Actual results may differ materially from these forward-looking statements due to various factors. You should note that past performance of the Company is not a guide for future performance of the Company. The summary of financial information has been obtained from the audited annual financial statements (unless otherwise specified) and may differ from the actual numbers to the extent of approximations or use of rounded numbers. Unless stated otherwise the industry data has not been independently verified by SBICAP, the Company, the GOI or any of their affiliates or advisors. The data used in these sources may have been reclassified by SBICAP for the purposes of presentation. The GOI, the Company, SBICAP and their respective advisors undertake no obligation to provide the recipient with access to any additional information or to update this PIM with additional information or correct any inaccuracies herein, which may become apparent. Each potential investor must seek its own advice from professionals for any matters pertaining to or relating to the Company or the Proposed Transaction or for evaluating the Proposed Transaction including with regard to legal, financial and taxation issues, etc.

This PIM has been prepared for information purposes only, without any regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation, is not intended to be the basis for participating in the Proposed Transaction, and should not be construed as an offer

or invitation for sale or the solicitation of an offer to buy, purchase or subscribe to any securities, if any, mentioned therein. The materials and information contained herein is made available upon the express understanding that you will use it only for the purpose set forth above. . The recipient also agrees to indemnify SBICAP against any claims that may arise as a result of a breach of any confidentiality arrangement, which governs the contents of this report.

Each recipient of this PIM contemplating participating in the Proposed Transaction shall make, and shall be deemed to have made, its own independent investigation and assessment of the financial conditions and affairs and its own appraisal of the creditworthiness of the Company and its own independent assessment of the terms and conditions of the Proposed Transaction. Neither SBICAP, GOI, BEML or/ and its affiliates, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of this PIM. Further, by accepting a copy of this PIM, the recipient accepts the terms of this Notice, which forms an integral part of this report and the recipient shall be deemed to have agreed to indemnify SBICAP, GOI, BEML against any claims that may be raised against SBICAP as a result of or in connection with the data and opinions presented in this report.

This PIM has been prepared by SBICAP based upon information available from public sources and from the Company, believed to be reliable to assist the recipients in making their own evaluation of the Company and does not purport to be all inclusive or to contain all of the information that may be material to the recipients' decision to enter into the Proposed Transaction.

The distributing/taking/sending/dispatching/transmitting of this document in certain jurisdictions other than the Republic of India may be restricted or prohibited by law of such jurisdiction and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Publication of this PIM by any entity other than SBICAP or the GOI is strictly prohibited. The recipient shall be solely liable and responsible for any dissemination, distribution, transmission or reproduction of this PIM. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdictions for which the recipient shall be solely liable and responsible. It is recommended that this PIM shall not be disseminated, distributed, transmitted or reproduced. The logos and trademarks used in this presentation are owned by the respective owners and are used for representation purpose only without any explicit permission of the owners. The logos and trademarks used in this PIM are owned by the respective owners and are used for representation purpose only without any explicit permission of the owners. This PIM issued by SBICAP without any liability / undertaking / commitment on the part of itself or State Bank of India or any other entity in the State Bank Group, except where it is explicitly stated. Further, in case of any commitment on behalf of State Bank of India or any other entity in the State Bank Group, such commitment is valid only when separately confirmed by that entity.

GOI, Company agrees and understands that SBICAP is not a Registered Valuer pursuant to section 247 of the Companies Act, 2013 and Rules made thereunder. The Valuation Report issued by SBICAP, under this document, cannot be used by the recipient for the purposes that specifically require valuation from a Registered Valuer under the Companies Act, 2013 or any other law that requires valuation from such Registered Valuer.

Any report/Information Memorandum issued by SBICAP under this Transaction should not be used for the purpose of debt syndication with any of the Banks, NBFC, or financial institutions. The report should be used for the internal purpose of the Company and as agreed in the scope of work. The report or any part thereof should not be issued to any third without the consent of SBICAP except as agreed by Company and SBICAP.

This PIM is divided into chapters & sub-sections only for the purpose of reading convenience. Any partial reading of this PIM may lead to inferences, which may be at divergence with the conclusions based on the entirety of this PIM. Further, by accessing or reviewing a copy of this PIM, the recipient accepts the terms of this Notice, which forms an integral part of this PIM.

All acts, deeds and things done or caused or intended to be done, by GOI, the Company and SBICAP hereunder are based on and in reliance of your acceptance of the terms and conditions of this Disclaimer.

1. INTRODUCTION

1.1.1 Transaction Background

BEML Limited (“**BEML**” or the “**Company**”) is a Miniratna Category-1 public sector undertaking, under the administrative control of Ministry of Defence (“**MoD**”). The Company was incorporated on May 11, 1964 under the Companies Act, 1956 having Corporate Identity Number L35202KA1964GOI001530 with the Registrar of Companies, Karnataka at Bengaluru. The Company’s Registered Office is situated at BEML Soudha, 23/1, 4th Main, S.R. Nagar, Bengaluru 560027, Karnataka, India.

The Company operates under 3 major business segments - viz. (a) Mining & Construction, (b) Defence & Aerospace and (c) Rail & Metro.

The Government of India (“**Gol**”) has ‘in-principle’ decided to disinvest 26.00% of the equity share capital of BEML Limited through strategic disinvestment with transfer of management control (“**Strategic Disinvestment**” or “**Transaction**”). The President of India through the MoD holds 54.03% of the equity share capital of the Company as on date. The Gol, through the Department of Investment and Public Asset Management (“**DIPAM**”) has appointed SBI Capital Markets Limited (“**SBICAP**”) as its Transaction Advisor to advise and manage the proposed Strategic Disinvestment.

1.1.2 Contact Details

All enquiries related to the Transaction should be addressed to the following representatives of SBICAP:

Apeksha A Munwane
Vice President, Investment Banking
Contact: +91 22 2217 8537
project.beml@sbicaps.com

Vivek Khurana
Vice President
Contact: +91 11 2348 5220
project.beml@sbicaps.com

Interested Bidders (“**IBs**”) should note that all correspondence, enquiries and clarifications in relation to the Transaction should be routed and addressed only through the above mentioned representative(s) of the Transaction Advisor. Neither MoD nor DIPAM nor BEML shall be responsible in any manner to reply to such communication directly to IBs.

1.1.3 Important Dates

Table 1: Important dates

Event	Date
Publication of advertisement and floating of EoI	January 4, 2021
Start date for receiving queries	January 4, 2021
Last date for invitation of queries through email/ physical copy	February 1, 2021
Last date for release of response to queries on the below mentioned websites	February 15, 2021
Last date & time for submission of EoIs (Due Date)	March 1, 2021 (1700 hours)
Last date for submission of Physical Copies for IBs submitting electronically	March 16, 2021 (1700 hours)

Interested Bidders shall be required to participate in the tender process inviting “**Expression of Interest for strategic disinvestment of BEML Limited**” and can either:

Physically submit all documents in hardcopy before the Due Date at the following address:

Apeksha A Munwane

Vice President –Investment Banking
Capital Markets Group
SBI Capital Markets Ltd.
202, Maker Tower E
Cuffe Parade, Mumbai – 400 005, India

The IBs, if they so desire, may submit the complete EoI in electronic form via email at project.beml@sbicaps.com with all the requisite documents in PDF format by the Due Date. The PDF files should be password protected and the password should be communicated via a separate mail at project.beml@sbicaps.com. IBs submitting EoI by email shall also be required to submit the EoI in a physical copy not later than 1700 hours IST of March 16, 2021. All the documents submitted in the electronic form may be either scanned version of documents with physical signatures or signed digitally using a valid Digital Signature Certificate.

Explanation – For the avoidance of doubt, it is clarified that the Power of Attorney cannot be digitally signed, even if the EoI is submitted in an electronic form, which must be physically signed, witnessed, notarized and legalized / apostilled (as required), as per the procedure specified in the PIM. Such signed Power of Attorney may then be scanned and emailed.

EoIs submitted electronically shall only be evaluated upon receiving of hard copies on or before the date specified.

Post completion of the evaluation of the EoIs received, the Transaction Advisor will directly intimate the Shortlisted Bidders (SBs) in relation to their qualification for participation in Stage II and the next steps for the proposed transaction.

1.1.4 Clarifications

Any queries or request for clarification/additional information concerning this EOI shall be submitted at project.beml@sbicaps.com not later than the date mentioned in Clause 1.1.3 i.e. February 1, 2021. The communications shall clearly bear the following identification / title:

"Queries/ Request for Additional Information: EOI for Strategic disinvestment of BEML"

**All clarifications will be uploaded on the websites of the Transaction Advisor at www.sbicaps.com, DIPAM at www.dipam.gov.in, Ministry of Defence at www.mod.nic.in and of the Company at www.bemlindia.com. You are requested to check the websites for a reply to your queries.*

This Preliminary Information Memorandum (PIM) is divided into two parts – Part A which provides brief details on the Company, and Part B which provides details on the Proposed Transaction and the instructions on submission of EOI along with various Annexures to be submitted by the Interested Bidders.

PART A

2. COMPANY OVERVIEW

2.1.1 Introduction

BEML Limited (formerly Bharat Earth Movers Limited) was incorporated on May 11, 1964 as a public sector undertaking under the administrative control of the MoD with Corporate Identity Number L35202KA1964GOI001530 with the Registrar of Companies, Karnataka at Bengaluru. The Company was set up to manufacture rail coaches & spare parts and mining & construction equipment.

The Company later expanded its portfolio to manufacture and supply high mobility vehicles and recovery equipment, etc., to the defence sector. In FY 1995, BEML was listed on the Delhi Stock Exchange Association Limited (“DSE”), The Calcutta Stock Exchange Association Limited (“CSE”), The Madras Stock Exchange Limited (“MSE”), The Bombay Stock Exchange Limited i.e. BSE Limited (“BSE”) and the Bangalore Stock Exchange Limited (“BgSE”). At present BEML is listed on the BSE and the National Stock Exchange of India Limited (“NSE”). As on September 30, 2020, the President of India through the Ministry of Defence holds 54.03% of the total equity share capital of the Company and the remaining 45.97% is held by the public.

BEML, a ‘**Miniratna Category-1**’ Company, plays a pivotal role and serves India’s key sectors like Defence, Rail, Power, Mining and Infrastructure. The Company through its diverse business portfolio has achieved total revenue from operations of Rs. 3,028.82 Crore in FY 20.

The Company operates under three major business verticals - viz., (a) Mining & Construction, (b) Defence & Aerospace, and (c) Rail & Metro by providing total solutions. Its three major business verticals are serviced by its nine manufacturing units located at Bengaluru (Karnataka, India), Kolar Gold Fields (“KGF”) (Karnataka, India), Mysuru (Karnataka, India), Palakkad (Kerala, India) and Subsidiary - Vignyan Industries Limited, in Chikkamagaluru District (Karnataka, India).

Table 2: Segmental Revenue Mix FY20

S. No	Business Verticals	Income from Operations (Rs. Cr)	%
1	Mining & Construction Equipment Business	1,493.09	49.30
2	Defence & Aerospace Business	430.71	14.22
3	Rail & Metro Business	1,105.02	36.48
	Total	3,028.82	100.00

Source: BEML Investor Presentation; BSE

Each of the above business vertical is headed by a functional director who reports to the Chairman & Managing Director of the Company.

- In addition to the above, International business division for exports is also a Strategic Business Unit (“SBU”) of BEML.

BEML's products are sold and serviced through its marketing network spread across India. As part of the globalization strategy, BEML's products have been exported to about 68 countries. During the financial year 2019-2020, the Company has achieved revenue of Rs. 3,028.82 Cr., including exports.

The Company has in-house Research & Development ("R&D") infrastructure with dedicated team of engineers to support design and development of new products / aggregates in all the business verticals and also has technical tie-ups with international players.

BEML's nationwide network of marketing offices enables buyers with access to its wide range of products. Its full-fledged service centers and spare parts depots offer total equipment care, maintenance and repair services / rehabilitation services.

The Company has three subsidiaries, viz., (a) Vignyan Industries Limited; (b) MAMC Industries Limited and (c) BEML Brazil Industrial Ltd and BEML Midwest Ltd, a Joint Venture with Midwest Granite Pvt. Ltd. (MGPL) and P T Sumber Mitra Jaya of Indonesia.

During the Financial year 2020, BEML has been bestowed with 'SKOCH Award' under 'Corporate Excellence Gold Category' and 'SKOCH Order of Merit' Award for design & development of Armoured Repair & Recovery Vehicle and Metro Cars for KMRCL. Company also received 'International Quality Gold Award – 2019' for 'Cost Reduction in BH60M Dump Truck components by process improvements & cycle time reductions'.

BEML is presently listed on both NSE and the BSE. As on September 30, 2020, the market capitalization of the Company was Rs. 2,542.40 Cr.

2.1.2 BEML History:

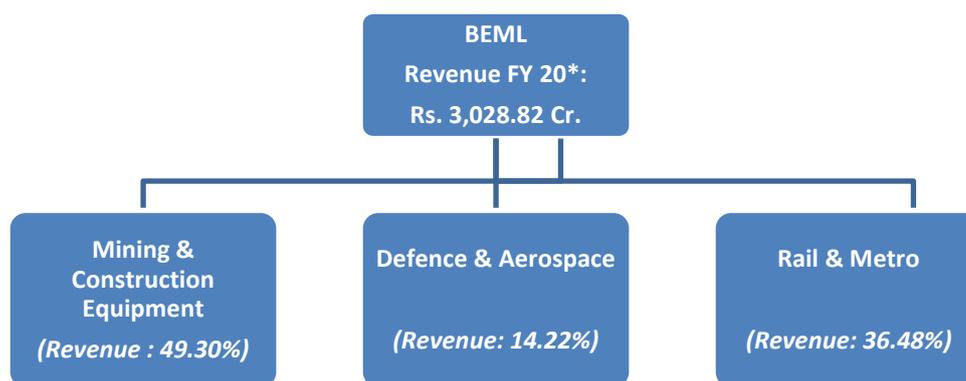
- BEML Ltd was incorporated on May 11, 1964 as a public sector undertaking with the name Bharat Earth Movers Ltd under the administrative control of Department of Defence Production and Supplies to the Ministry of Defence.
- During the year 1967-68, the company commissioned Heavy Earth Movers Equipment Division at Kolar Gold Fields.
- R&D activities have started in 1976.
- In the year 1985, the company established the Dump Truck Division at Mysore. Vignyan Industries Ltd became a subsidiary of the Company during the year by transfer of shares constituting over 75% from the GoK.
- In the year 1987, the company set up an exclusive Hydraulics and Powerline Division and a full-fledged R&D centre in the Kolar Gold Field (KGF) facility.
- In the year 1991, they set up their engine division at Mysore for manufacture of heavy duty diesel engines.
- The company was recognized as an Export House with Star Exporter status during the year.

- In the year 1994, the Company shares were listed at the Stock Exchanges at Bangalore, Mumbai, Kolkata, Delhi and Chennai. The Company launched the Mammoth equipment 'Walking Dragline'.
- In 2003, the Company has entered the Metro business.
- In 2006, the Company was conferred '**Mini Ratna - Category 1**' status by the Ministry of Defence.
- The green field project at Palakkad, Kerala was put on stream in 2010, in record time of less than 6 months with an outlay of Rs 260 Cr.

Source: Company Information

2.1.3 Business Segments

Figure 1: Business Segments of BEML



* Revenue is Income from operations

2.1.4 Mining & Construction Equipment Business

BEML offers a diverse range of mining & construction machines & its spare parts for both opencast and underground mines. BEML produces machines such as Hydraulic Excavators, Bulldozers, Wheel Loaders, Wheel Dozers, Dump Trucks, Motor Graders, Pipe Layers, Tyre Handlers, Water Sprinklers and Backhoe Loaders. BEML has ventured into Underground Mining with products such as Side Discharge Loader, Under Ground Mine Cruiser, Load Haul Dumper, Winch, Winder and Granby Car. Besides, BEML has capability to manufacture mammoth Walking Draglines & Electric Rope Shovels for cost-effective operations in the opencast mines. BEML so far manufactured and supplied 6 numbers of Walking draglines and 42 numbers of Electric Rope Shovels (39 numbers of 10 cum shovels and 3 numbers of 20 cum shovels).

Product Portfolio	Key Clientele
<ul style="list-style-type: none"> ✚ Bull Dozers ✚ Excavators – Diesel & Electric ✚ Dump Trucks ✚ Shovels ✚ Loaders ✚ Water Sprinklers ✚ Motor Graders 	<ul style="list-style-type: none"> ✚ Coal India and its subsidiaries ✚ SAIL (Steel Authority of India Limited) ✚ SCCL (The Singareni Collieries Company Limited) ✚ NTPC (National Thermal Power Corporation Ltd.)

<ul style="list-style-type: none">✚ Pipe Layers✚ Tyre Handlers✚ Wheel Loader✚ Underground Mining✚ C-Crane✚ Crawler Dozer✚ Wheel Dozer✚ Back Hoe Loaders✚ Dredging Business	<ul style="list-style-type: none">✚ National Mineral Development Corporation (NMDC)✚ National Aluminum Company (NALCO)✚ Cement companies✚ Power generation companies in the private sector✚ Private institutional and personal contractor
--	---

Source: BEML Annual Report FY 20, Company Website, BSE

2.1.5 Defence & Aerospace Business

The Company manufactures variants of BEML High Mobility vehicle for all terrain operations including Bridge Layer, Field Artillery Tractor, Medium & Heavy Recovery Vehicle, Pontoon Mainstream Bridge Systems, Crash Fire Tenders, Mobile Mast Vehicle, etc. BEML also supplies Engineering Mine Ploughs, Tank Transportation Trailers, Weapon Loading equipment, Armoured Recovery Vehicle, Mail rail Coaches and Wagons. BEML plays a stellar role in the country's Integrated Guided Missile Development Project by supplying ground support vehicles. The company has also created a world class test track at its KGF Complex to test defence equipment and vehicles. In addition, BEML has forayed into Aerospace business to take advantage of the global and domestic opportunities available in the fast expanding aerospace market in India. Aerospace Manufacturing Division was launched during Aero India 2009. The division manufactures Ground Support Equipment such as Aircraft Towing Tractor (ATT), Aircraft Weapon Loading Trolley, Multi-Purpose Weapon Loader (MPWL Bheema) and Crash Fire Tender (CFT).

The Aerospace Manufacturing is located at Mysore which is AS9100C accredited. The unit has machine shop, sheet metal shop and heat treatment shop. The division has a CNC wire cutting machine, a 3 axis CNC machine, 5 axis machining centre and Elastomeric press. The division proposes to add additional facilities to meet the various projects needs of its customers. The division has expertise in MIG and TIG welding operation for welding alloys such as Aluminum, Titanium and Maraging steel.

Product Portfolio	Key Clientele
<ul style="list-style-type: none"> ✚ High Mobility & Recovery vehicles ✚ Bridge Systems ✚ Vehicles for Missile projects ✚ Tank Transportation Trailers ✚ Military rail Wagons/coaches ✚ Mine Ploughs ✚ Crash Fire Tenders ✚ Aircraft Towing Tractors ✚ Aircraft Weapon Loading Trolley ✚ Prithvi Missile Launcher ✚ Rocket Launcher 	<ul style="list-style-type: none"> ✚ Ministry of Defence (Indian Army, Navy, Air Force) ✚ Indian Railways ✚ Vehicle Research & Development Establishment (VRDE), Ahmednagar ✚ Combat Vehicle Research & Development Establishment (CVRDE), Chennai ✚ Electronics and Radar Development Establishment (LRDE), Bengaluru ✚ Research & Development Establishment (Engineers) (R&DEE), Pune ✚ Heavy Vehicles Factory, Avadi ✚ Gun Carriage Factory, Jabalpur ✚ Ordnance Factory, Medak ✚ Aeronautical Development Agency, Bengaluru ✚ Indian Space Research Organization (ISRO), Bengaluru ✚ Hindustan Aeronautics Limited ✚ Bharat Electronics Limited ✚ Bharat Dynamics Limited, Hyderabad ✚ Brahmos Aerospace Pvt Ltd, Hyderabad ✚ Larsen & Toubro Limited, Talegaon ✚ Thales India Pvt Ltd

Source: BEML Annual Report FY 20, Company Website, BSE

2.1.6 Rail & Metro Business

Since its inception, BEML has been a supplier of rail coaches to the Indian Railways. In addition, the Company also manufactures & supplies Electrical Multiple Units (EMUs), Maintenance Vehicles (OHVs) and Wagons (Steel & Aluminum) to the Indian Railways. The Company's flagship product of Metro Cars are being manufactured & supplied to various Metro Rail Corporations viz., Delhi Metro Rail Corporation Ltd, Bangalore Metro Rail Corporation Ltd, Jaipur Metro Rail Corporation Ltd, Kolkata Metro Rail Corporation Ltd, Mumbai Metro etc.

Product Portfolio	Key Clientele
<ul style="list-style-type: none"> ✚ Rail Coaches ✚ Electric Multiple Units ✚ Metro Cars ✚ Maintenance Vehicles ✚ Utility Vehicles 	<ul style="list-style-type: none"> ✚ Delhi Metro Rail Corporation Ltd (“DMRC”/ “Delhi Metro”) ✚ Kolkata Metro Rail Corporation Ltd (“KMRCL”/ “Kolkata Metro”) ✚ Jaipur Metro Rail Corporation Ltd (“Jaipur Metro”)

<ul style="list-style-type: none">  Freight Wagons  Treasury Van 	<ul style="list-style-type: none">  Indian Railways  Bengaluru Metro Rail Corporation Ltd (“BMRCL”)  Mumbai Metropolitan Regional Development Authority (“MMRDA”)  Chennai Metro Rail Limited  Ansaldo STS, A Hitachi Group Company  L&T Metro Rail, Hyderabad  Rail Vikas Nigam Limited
--	--

Source: BEML Annual Report FY 20, Company Website, BSE

2.1.7 International Business Division for Exports

The international business division was established with the focus to promote export of equipment, spare parts and services. The Company has exported equipment, spare parts and services across segments to countries like Bhutan, Nepal, Syria, Oman, Tanzania, Vietnam, Zimbabwe, Bulgaria, Congo, Turkey, Kenya, Mali, Myanmar, Sri Lanka, Thailand, Tunisia, UAE, Syria, Senegal, Togo, Ethiopia, Gabon, Djibouti, etc. The Company had exported equipment, spare parts and services worth Rs. 14.50 Cr.

Table 3: Export Data

Export break-up	FY 20 (Rs. Cr)
Physical Export	14.50
Deemed Export	0.00
Export Incentive	0.83
Total	15.33

Source: BEML Annual Report FY 2020

Figure 2: Global Reach of BEML



Source: Company Data

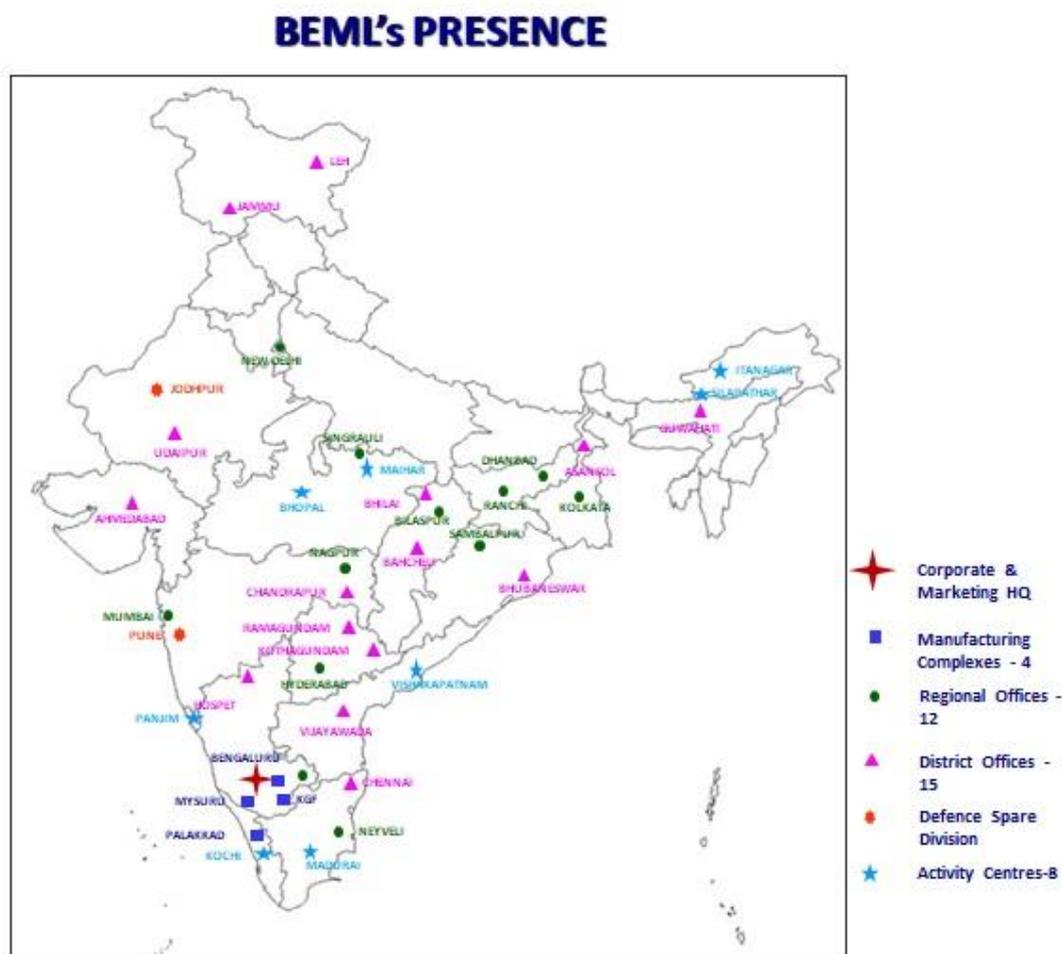
2.1.8 Marketing & Distribution

The Company has 12 Regional Offices, 15 District Offices and 8 Activity Centres spread across the Country. BEML also establishes temporary activity centres at customer locations to support & service equipment.

Each office in the vast network is headed by a senior level executive for product support at pit-head / on-site, for erection & commissioning, maintenance, troubleshooting, condition based monitoring, training, support for mid-life overhauling & major rehabilitation of equipment to enhance the equipment availability & productivity.

The product support packages include annual maintenance contracts, annual service contracts, maintenance and repair contracts and guaranteed availability & spare consumption contract. BEML has established full-fledged '**Service Training Centres**' at KGF Complex, and Mysuru Complex for offering variety of programs, scheduled round-the-year.

Figure 3: Marketing Network of BEML



Source: BEML Investor Presentation

2.1.9 Order Book Status:

BEML has an order book of Rs. 10,610 Cr. and Rs. 9,795 Cr as on September 30, 2020 and March 31, 2020 respectively.

Table 4: Order Book status of the Company as on September 30, 2020:

Period	Order Book Status (Rs. In Crore)	
	Beginning of the period	End of the period
September 30, 2020	9,795	10,610
FY20	9,125	9,795
FY19	6,723	9,125
FY18	7,582	6,723

Source: BEML's Investor Presentation, Stock Exchange Filings

2.1.10 Manufacturing Facilities

The Company with its corporate office in Bengaluru has 9 manufacturing units spread over four locations:

- 1. Bengaluru Complex (Bengaluru)**
 - (i) Rail & Metro Division
- 2. Kolar Gold Fields (“KGF”) Complex (around 100 Km from Bengaluru)**
 - (ii) Earth Movers Division (“EM”)
 - (iii) Hydraulic & Power line Division (“H&P”)
 - (iv) Heavy Fabrication Unit
 - (v) Rail Coach Unit II (RCU II)
- 3. Mysuru Complex (around 140 Km from Bengaluru)**
 - (vi) Truck Division
 - (vii) Engine Division
 - (viii) Aerospace Manufacturing Division
- 4. Palakkad Complex**
 - (ix) Manufactures ground support equipment
 - (x) Railway Aggregates – Car bodies and Bogie Assembly

Corporate Office	
Location	BEML SOUDHA, 23/1, 4th Main, SR Nagar, Bengaluru-560 027, Karnataka, India



Corporate Office
Bengaluru

2.1.11 Bengaluru Complex

ADMINISTRATIVE BUILDING



BOGIE LOAD TEST



BOGIE FATIGUE & STATIC TEST

METRO ROOF WELDING



METRO SIDE WALL WELDING



WATER TIGHTNESS TEST



TEST TRACK

Bengaluru Complex	
Location	New Thippasandra Post, Bengaluru – 560 075, Karnataka, India
Description	The Bengaluru Complex comprises of manufacturing facility for railway products, medical center, school, township area, cultural centers, etc.

The Bengaluru Complex is used for manufacturing various types of railway products such as rail coaches, AC Electrical Multiple Units (ACEMUs), Diesel Electric Multiple Units (DEMUs), Main Line Electric Multiple Unit (MEMUs), Stainless Steel Electrical Multiple Units (SSEMUs), Overhead Equipment Inspection Car (OHE Cars) / Diesel Electric Tower Car (DETC), Treasury Van, etc., for the Indian Railways. The Company also manufactures Stainless Steel Metro Cars for the Delhi Metro, Bengaluru Metro, Jaipur Metro, Mumbai Metro & Kolkata Metro. The Bengaluru Complex is also used to manufacture defence products such as military rail coaches, ejector & air cleaner assemblies and military wagons.

2.1.12 KGF Complex

 <p>KGF-Earth Moving Division</p>	 <p>KGF-Earth Moving-Facility</p>	 <p>KGF-Earth Moving-Facility</p>
 <p>KGF- Hydraulics & Powerline Division</p>	 <p>KGF- Hydraulics & Powerline Facility</p>	 <p>KGF- Hydraulics & Powerline Facility</p>
 <p>KGF- Heavy Fabrication Unit Division</p>	 <p>KGF- Heavy Fabrication Unit Facility</p>	 <p>KGF- Heavy Fabrication Unit Facility</p>
 <p>KGF- Rail Coach Unit - II Division</p>	 <p>KGF- Rail Coach Unit - II Facility</p>	 <p>KGF- Rail Coach Unit – II Facility</p>

KGF Complex	
Location	BEML Limited, KGF Complex, BEML Nagar, Kolar Gold Fields 563 115. Karnataka, India.
Description	The KGF Complex comprises of Earth Movers (EM) Division, Hydraulics and Powerline Division (H&P) Division, Rail Unit – II and Heavy Fabrication Unit. The KGF Complex also includes a school and a residential township.

KGF Complex encompasses:

- I. **Earth Movers Division:** Earth Movers Division is used to manufacture a wide range of equipment such as Bulldozers, Hydraulic Excavators, Wheel Loaders & Dozers, Pipe Layers, Tyre Handlers, Hydraulic Cranes, Engineering Mine Ploughs, Hulls for Battle Tanks and Armoured Recovery Vehicles. Also the Earth Movers Division has infrastructure to manufacture Electric Rope Shovels and Walking Draglines.
- II. **Hydraulics & Powerline Division :** Hydraulic & Powerline Division manufactures Transmissions, Axles, Hydraulic aggregates and allied assemblies required for the manufacturing units of BEML, Transmissions for Infantry Combat Vehicles and aggregates for battle tanks to the OFB.
- III. **Rail Unit-II:** This division is used to manufacture Rail Coaches and aggregates for Railway EMUs. The division also manufactures structures for Aero-bridges.
- IV. **Heavy Fabrication Unit:** The division is used for fabrication of structures, assembly of equipment and manufacture of components for Mining & Construction and Defence business verticals.

2.1.13 Mysuru Complex



Mysuru Complex	
Location	Belavadi Post, Mysuru – 570 018, Karnataka, India.
Description	The Mysuru Complex comprises of manufacturing unit for Truck Division and Engine Division. It also houses the Aerospace manufacturing and dredging spares manufacturing division.

The Mysuru Complex encompasses

- I. **Truck Division:** The Truck Division is used for manufacturing off-highway Rear Dump Trucks, Motor Graders, Water Sprinklers and High Mobility Vehicles.
- II. **Engine Division:** The Engine Division is used for manufacturing a wide range of Diesel Engines powering BEML’s product range and air-cooled engines for heavy duty trucks.
- III. Aerospace Manufacturing Division (ASMD) is a part of the Engine Division and produces Aircraft Towing Tractors, Ground Handling & Support Equipment, Weapon Loaders and aggregates for Missiles.

2.1.14 Palakkad Complex



Palakkad Complex	
Location	Palakkad Complex, Kinfra Park, Menon Para Road, Kanjikode East, Palakkad - 678 621, Kerala, India.
Description	The Palakkad Complex comprises of manufacturing unit primarily used to manufacture defence and rail related products.

The Palakkad Complex is used to manufacture and supply ground support equipment such as High Mobility Trucks of various combinations 12X12, 10X10, 8x8 & 6x6 as transport equipment and as Platform

for Missile Carrier, Missile Launcher, Warhead Carrier, MAST System & Surveillance Radars. Also, the Company manufactures & supplies Mechanical and Pontoon Bridge Systems and aggregates for Rail & Metro Products.

2.1.15 Vignyan Industries Limited (VIL)

Vignyan Industries Limited	
Location	B. H. Road, Tarikere – 577228, Chikkamagaluru District, Karnataka, India.
Description	The complex comprises of manufacturing facility primarily used for producing casting related products.

VIL is a subsidiary of BEML having an installed production capacity of around 5,000 MT per annum and produces various types of carbon steel, alloy steel and manganese steel casting of different sizes and weights ranging from 2.0 kgs to 2,250 kgs. VIL is accredited with ISO9001-2008 Certification. It also has a class – A foundry certified by the Research Designs and Standards Organization (RDSO).

Note: MoD has given in principle approval for closure of VIL on 7th July 2020 and the closure action is under process. Hence VIL will not form a part of the BEML Disinvestment.

2.1.16 Power Generation (Windmill and Solar)

The Company has also forayed into harnessing renewable energy for captive consumption. BEML has installed 23MW Windmill Projects and 250KWp Solar Power units for captive consumption.

Table 5: Renewable power generation capacity of BEML

Sr. No	Location	Capacity (MW)	Status
1	Kappadgudda, Gadag District of Karnataka (Wind)	5	Operational
2	Dammur village, Bagalkot District of Karnataka (Wind)	9	Operational
3	Mittalkode, Koppal District of Karnataka (Wind)	9	Operational

Source: Company Data

2.1.17 Safety and Quality Control

All manufacturing complexes are equipped with facilities for large capacity machining, fabrication, heat treatment, assembly, testing, painting, etc. Facilities such as computer numerical control machines, Flexible Manufacturing System, Robot-welding system, test tracks / grounds for equipment, etc., have been established. Company-wide Enterprise Resource Planning / Supply Chain Management systems and Six Sigma quality systems have been adopted.

Bengaluru Complex has been modernized with facilities for manufacturing metro coaches. Some of the Company employees have also been imparted special training at the collaborator's works abroad to attain high quality levels required for the job.

The Company has a Corporate Quality Policy emphasizing Total Quality Management. The Quality Department is directly reporting to the CMD. All manufacturing divisions are certified with ISO 9001-2015 Quality Management System (QMS) certification. The KGF Complex, Bengaluru Complex and Mysuru Complex are each certified for ISO 14001-2015 Environmental Management System (EMS). The Bengaluru Complex is certified for BS OHSAS 18001-2007 Integrated Management system. The Aerospace Manufacturing Division at Mysuru Complex is certified for AS9100D. The laboratories at the R&D Facility, KGF Complex and the Engine division at the Mysuru Complex are accredited with National Accreditation Board for testing and calibration Laboratories (NABL). The company has launched a Mobile app - Customer complaint handling that has resulted in addressing the customer grievances quickly.

2.1.18 Research & Development

The Company has an in-house design, research and development setup. R&D centre at KGF Complex ("**R&D Facility**"), the biggest design & development center for earth moving machinery in India is supplemented by R&D centers located at Truck Division & Engine Division at the Mysuru Complex and at Rail & Metro division in Bengaluru. Product Engineering teams are co-located at EM & H&P divisions in KGF. Facilities in specialized areas like hydraulics, powertrain, structural engineering, and material science are available at the R&D Facility. Computer Aided Design (CAD)/ Computer Aided Engineering facilities are established for digital design and virtual simulation for product design & validation at the R&D Facility. R&D facilities for diesel engine design and development, including emission measuring infrastructure and testing facilities are located at the Mysuru Complex.

The R&D set-up in Defence business vertical is engaged in the areas of High Mobility vehicles, Armoured Recovery & Repair vehicles (ARRVs), Medical Health Diagnostic System, Trailers, Mine Ploughs, Transmissions & Engines.

The R&D set-up in Rail & Metro business vertical is engaged in design & development of Metro & Railway rolling stock products, up-gradation of existing products based on the market need and indigenization of imported aggregates.

All R&D set-ups are also engaged in indigenization and development of import substitution products. 68% of sales turnover achieved in FY20 was from inhouse R&D developed products. BEML achieved indigenization across the various segments:

- 90% in Mining & Construction products and Rail coaches & EMU's;
- 80% in High Mobility Vehicles;
- 65% in Metro cars

Technology Tie-up: M/s. Lockheed Martin, Yakovlev Design Bureau, Wipro Infrastructure Engineers, Hitachi & Bharat Forge Limited etc.

BEML also has several tie-ups with Premier Academic Institutions & Research Centers. Notable among them: Tie-up with Centre for Railway Research at IIT, Kharagpur for bogie design and Welding Research Institute (Trichy) towards specialized welder technology related to manufacturing under Aerospace Division and other critical projects involving complex welding, M/s. Prognosis Medical Systems etc. for Joint development of AI related Medical health diagnostic system.

2.1.19 Subsidiary & JVs

BEML has the following 3 subsidiaries and a Joint Venture:

- a) Vignyan Industries Limited
- b) MAMC Industries Limited
- c) BEML Brazil Industrial Ltda
- d) BEML Midwest Limited (JV)

a) Vignyan Industries Limited (VIL)

MoD has given in principle approval for closure of VIL on 7th July 2020 and the closure action is under process. Hence VIL will not be a part of the Disinvestment.

b) MAMC Industries Limited (MIL):

Name	MAMC Industries Limited
Date of Incorporation	August 25, 2010
Corporate Identity Number	U29253WB2010GOI152567
Registered Office	No. 35/1A, Taratola Road, Kolkata, West Bengal – 700088
Registrar of Companies	Kolkata, West Bengal
Structure	Subsidiary
BEML Ownership	100.00%
Nature of business/Objective	The Company has entered into a Consortium Agreement (MAMC Consortium) with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on June 8, 2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of Rs. 48.00 Cr. towards the total bid consideration of Rs. 100.00 Cr towards the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets are taken possession by the

	<p>MAMC Consortium. Further, the Company has incurred a sum of Rs. 12.54 Cr (Previous Year – Rs. 10.51 Cr) towards maintenance, security and other related expenditure. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The total sum of Rs. 60.54 Cr. (Previous Year – Rs. 58.51 Cr.) is disclosed as ‘Advance to MAMC consortium’, pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, independent valuation of the assets taken over has been done and there is no diminution in value of investments. Formulation of business plan and approval of shareholders’ agreement from MOD is being pursued.</p> <p>Further, a company in the name of ‘MAMC Industries Limited’ (MIL) was formed and incorporated as a wholly-owned subsidiary company for the intended purpose of JV formation. Shareholders’ agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a JV Company. The Company has advanced a sum of Rs. 6.03 Cr (Previous Year – Rs. 6.02 Cr) on account of MIL, which is included under the head ‘Advances to related parties’.</p>		
Status	Active		
Audited Financials	FY 18	FY 19	FY 20
Turnover (Rs. Cr)	-	-	-
EBITDA (Rs. Cr)	-	-	-
PAT (Rs. Cr)	(0.09)	(0.09)	(0.09)
Paid up Capital (Rs. Cr)	0.05	0.05	0.05

c) BEML Brazil Industrial Ltd (BBIL)

BEML Brazil Industrial Ltd (BBIL), an Associate, was formed under the requirements of the governing laws of Brazil. As there was no operation in BBIL, capital repatriation has been completed and the amount has been repatriated from BBIL account to account of BEML India. Cancellation of company registration number has been completed and closure certificate was issued by Brazilian Authorities in May, 2019. Further, BEML Limited has written to RBI through authorized dealer SBI, for closure of Unique Identification Number (UIN) issued in respect of BBIL.

d) BEML Midwest Limited (BMWL)

Name	BEML Midwest Limited
Date of Incorporation	April 18, 2007

Corporate Identity Number	U13204AP2007PLC053653		
Registered Office	8-2-684/3-55, Banjara Green Colony Road No 12, Banjara Hills Hyderabad, Telengana – 500034		
Registrar of Companies	Hyderabad		
Structure	Joint venture		
BEML Ownership	45.00%		
Other JV shareholders	Midwest Granite Pvt. Ltd. (MGPL) and P T Sumber Mitra Jaya of Indonesia collectively hold the balance 55% equity share capital		
Nature of business/Objective	To capitalize on the business opportunities in the contract mining segment.		
Status	BMWL has ceased business operations since Sept. 2008.		
Financials	FY18	FY19	FY 20
Paid up Capital (Rs Cr.)	5.42	5.42	5.42

BMWL has ceased business operations since September 2008. The closing of JV is in process and the litigation cases are being settled.

2.1.20 Land Details

The Company has land parcels spread across its various manufacturing facilities, corporate office, marketing and regional offices.

The land details of the Company including operational and non-operational parcels are as follows:

Please note the Board of the Company has agreed, based on the decision of GoI, to hive-off of non-operational/surplus land separately and exclude it from the process of strategic disinvestment. Accordingly, these assets will not form a part of the transaction. If the process of hive-off is not completed before the completion of the strategic disinvestment process, then a suitable mechanism shall be formulated to ensure that the non-operational surplus land does not form part of the total assets of the company post disinvestment.

Table 6: Land and Property Details of the Company as of August, 2019:

Particulars	Medium of Measurement	Operational	Non-Operational / Surplus	Total
(A) BEML Land	Acres	1,213	1,733	2,945
(B) Flat / Offices / Guest House at various locations	Sq. ft.	10,62,614	36,591	10,99,205
(C) BGML Land*	Acres	64	1,045	1,109

* BGML has given 1,109 Acres of Land to BEML comprising two workshops on temporary lease for a period of 10 years, vide Lease Agreement dated 05.05.2004. The 10 year lease period came to an end on 04.05.2014. As per the Agreement, a sum of Rs.1 Cr was paid to BGML by BEML as non-refundable advance / deposit. BEML is currently utilizing 64 acres of this land and the MoD has requested Ministry of Mines for purchase of the same. A committee has been formed to work out the modalities of this transfer and purchase of land, machineries, equipment & tools, etc., by BEML. The remaining land of 1,045 acres will be returned to BGML.

Break - up of Total operational / non – operational land and property of BEML Land (A):

Division	Area of the Land (in Acres)		
	Total Area	Operational	Surplus
Bengaluru Complex (Free Hold)	222	98	124
EM Division (Free hold including 7.25 Acres of lease hold)	1,757	783	973
Mysore Complex (Free Hold)	560	159	401
Palakkad Complex (Lease Hold)	374	148	226
Sub Total (A.1)	2,913	1,188	1,725
Marketing/ Corporate	7	0	7
SEZ (Aerospace) (Lease hold)	25	25	0
Sub Total (A.2)	32	25	7
BEML Land Total (A.1 + A.2)	2,945	1,213	1,733

Flats/Offices/Guest Houses at various locations (Non-Operational / Surplus) (B):

S. No.	Place	Description	Total Area in Sq. ft.	Flats/ Office/ Guest House
1	Mumbai	Jupiter Apartment (Colaba) Flat No.174, 17th Floor, North-East, Twin Star Jupiter Apartments, Cuff Parade, Colaba, Mumbai – 400 005	1,342	1 (Guest House)
2	Panjim	Victor Building Flat 25/9 Flat No.25/9, Victor Building, Fontainhas, Mala, Portais, Panaji, Goa – 403 001	1,023	Office
		Victor Building Flat 25/7 Flat no. 3 on Second Floor premise bearing Municipal No. 25/4 and 25/5 on Ground Floor, Victor Building, Fontainhas, Mala, Portais, Panaji, Goa - 403 001	1,023	3 Flats
		Victor Building Flat 25/10 Flat no. 4 on Second Floor premise bearing Municipal No. 25/4 and 25/5 on Ground Floor, Victor Building, Fontainhas, Mala, Portais, Panaji, Goa - 403 001	883	
		Victor Building Flat 25/4 & 25/5 Two shops premise bearing Municipal No. 25/4 and 25/5 on Ground Floor, Victor Building, Fontainhas, Mala, Portais, Panaji, Goa - 403 001	431	
3	Chennai	Supriya Estate Flat no. 10 Flat No. 10, Supriya Estate, Sterling road, Seetha Nagar, Nungambakkam, Chennai –600034	2,000	1 (Guest House)
4	Kochi	D.O. Premises	6,969.84	Office

S. No.	Place	Description	Total Area in Sq. ft.	Flats/ Office/ Guest House
		Land bearing No. 1450/7 along with Building known as 'District Office, BEML Limited', behind Zomar Arcade, Chittoor Road , Village Ernakulam (South), Sub- District & District Ernakulam, Kochi State Kerala – 682 016		
5	Kolkata	Golf Green – 3 Flats Residential flat no. 1/1, 1/2, 1/3, Block – C, Golf Green Urban Complex, Kolkata, West Bengal, Pin: 700095	2,250	3 Flats
		Sunny Park – 3 Flats Residential flat no. 2, 3, 4, Situated on 1st floor Block – A, Sunny Park Estate, Ballygunge, Kolkata, West Bengal, Pin: 700019	3,830	3 Flats
6	DO Bhopal	Chithod Complex – 5 Flats Unit/Flat No. 1/1, 1/3, 1/5, 1/7, 3/7, Chittod Complex, Maharana Pratap nagar, Zone-1, Tehsil: Huzur, District: Bhopal, Madhya Pradesh, Pin: 462011	5,416.55	5 (Vacant Flats)
		- Do - 2 Flats Unit/Flat No.9/7, 9/8, Chittod Complex, Maharana Pratap nagar, Zone-1, Tehsil: Huzur, District: Bhopal, Madhya Pradesh, Pin: 462011	1,600.64	2 (Vacant Flats)
7	Delhi	Greater Kailash – 1 Guest House No.101, Block-E, Greater Kailash, Part-1, New Delhi, Pin:110048	3,172	1 (Guest House)
8	Bengaluru	No. 35, Ulsoor Road No.35, New Property No.82, Ulsoor Road, Yellappa Chetty Layout, Ulsoor, Bengaluru-560 042	3,450	2 (Guest Houses)
		No. ½, Ulsoor Road Municipal No.1/2, Ulsoor Road, Hanumanthappa Layout, Ulsoor, Bengaluru-560 042	3,200	
Total			36,591	

2.1.21 Capital Structure

The Company has an authorized capital of Rs. 100.00 Cr. and paid up capital of Rs. 41.77 Cr. The President of India, the promoter of the Company holds 22,500,000 Equity Shares of the Company aggregating to 54.03% of the equity as on September 30, 2020. The remaining Equity Shares are held by body corporates, mutual funds, financial institutions / banks, individuals and others.

BEML was listed on DSE, CSE, MSE, BSE and BgSE in FY 1995. Presently, the Company is listed on the BSE and the NSE. As on September 30, 2020, the market capitalization of the Company was Rs. 2,542.40 Cr.

Table 7: Capital Structure of BEML as on September 30, 2020

Particulars	No. of shares	Amount (in Rs. Cr)
Authorized share capital		
Equity Shares of Rs. 10/- each	100,000,000	1,00.00
Issued		
Equity Shares of Rs. 10/- each	41,900,000	41.90
Subscribed & Paid up capital		
Equity Shares of Rs. 10/- each	41,644,500	41.64
Paid up capital		
Equity Shares of Rs. 10/- each	41,644,500	41.64
Forfeited Shares (amount originally paid) :		
Equity Shares of Rs. 5/- each	255,500	0.13
Total		41.77

Source: BEML Annual Report FY20

2.1.22 Shareholding Pattern

The shareholding pattern of BEML as on September 30, 2020 is as given below:

Table 8: Shareholding Pattern of BEML as on September 30, 2020

Name of Shareholder	No. of fully paid up equity shares held	% of Shareholding	No. of equity shares held in the Dematerialized Form
(A) Promoter and Promoter Group			
President of India (Gol)	22,500,000	54.03%	22,500,000
Sub Total (A)	22,500,000	54.03%	22,500,000
(B) Public			
(B1) Institutions			
Mutual Funds	80,01,148	19.21%	80,01,148
Foreign Portfolio Investors	8,16,128	1.96%	8,16,128
Banks/Financial Institutions	17,624	0.04%	17,624
Sub Total (B1)	88,34,900	21.22%	88,34,900
(B2) Central and State Govt.	-	-	-
(B3) Non-Institutions			
Individuals holding up to Rs.2 Lacs	65,55,112	15.74%	64,89,719
Individuals holding in excess of Rs.2 Lacs	3,64,355	0.87%	3,64,355
NBFCs registered with RBI	1,294	0.00%	1,294

Name of Shareholder	No. of fully paid up equity shares held	% of Shareholding	No. of equity shares held in the Dematerialized Form
Others	33,88,839	8.14%	33,45,639
Sub Total (B3)	1,03,09,600	24.75%	1,02,01,007
Sub Total (B)=(B1)+(B2)+(B3)	1,91,44,500	45.97%	1,90,35,907
Total (A)+(B)	4,16,44,500	100.00%	4,15,35,907

Source: Company Website, BSE

The following are the top public shareholders holding above 1.00%:

Table 9: Top public shareholders holding above 1.00% as on September 30, 2020:

Name of the Shareholder	No. of fully paid up Equity Shares held	% Shareholding
HDFC Trustee Company Ltd - HDFC Equity Saving Fund	38,00,681	9.13%
Kotak equity opportunities fund	18,60,999	4.47%
Reliance Capital Trustee Co Ltd-A/C Nippon India L	13,42,673	3.22%
LIC of India Health Plus Fund	11,56,380	2.78%
TATA AIA Life Insurance Co Ltd-Whole Life Mid Cap	5,43,190	1.30%
Aditya Birla Sun Life Trustee Private Limited A/C	4,98,203	1.20%
National Insurance Company Ltd	4,93,094	1.18%
Total	96,95,220	23.28%

Source: BSE

2.1.23 Board of Directors & Corporate Governance

The Board of Directors of BEML as on date is given below:

Table 10: Board of Directors of BEML as on date

Name of Director	DIN	Designation
Dr. Deepak Kumar Hota	06600812	Executive Director-Chairperson
Mr. Puneet Agarwal	07192938	Government Nominee Director
Mr. Suraj Prakash	08124871	Executive Director
Mr. Malyala Venkata Rajasekhar	08467141	Executive Director
Mr. Ajit Kumar Srivastav	08741858	Executive Director
Dr. Gurmohinder Singh	08199586	Independent Director
Mr. Arvind Kumar Arora	07409509	Independent Director
Ms. Balamuri Vanitha	08679028	Independent Director
Mr. Amit Banerjee	08783660	Executive Director (Appointed on 09.10.2020)

Source: Stock Exchange Filings

The Board of Directors of BEML has constituted various committees as detailed hereunder which are in compliance with all the guidelines and regulations required by Companies Act 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, Department of Public Enterprises (DPE) guidelines, MoD directives as amended from time to time and such other competent authority.

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Share Certificate Committee
- Corporate Social Responsibility & Sustainability Committee
- Procurement Committee
- Risk Management Committee

2.1.24 Senior Management and Department Head Details:

Table 11: Department heads of the Company as of 30-Sep-2020

Sr. No	Name	Department	Designation	Place	Qualification	Years at BEML
1	Shankar.B	Head of KGF Complex	Executive Director	KGF	BE (Mechanical), M.Tech.	33 yrs 8 m
2	Radhakrishna K R	Head of Mysore Complex	Executive Director	Mysore	M.Tech (Mechanical)	34 yrs 2 m
3	Amit Banerjee*	ED(OSD)	Executive Director	Bengaluru	B.Tech (Mechanical),	36 yrs 3 m
4	Shantanu Roy	Head of International Business Division	Executive Director	Delhi	B.E (Electricals) M.B.A (Financial Mgmt)	1 yrs 2 m
5	Nagaraj P	Head of Bengaluru Complex	Executive Director	Bengaluru	BE, M.Tech.	31 yrs 2 m
6	Sivakumar P	Head of Palakkad Complex	Executive Director	Palakkad	BE(Mech)-MBA	15 yrs 4 m
7	Umashankar	Head of Defence Business Development	Executive Director	Bengaluru	B.E (Indl Production), M.E (Production Engg)	12 yrs 6 m
8	H.S. Ranganath	Head of Corporate Planning & Materials	Executive Director (Officiating)	Bengaluru	B.E (Mechanical), M.Tech (Mechanical)	34 yrs 2 m
9	Sanjay Som	Metro Product Head	Chief Manager General	Bengaluru	B.E (Mechanical)	12 yrs 6 m
10	Sumanta Kumar Saha	Head of Corporate Quality	Chief Manager General	Bengaluru	B.Tech (Electricals)	36 yrs 3 m
11	Srinivasan G	Parts Head	Chief Manager General	Bengaluru	B.Tech (Automobile), M.E (Auto Engg), MBA (Mktg)	30 yrs 2 m
12	Basudev Mishra	RM RO, Singrauli	Chief Manager General	Singrauli	B.Sc (Engineering) - Mech	33 yrs 2 m
13	Ramesh KN	Rail Marketing	Chief Manager General	Bengaluru	B.E (Mechanical), M.B.A (Marketing)	11 yrs 1 m
14	Vivek V Nayak	Corporate Accounts	Chief Manager General	Bengaluru	B.Com, ICWA, ACS	23 yrs 3 m
15	Pawan Kumar	Head of Marketing	Chief Manager General	Bengaluru	B.E (Mechanical)	32 yrs 0 m

BEML Limited
Preliminary Information Memorandum



16	Jai Gopal Mahajan	Corporate Audit	Chief General Manager	Bengaluru	M.Com, ICWA, ACS, M.B.A (Financial Mgmt)	3 yrs 7 m
17	Anil Jerath	Corporate Finance	Chief General Manager	Bengaluru	B.Com, ICWA	12 yrs 2 m
18	Debi Prasad Satpathy	HR Department	Chief General Manager	Bengaluru	MA (PM&IR)	2 yrs 6 m
19	Soumitra Sen	Service Head	Chief General Manager	Bengaluru	B.E (Electricals), ICWA (Inter)	36 yrs 2 m
20	Sekar V	R&D Head	Chief General Manager	KGF	B.E (Mechanical), M.E (Production Engg)	30 yrs 0 m
21	Shashikanth KC	Research & development	Chief General Manager	Bengaluru	B.E (Electricals)	31 yrs 1 m
22	Srinivasa GP	Sales	Chief General Manager (Officiating)	Bengaluru	B.E (Incl Production)	31 yrs 6 m
23	Satheesha N V	Corporate Quality	General Manager	Bengaluru	B. Tech (Mech)	11 yrs 5 m
24	Sunder Raj K	Defence R&D	General Manager	KGF	BE (Mech), M.E (Mech)	33 yrs 8 m
25	Umesh OR	Head of RCU-ii Division	General Manager	KGF	B.E (Mechanical), M.B.A (Marketing)	30 yrs 0 m
26	Thamiselvan.AS	Head Engine Division	General Manager	Mysore	B.E (Mechanical), M.Tech	31 yrs 2 m
27	Vishwanatha N G	Production Planning	General Manager	KGF	B.E (Mechanical)	33 yrs 4 m
28	Sudarshan K S	R&D, Mysore Complex	General Manager	Mysore	B.E (Mechanical), M.Tech (Mech)	34 yrs 5 m
29	Ishwara Bhat V	Machine Shop-i-Common	General Manager	KGF	B.E (Electricals)	31 yrs 1 m
30	Chandrasekar I	I/C Rail Products	General Manager	Bengaluru	B.E (Mechanical)	30 yrs 11 m
31	Nehru Babu A	Mechanical Maintenance	General Manager	KGF	B.E (Electronics)	30 yrs 11 m
32	Venkata Subba Rao V	Production	General Manager	Mysore	B.E (Mechanical)	30 yrs 4 m
33	Sasi Kumar K	Accounts Head	General Manager	Bengaluru	B.Com,ICWA,M.B.A (Financial Mgmt)	14 yrs 5 m
34	Sunil R Kharad	I/C Corporate Materials	General Manager	Bengaluru	B.E (Mechanical)	31 yrs 1 m
35	Paritosh Pandey	Sales, Sambalpur	General Manager	Sambalpur	B.E (Production Engineering)	12 yrs 10 m
36	Kallol Roy	OHE Car Production	General Manager	Bengaluru	B.Tech (Mech),Diploma (Computers),M.B.A	28 yrs 2 m
37	Manoj Kumar Jha	IT Division	General Manager	Bengaluru		2 yrs 7 m
38	Anup Ratan Bhattacharya	Asset Management	General Manager	Bengaluru	B.E (Mechanical)	15 yrs 3 m
39	Venugopal r	Production Planning	General Manager	Mysore	B.E (Mechanical)	31 yrs 7 m
40	Prahlada Gowda K O	Defence Production Head- EMD	General Manager	KGF	B.E (Mechanical)	31 yrs 3 m
41	Gopala Naika CB	RM, RO-Kolkata	General Manager	Kolkata	B.E (Mechanical)	30 yrs 11 m
42	Subramanyam S M	Head of H&P Division	General Manager	KGF	B.E (Mechanical)	29 yrs 10 m
43	Nagaraja H V	Defence Production	General Manager	Palakkad	B.E (Mechanical)	29 yrs 10 m
44	Ramachandrappa G	Coach Electrical Dept	General Manager	Bengaluru	B.E (Electricals)	38 yrs 9 m
45	Praveen Kumar Mathpal	DMRC	General Manager	Delhi	B.Sc (Engineering)-Mech,M.Tech	23 yrs 6 m

BEML Limited
Preliminary Information Memorandum



46	Ramamurthy TK	Planning	General Manager	Bengaluru	B.E (Mechanical)	10 yrs 5 m
47	Sridhara SR	ASMD Business Development	General Manager	Bengaluru	B.e (mechanical),	27 yrs 6 m
48	Chandra Gopal Raju K	Product Engineering	General Manager	KGF	B.Tech (Mech), M.Tech (Industrial Engineering)	30 yrs 2 m
49	Vikas Chandra Kureel	Sales, Bilaspur	General Manager	Bilaspur	B.E (Mechanical)	31 yrs 1 m
50	Col(Retd) George Jacob	CMD'S Establishment	General Manager	Bengaluru	B.A, M.H.R.M, M Phil, M.Sc	3 yrs 9 m
51	Prasanna Kumar Ballal	Quality Engineering	General Manager	KGF	B.E (Mechanical)	30 yrs 7 m
52	Govinda Raju MG	Defence & Projects	General Manager	Bengaluru	Amie (Mechanical), PGD (Management)	22 yrs 5 m
53	Abenezer Samir Khess	HR Head	General Manager	KGF	B.Sc.,PGD (PM&IR)	24 yrs 4 m
54	Sylaja V	Research & Development	General Manager	Bengaluru	B.Tech (E & C)	33 yrs 10 m
55	Subhaschandra I Budhihal	Sales	General Manager	Mumbai	B.E (Mechanical), M.B.A (Operations Mgmt)	30 yrs 4 m
56	GP Capt. Chakrapani Mandela (Retd.)	Vigilance	General manager	KGF	M.Sc,B.E (Mechanical)	8 yrs 6 m
57	Dr. Mythili	Medical Centre	General Manager	Bengaluru	M.B.B.S, Diploma (Go)	31 yrs 1 m
58	Shekhar K	CMD Establishment	General Manager	Bengaluru	B.E (Mechanical)	27 yrs 4 m
59	Patil R A S	Materials Management	General Manager	KGF	B.E (Industrial Engg)	27 yrs 6 m
60	Sridhar J S	Production	General Manager	Mysore	B.E (Industrial Production)	29 yrs 10 m
61	Hadubandhu Sahu	Innovation cell, corporate quality	General Manager	Bengaluru	B.Tech (Automobile),M.e	30 yrs 2 m
62	Idaya Kumar R	Bogie Dept	General Manager	Bengaluru	B.E (Mechanical)	29 yrs 10 m
63	Vidhyadharan M.K	Legal	General Manager (Officiating)	Bengaluru	B.Com, LLB	11 yrs 0 m
64	S.V.Ravi Sekhar Rao	Company Secretariat	General Manager (Officiating)	Bengaluru	B.Com, M.Com, ICWA	23 yrs 6 m
65	Aparup Sinha	Accounts	General Manager (Officiating)	Bengaluru	B.Sc, ICWA	23 yrs 8 m
66	Poongumaran P	Marketing Rail & Metro	General Manager (Officiating)	Bengaluru	B.E (Automobile),M.Tech,	23 yrs 7 m
67	Yogananda H R	Fabrication Shop	General Manager (Officiating)	Mysore	B.E (Mechanical)	28 yrs 4 m
68	Sujit Kumar Bhuniya	Training & Development and Establishment	General Manager (Officiating)	Bengaluru	MA (PM&IR)	2 yrs 9 m

*Mr. Amit Banerjee (ED-OSD) has been appointed as Director (Rail & Metro) w.e.f. 09.10.2020; Source: Company Data

2.1.25 Human Resource Strength

BEML has manpower strength of 6,267 employees as detailed below as on Sep 30, 2020.

Table 12: Number of Employees as on Sep 30, 2020

Complex/ Division	Employee Strength as on 01.04.20	Officers	Employees		Employee Strength as on 30.09.20	Contract Labour	
			Direct	Indirect		Contract Labour	Works Contract
Corporate Office	237	162	0	73	235	27	69
Marketing Division	879	426	82	344	852	396	0
KGF Complex	2378	606	1,079	568	2,253	1,771	648
Mysore Complex	1,345	359	583	340	1,282	391	270
Bengaluru Complex	1,467	427	572	352	1,351	982	0
Palakkad complex	295	81	159	54	294	38	90
Grand Total	6,602	2,061	2,475	1,731	6,267	3,605	1,077

Source: Company Data

Employee Unions:

The Company currently has the following 5 recognized employee unions spread across its facilities:

- **Bharat Earth Movers Employees' Association (BEMEA)** : Bengaluru Complex
 - **Bharat Earth Movers Employees' Association (BEMEA)** : KGF Complex
 - **Bharat Earth Movers Employees' Association (BEMEA)** : Mysuru Complex
 - **BEML Employees Association (BEMLEA)**: Palakkad Complex
 - **BEML Staff Association (BEMLSA)**: Head Quarters & Unity Buildings
- The Subsidiary VIL, has its own recognised employees union viz., Vignyan Industries Mazdoor Sangh.

2.1.26 Strengths

- Established manufacturing infrastructure and knowledge base
- Established R&D base with dedicated test facilities. Over 65% of Sales is through R&D developed products
- Capability to design & manufacture of high-end Mining equipment
- Expertise in Heavy Fabrication and machining manufacturing Stainless Steel Coaches, Metro Cars, EMUs, etc
- More than 85% of Sales is achieved on Competition mode
- Extensive Sales and Service infrastructure – Established Regional, District Office & Activity centres across India
- Major Market Share in High Capacity Dozers and Metro Cars in India.
- Strong relationship with Services, Defence Labs and Government agencies
- Green Company – Use of Renewable energy sources
- Good Brand value, large customer base and work ethics culture

2.1.27 Opportunities

Mining & Construction:

- Coal India Limited has earmarked Capex of Rs. 9,500 Crore during 2020-21
Increased thrust by Government in infrastructure development and reforms in coal sector

Rail & Metro:

- Capex of Rs. 1,61,042 Crore earmarked by Indian Railways during 2020-21 towards capacity augmentation and Maintenance.
- Metro Rail extending to Tier-II cities in the Country. Light Rail Metro is also catching up as a revenue line which is expected to emerge from Tier-II & Tier-III cities
- Indian Railways is graduating to LHB Coaches and Stainless-Steel EMUs
Thrust on GoI Public Procurement (Preference to Make in India), Order 2017

Defence:

- 'Make in India' policy of Government is a boon to Indian industry and focus is on for Indigenous production
- Growing opportunities in Maintenance, Repair, Overhaul and Upgrade programs
- Thrust on Exports through LoC for Defence Product
- Increased impetus on modernisation of central paramilitary forces

New Areas

- Demand for high end Electric Drive Dump Trucks, Excavators and Bull-Dozers.
- AI and Robotics enabled systems
- Unmanned ground vehicles.
- Manufacture of Fixed wing aircraft and Helicopter Aggregates.
- Unmanned Aerial Vehicles (UAVs)
- New Opportunities in Aerospace Business and ISRO.
- Medium speed EMUs and High-speed trains.
- Emerging business opportunity for Light Rail.
- New opportunities in Maintenance equipment viz. Rail Grinding machines, Track Cleaning Machine, etc.
- AI based products

3. COMPANY FINANCIALS

A summary of the financials of BEML is shown below.

3.1.1 Consolidated Statement of Profit and Loss:

Table 13: Extract of Profit and Loss Account for FY 16 to FY 20

	Particulars (In Rs. Cr.)	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
I	Revenue from Operations	3,025.43	3,474.25	3,298.71	2,829.46	3,277.57
II	Other Income	48.56	23.24	25.04	62.59	42.31
III	Total Income (I+II)	3,073.99	3,497.49	33,23.75	2,892.05	3,319.88
IV	Expenses:					
	Cost of materials consumed	1,881.55	1,950.63	17,07.64	1,331.16	1,457.71
	Purchase of stock-in-trade	-	-	-	-	0.51
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	(291.47)	16.52	16.83	(124.18)	245.01
	Employee benefits expense	8,48.07	805.75	8,13.25	785.11	759.52
	Finance costs	40.73	59.61	48.32	48.04	49.27
	Depreciation and amortization expense	72.38	70.72	65.39	62.80	56.57
	Other expenses	503.35	463.81	5,08.25	690.84	672.70
	Total Expenses (IV)	30,54.63	3,367.04	31,59.68	2,793.77	3,241.29
V	Profit / (Loss) before exceptional items and tax (III-IV)	19.36	1,30.45	1,64.07	98.28	78.59
VI	Add/ (Less) : Exceptional items	-	-	-	-	-
VII	Profit / (Loss) before tax (V-VI)	19.36	1,30.45	1,64.07	98.28	78.59
VIII	Tax expense	(44.32)	67.29	34.39	13.50	14.20
IX	Profit / (Loss) for the year from continuing operations (VII-VIII)	63.68	63.16	1,29.68	84.78	64.39
X	Profit / (Loss) from discontinuing operations	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-
XII	Profit / (Loss) from discontinued operations (after tax) (X-XI)	-	-	-	-	-
XIII	Profit / (Loss) for the year (IX+XII)	63.68	63.16	1,29.68	84.78	64.39
XIV	Other Comprehensive Income	(43.54)	(13.44)	(70.84)	(11.76)	(10.83)
XV	Total Comprehensive Income for the year (XIII+XIV)	20.14	49.72	58.84	73.02	53.56
XVI	Earnings per equity share: (Rs. 10/- each) in Rs.					
	Basic and diluted	15.29	15.17	31.14	20.36	15.46

Source: BEML Annual Report FY 2016, FY 2017, FY2018, FY 2019, FY 2020;

Financial Performance Highlights FY20:

- BEML has realised a revenue of Rs. 3,029 Crs. during 2019-20. On the Defence front, the company achieved sales of Rs. 431 Crs. with an impressive growth of 24% over previous year. Mining & Construction Business achieved sales of Rs. 1,493 Cr. as against Rs. 1,640 Crs. during 2018-19, Rail & Metro Business group achieved sales of Rs. 1,105 Crs. as against Rs. 1,495 Crs. during 2018-19.
- The Order Book of the Company as on 1st April, 2020 stood at Rs. 9,795 Crs., highest ever as against Rs. 9,125 Crs. in the previous year, registering a growth of 7%. During the year Rs. 3,690 Crs. Worth orders have been booked.
- The Profit after tax for the year was Rs. 68 Crs. in FY20 as against Profit after Tax of Rs. 64 Crs. recorded in the previous financial year.
- Employee strength went down by (8%) 583 from 7,185 to 6,602, while VoP per employee increased to Rs. 50 lakhs by adopting a System Integration Model through increased outsourcing. Value added per employee went up to Rs. 22 lakhs as against Rs. 21 lakhs in the previous year, a jump of 4%.

3.1.2 Statement of Consolidated Unaudited Results for Quarter and Six Months Ended, September 30, 2020

Table 14: Consolidated Income Statement for Quarter Ended and six month ended, September 30, 2020

S No.	Particulars (In Rs. Cr.)	Unaudited results for three months ended			Year to Date figures for period ended		Audited results for the year ended
		30 Sept 2020	30 Jun 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019	31 March 2020
(i)	Revenue from operations	663.72	390.45	687.11	1,054.17	1,267.13	3,025.44
(ii)	Other Income	5.82	12.33	7.59	18.15	16.63	48.56
(iii)	Total Income	669.54	402.78	694.70	1,072.32	1,283.76	3,074.00
(iv)	Expenses						
	Cost of materials consumed	454.41	249.20	489.06	703.61	842.62	1,881.56
	Purchase of stock-in-trade	-	-	-	-	-	-
	Changes in inventory of finished goods, stock-in trade and work-in progress	(149.83)	(39.77)	(125.74)	(189.60)	(125.44)	(291.47)
	Employee benefits expense	212.67	219.32	206.09	431.99	409.18	848.07
	Finance costs	8.68	10.00	9.43	18.68	21.15	40.74
	Depreciation and amortization expense	17.76	18.15	18.10	35.91	36.37	72.38
	Other Expenses	108.63	79.88	124.96	188.51	225.29	503.36
	Total Expenses	652.31	536.78	721.90	1,189.09	1,409.17	3,054.63
(v)	Profit / (Loss) before exceptional items and tax (iii)-(iv)	17.22	(134.00)	(27.20)	(116.78)	(125.41)	19.36
(vi)	Add / (Less) Exceptional Items	-	-	-	-	-	-
(vii)	Profit / (Loss) before tax (v)-(vi)	17.22	(134.00)	(27.20)	(116.78)	(125.41)	19.36
(viii)	Tax Expense	-	-	-	-	-	(44.32)
(ix)	Profit / (Loss) for the year from continuing operations (vii)-(viii)	17.22	(134.00)	(27.20)	(116.78)	(125.41)	63.68
(x)	Profit / (Loss) from discontinuing operations	-	-	-	-	-	-
(xi)	Tax Expense of Discontinued Operations	-	-	-	-	-	-
(xii)	Profit / (Loss) from discontinuing operations (after Tax)	-	-	-	-	-	-
(xiii)	Profit / (Loss) for the period	17.22	(134.00)	(27.20)	(116.78)	(125.41)	63.68
(xiv)	Other Comprehensive Income	(12.25)	(12.25)	(7.29)	(24.51)	(14.58)	(43.54)
(xv)	Total Comprehensive Income for the year (xiii) + (xiv)	4.97	(146.25)	(34.49)	(141.28)	(139.99)	20.14
(xvi)	Earnings per equity share (Rs. 10 Each) Basic and Diluted	4.14	(32.18)	(6.53)	(28.04)	(30.11)	15.29

Source: Company's stock exchange filings

3.1.3 Consolidated Balance Sheet Statement:

Table 15: Extract of Balance Sheet for the last 5 fiscal years FY 16 to FY20

Particulars (In Rs. Cr.)	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
I. Assets					
(1) Non-current assets					
(a) Property, Plant and Equipment	569.33	584.07	542.55	530.95	540.15
(b) Right to Use Asset	8.70	-	-	-	-
(c) Capital work-in-progress	15.42	25.45	68.10	79.42	58.83
(d) Intangible assets	42.80	46.81	52.01	52.42	17.16
(e) Intangible assets under development	-	-	-	-	45.05
(f) Financial assets					
(i) Investments	-	-	-	-	-
(ii) Loans	0.09	0.09	8.59	16.80	24.94
(iii) Other financial assets	0.51	0.51	0.38	1.57	0.58
(g) Deferred tax assets (net)	208.39	117.88	138.49	111.34	103.50
(h) Other non-current assets	63.77	62.75	77.28	94.25	203.87
Total non-current assets	909.12	837.56	887.40	886.75	994.08
(2) Current assets					
(a) Inventories	2,007.72	1,709.52	1,807.21	1,979.42	1,702.34
(b) Financial Assets					
(i) Investments	-	-	-	-	-
(ii) Trade receivables	1510.37	1613.96	1650.83	1431.04	1207.17
(iii) Contract Assets	303.84	489.17	-	-	-
(iv) Cash and cash equivalents	27.34	22.37	2.09	14.54	66.43
(v) Bank Balance Other than (iv) above	0.50	9.06	0.34	-	-
(vi) Loans	-	8.17	8.18	8.21	8.37
(vii) Other financial assets	6.08	6.44	6.52	5.15	13.27
(viii) Current tax assets (Net)	71.52	75.69	43.09	-	-
(c) Other current assets	235.21	240.45	279.45	380.47	380.17
Total current assets	4162.62	4174.83	3797.71	3818.83	3377.75
Total Assets	5071.75	5012.39	4685.11	4705.58	4371.83

Particulars (in Rs. Cr.)	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
II. Equity and Liabilities					
Equity					
(a) Equity share capital	41.77	41.77	41.77	41.77	41.77
(b) Other Equity	2,211.00	2,145.60	2,159.34	2,140.61	2,087.66
Equity attributable to equity holders of the parent	2,252.77	2,187.37	2,201.11	2,182.38	2,129.43
Non-controlling interests	0.04	0.20	0.22	0.21	0.19
Total Equity	2,252.81	2,187.57	2,201.33	2,182.59	2,129.62
Liabilities					

(1) Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	201.49	302.97	304.49	310.52	362.65
(ii) Other financial liabilities	0.42	0.42	0.42	0.42	0.33
(b) Provisions	186.35	175.71	166.37	174.96	160.64
(c) Other non-current liabilities	983.56	333.46	333.33	3,41.90	3,62.69
Total non-current liabilities	1,371.83	812.56	804.61	827.80	886.31
(2) Current liabilities					
(a) Financial liabilities					
(i) Borrowings	38.11	99.17	135.36	114.67	155.47
(ii) Trade payables					
(A) Micro & Small Enterprises	29.98	25.75	23.86	19.16	14.22
(B) Other than Micro & Small Enterprises	634.76	741.23	516.19	481.99	400.69
(iii) Other financial liabilities	123.99	38.82	27.12	32.57	74.39
(b) Other current liabilities	406.25	758.36	621.09	881.83	561.24
(c) Provisions	214.01	309.25	339.88	151.90	136.08
(d) Current tax liabilities (Net)	-	39.68	15.67	13.07	13.81
Total current liabilities	1,447.11	2,012.26	1,679.17	1,695.19	1,355.90
Total Equity and Liabilities	5,071.75	5,012.39	4,685.11	4,705.58	4,371.83

Source: BEML Annual Reports FY 2016, FY 2017, FY 2018, FY 2019, FY 2020

Audit Qualifications on consolidated accounts for Fiscal Year ended on March 31, 2020:

The financial statements of BEML Midwest Limited, a joint venture Company, has not been consolidated in the absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this Joint Venture Company, net of provision for diminution already made in the value of the investment, has not been determined.

3.1.4 Debt Position of the Company

Long Term Borrowing as on March 31, 2020:

S No.	Particulars	Outstanding Principal Amount (Rs. Cr.)	Security/Collateral	Repayment Schedule (Rs. Cr.)
1	Secured Redeemable Non-Convertible Bonds/Debentures. Rate of Interest 9.24%	300.00	Secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bengaluru Complex)	FY 21 (May 2020) - 100.00 FY 22 - 100.00 FY 23 - 100.00
2	Soft Loan - Interest Free Loan from Govt. of Kerala	1.49	Unsecured	FY21 (July 2020 & January 2021) – 1.88 FY22 - 1.88
	Total	301.49		

Source: Annual Report FY20

3.1.5 Contingent Liabilities as on March 31, 2020:

Sl. No.	Name of the Statute	Nature of the dispute	Amount (in Rs. Cr.)	Period to which amount relates	Forum where the dispute is pending
1	Central Excise Act 1944	Excise Duty incl. Interest and Penalty	284.87	2007-08 to June 2017	CESTAT, Bengaluru
2		Excise Duty incl. Interest and Penalty	3.75	2013-2014	Appellate Authority
3		National Calamity Contingency Duty	13.05	2014-15	CESTAT
		TOTAL EXCISE DUTY	301.67		
1	Service Tax Act, 1994	Service Tax incl. penalty	4.30	Feb 2014 to March 2015	CESTAT, Bengaluru
2		Service Tax	21.00	2009-10 to 2016-17	Appellate Authority
		TOTAL SERVICE TAX	25.30		
1	The Customs Act, 1962	Customs Duty	22.26	2008-09 to 2016-17	CESTAT, Chennai
		TOTAL CUSTOMS DUTY	22.26		
1	The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	6.90	2012	City Municipality council - KGF
2		Property Tax	1.09	1995-96 to 2005-06	City Civil Judge, Bengaluru

		TOTAL ED, SERVICE TAX & CD	357.24		
1	Sales Tax Act of Various States	Sales Tax /VAT	0.10	2003-04	Maharashtra Sales Tax tribunal
2		Sales Tax /VAT	66.50	January 2008 to 2017-2018	Karnataka Sales Tax tribunal
3		Sales Tax /VAT	5.00	2009-10, 2015-16	WB Commercial taxes Appellate and revision Board, Kolkatta
4		Sales Tax /VAT	18.75	From 2004-05 to 2016-17	Other appellate authorities
		TOTAL SALES TAX / VAT	90.36		
		Grand Total	447.61		
1	Amount Deposited under protest	Central Excise / Customs	2.08		
2	Amount Deposited under protest	Sales Tax /VAT	31.15		
		TOTAL	33.23		

Source: Company Data

Note:

The Company has entered into a Consortium Agreement (MAMC Consortium) with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on June 8, 2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of Rs. 48.00 Cr towards the total bid consideration of Rs. 100.00 Cr towards the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets are taken possession by the MAMC Consortium. Further, the Company has incurred a sum of Rs. 12.53 Cr (Previous Year – Rs 10.51 Cr) towards maintenance, security and other related expenditure. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The total sum of Rs. 60.53 Cr (Previous Year – Rs. 58.51 Cr) is disclosed as 'Advance to MAMC consortium', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, independent valuation of the assets taken over has been done and there is no diminution in value of investments. Formulation of business plan and approval of shareholders' agreement from MOD is being pursued.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated as a wholly owned subsidiary company for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a JV Company. The Company has advanced a sum of Rs. 6.02 Cr (Previous Year – Rs. 6.02 Cr) on account of MIL, which is included under the head 'Advances to related parties'.

BEML Brazil Industrial Ltda (BBIL), an Associate, was formed under the requirements of the governing laws of Brazil. As there was no operation in BBIL, capital repatriation has been completed and the amount has been repatriated from BBIL Account to Account of BEML India. Cancellation of company registration number has been completed and closure certificate was issued by Brazilian Authorities in May, 2019. Further, BEML Limited has written to RBI through authorized dealer SBI for closure of Unique Identification Number (UIN) issued in respect of BBIL.

3.1.6 Standalone and Consolidated Unaudited Statement of Assets and Liabilities as on September 30, 2020

Particulars (In Rs. Cr)	Standalone as at		Consolidated as at	
	Sept 30, 2020	Sept 30, 2019	Sept 30, 2020	Sept 30, 2019
	Unaudited	Unaudited	Unaudited	Unaudited
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	540.43	560.40	550.04	570.88
(b) Right to Use Asset	8.18	9.30	8.18	9.30
(c) Capital work-in-progress	16.90	25.73	17.04	25.88
(d) Intangible assets	38.28	43.00	38.28	43.00
(e) Intangible assets under development	-	-	-	-
(f) Financial assets				
(i) Investments	2.58	2.58	0	0
(ii) Loans	0.10	0.09	0.10	0.09
(iii) Other financial assets	0.53	0.55	0.53	0.55
(g) Deferred tax assets (net)	208.00	117.48	208.40	117.88
(h) Other non-current assets	72.78	67.42	66.75	61.39
Total non-current assets	887.78	826.55	889.32	828.97
(2) Current assets				
(a) Inventories	2,164.04	1,845.33	2,169.39	1,850.26
(b) Financial Assets				
(i) Investments	-	-	-	-
(ii) Trade receivables	1,175.58	1,058.66	1,175.58	1,058.69
(iii) Contract Assets	403.34	595.57	403.34	595.57
(iv) Cash and cash equivalents	29.28	30.62	29.28	30.62
(v) Bank Balance Other than (iv) above	0.51	9.06	0.51	9.06
(vi) Loans	-	4.09	-	4.09
(vii) Other financial assets	7.04	6.38	7.06	6.40
(viii) Current tax assets (Net)	43.37	36.75	43.37	36.85
(c) Other current assets	291.92	233.84	285.32	233.72
Total current assets	4,115.07	3,820.28	4,113.84	3,825.25
Total Assets	5,002.85	4,646.83	5,003.16	4,654.23
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	41.77	41.77	41.77	41.77
(b) Other Equity	2,061.90	2,008.24	2,055.22	2,005.68
Equity attributable to equity holders of the parent	2,103.68	2,050.02	2,096.99	2,047.45
Non-controlling interests	-	-	(0.04)	0.12
Total Equity	2,103.68	2,050.02	2,096.95	2,047.57
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	100.75	302.23	100.75	302.23
(ii) Other financial liabilities	0.42	0.42	0.42	0.42
(b) Provisions	197.31	172.43	197.31	172.43
(c) Other non-current liabilities	1,109.15	333.27	1,109.15	333.27
Total non-current liabilities	1,407.63	808.35	1,407.63	808.35

BEML Limited
Preliminary Information Memorandum



(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	207.98	65.67	209.89	67.60
(ii) Trade payables				
(A) Micro & Small Enterprises	35.47	21.30	35.49	21.30
(B) Other than Micro & Small Enterprises	527.84	657.27	529.34	660.54
(iii) Other financial liabilities	121.54	34.73	121.78	35.05
(b) Other current liabilities	405.37	844.47	405.67	844.96
(c) Provisions	193.34	165.02	196.42	168.75
(d) Current tax liabilities (Net)	-	-	-	0.09
Total current liabilities	1,491.55	1,788.47	1,498.59	1,798.29
Total Equity and Liabilities	5,002.85	4,646.83	5,003.16	4,654.23

Source: BSE

4. INDUSTRY

4.1. Mining & Construction Equipment:

Industry Overview:

- The mining equipment market globally is estimated to be USD 77.7 billion in 2018 and is projected to reach USD 112.3 billion by 2025, at a CAGR of 5.40%.
- Increase in demand for metals and minerals, upcoming emission regulations, increase in development of electric and autonomous mining are the major reasons for the market growth.
- Electrically assisted equipment represents an opportunity for mining equipment manufacturers.
- Underground equipment is the fastest growing mining equipment market.

Asia is expected to account for the largest market size in the coming future:

- The mining equipment industry has witnessed substantial growth, particularly in emerging economies such as China and India.
- Asia is expected to witness an annual growth of 6-7%, whereas the overall global growth rate is expected to be 5-6% during the next 8 years. The region has witnessed growth in mining operations due to increasing demand for raw materials.
- In India, 30 new coal mining sites have been identified by the Central Mine Planning and Design Institute (CMPDI). These sites are projected to add 100 million ton to India's coal output.

Key Global Players:

- The market is consolidated and dominated by a few global players.
- The key players in the global market are:
 - Caterpillar (US),
 - Komatsu (Japan),
 - Volvo Construction Equipment (Sweden),
 - Doosan Infracore (South Korea),
 - Sandvik (Sweden),
 - BELAZ (Belarus), and
 - Tata Hitachi (India)
- The industry has adopted key strategies such as expansions, new product developments, and partnerships.

Product wise Market Share of Top Players in Indian Market during CY2018:

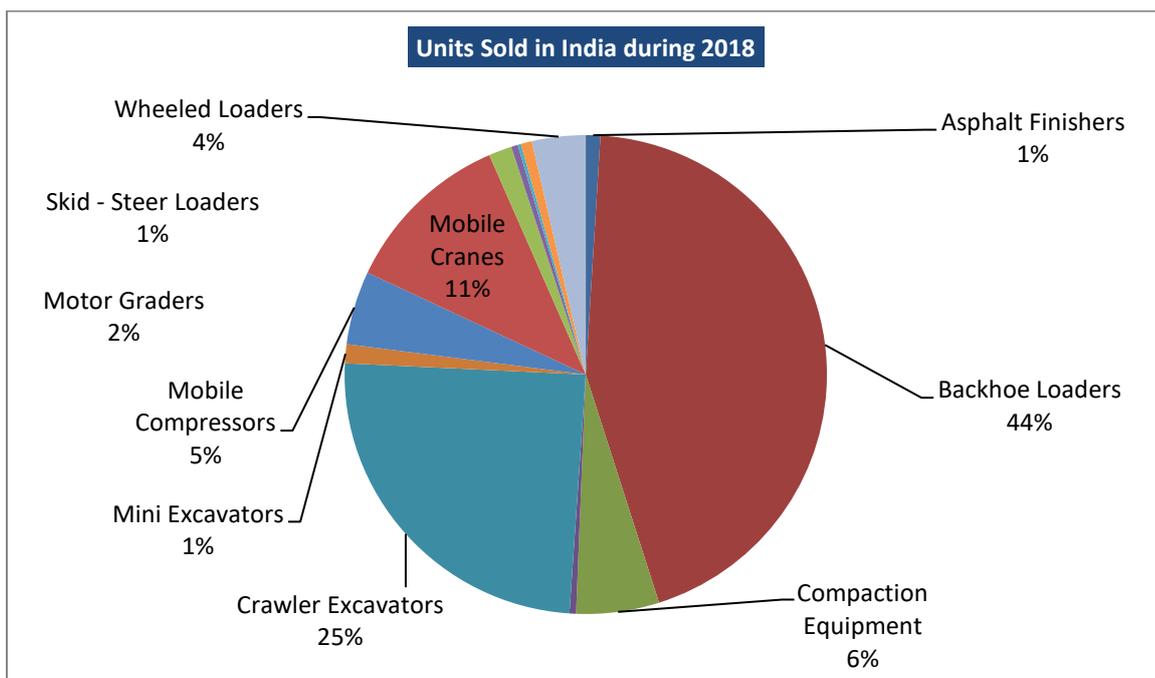
- JCB – Backhoe Loaders (76%)
- BEML – Crawler Dozers (56%)
- Tata Hitachi – Crawler Excavators (31%)
- Caterpillar – Motor Graders (25%)

- BEML – Rigid Dump Trucks (53%)
- Caterpillar – Wheeled Loaders (28%)

Sales of Construction Equipment in India:

- Backhoe Loaders, Crawler Excavators are the 2 most demanded equipment in India during the year 2018.
- Over the time the demand for Articulated Dump Trucks, Crawler Loaders, and Wheeled Excavators has become negligible.

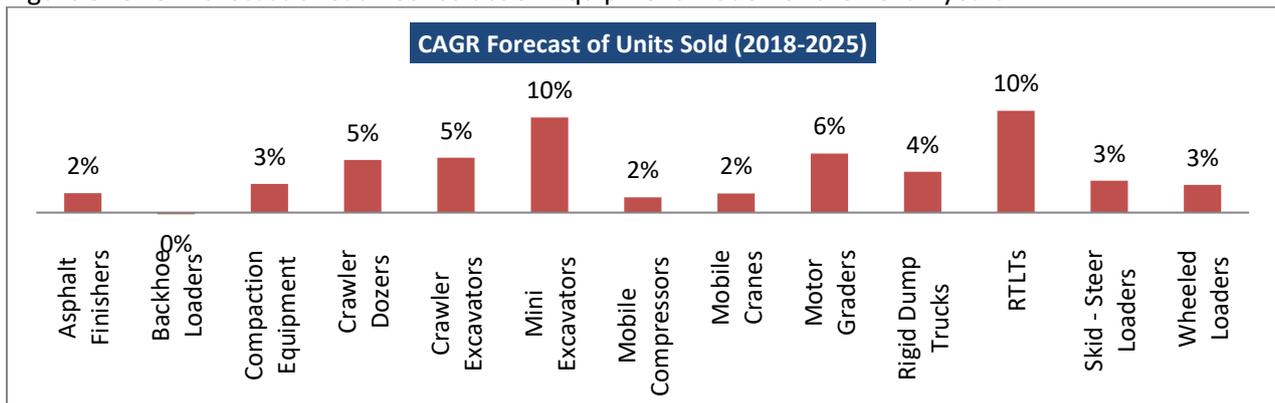
Figure 4: Market Share of Construction Mining equipment in India during 2018:



India Forecast of Sales of Construction Equipment:

- Mini Excavators and RTLs (Rough Terrain Lift Truck) are the two models which are expected to be more in demand in the next 6-7 years.

Figure 5: CAGR forecast of each Construction Equipment model for the next 7 years



Source: Off – Highway Research

4.2.Rail & Metro:

Railways Industry:

Passenger:

- Over 23 million passengers travel by trains daily in India. The passenger traffic stood at 8,286.95 million in FY18 and is expected to increase to 15.18 billion by FY20

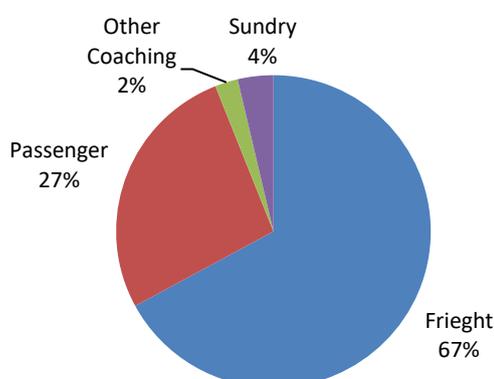
Freight:

- Around 1,159.57 million tonnes of freight was transported via trains in FY18 and 2,165 million tonnes is expected in FY20
- These include a huge variety of goods such as mineral ores, iron, steel, fertilisers, petrochemicals and agricultural produce

Industry Outlook:

- Revenue growth has been strong over the years. Indian Railways' revenues increased at a CAGR of 6.20 per cent during FY08-FY19 and reach to US\$ 27.13 billion in FY19. The gross revenue stood at Rs. 295,277.70 Mn (US\$ 4.22 billion) in FY20P (up to May 2019).
 - Revenues from the sector are estimated to reach to US\$ 44.5 billion by the end of FY20
- Revenues from the passenger segment of Indian Railways have increased at a CAGR of 6.43 per cent to US\$ 7.55 billion in FY19 from US\$ 3.80 billion in FY08. Passenger earnings of Indian Railways is estimated at Rs 88,089.50 Mn (US\$ 1.26 billion) in FY20 (up to May 2019).
- Freight earnings of Indian Railways have grown at a CAGR of 4.03 per cent to US\$ 18.20 billion in FY19 from US\$ 11.79 billion in FY08. Freight earnings in FY20 (up to May 2019) stood at Rs 193,641.60 Mn (US\$ 2.77 billion).
- India was among the top 20 exporters of railways globally, as of 2017.
 - India's exports of railways have grown at a CAGR of 27.05 per cent during 2010-2017 to US\$ 303.29 million. Exports of railways in 2018 stood at US\$ 454.99 million.

Figure 6: Revenue breakup of each Railway segment:



Growth Drivers:

- **Improvement of urban-rural connectivity has been another major contributor to the growth of Railways industry in the country.**
 - Population residing in urban areas is expected to increase from 460.78 million in 2018E to 542.74 million in 2025F.
 - The percentage of India's total population residing in urban areas is expected to increase from 34.03% in 2018E to 37.38% in 2025F.

- **Infrastructure Development**
 - It is estimated that India will require US\$ 4.5 trillion of infrastructure investments by 2040 to enhance economic growth and community wellbeing.
 - Railways infrastructure investment is expected to grow from Rs 3.8 lakh crore (US\$ 58.96 billion) to Rs 8.0 lakh crore (US\$ 124.13 billion).

- **Expanding scope of PPP:**
 - As per Union Budget 2019-20, government is trying to enhance the metro railway initiatives by encouraging more Purchasing Power Parities (PPP) initiatives and ensuring completion of sanctioned works, while supporting Transit Oriented Development (TOD) to ensure commercial activity around transit hubs.
 - As per union Budget 2019-20, Purchasing Power Parities (PPP) projects investment of Rs. 50 trillion (US\$ 750 billion) in railways by 2030.

- **Policy and Regulatory Framework :**
 - 100% FDI under automatic route is permitted for approved list of projects
 - Automobile Freight Train Operator Scheme 2013 - The scheme provides logistic service providers and road transporters an opportunity to introduce their own special wagons to run on the railways' network and avail of freight rebates in return.
 - R3i policy - The policy aims to attract private sector participation in rail connectivity projects to create additional rail transport capacity
 - Wagon investment scheme - Indian Railways launched the Wagon Investment Scheme in 2005 to offer freight rebates and supply a guaranteed number of rakes for a period of 7 to 15 years for different types of wagons
 -

- **From April 2000 to March 2019, FDI in Railways related components industry stood at US\$ 969.28 million.**

Source: <https://www.ibef.org/>

Metro Rail Industry:

Metro is emerging as key solutions to fulfil demand for urban transportation in India. As per Ministry of Urban Development (MoUD), about 316 kilometres of Metro rail is under operation and more than 500 kms of Metro rail is under construction across the country. The emergence of metro sector in India has also benefited construction and equipment industry. Further, it has helped to commence metro coach industry in India. The country imported the CBUs (Completely Built Units) from Germany and South Korea at the launch of Delhi Metro Rail Corporation (DMRC).

Metro Coaches – ‘Make in India’:

The industry has covered the long way in last 15 years from being an importer of metro coaches to become exporter of coaches to other countries. 90% of the coaches supplied to Delhi metro are manufactured in India and also maiden consignment of six metro coaches made in Bombardier facility were shipped to Queensland and Sydney Metros in Australia in January 2016. Bombardier Transportation will export a total of 450 metro coaches over a period of two-and-a-half year. Further, India will also be exporting 521 bogie frames to Brazil for Sao Paulo monorail.



The contract conditions of DMRC mandate a cap on upper limit of 25 per cent for production abroad while the balance is to be necessarily manufactured in India either through tie-ups or a wholly-owned subsidiary. This conditions pushed international manufacturers to setup facility in India. This has helped to also boost establishment of ancillary units and helped generate employment. To move up in value chain, the companies have started indigenization process and major sub system of metro coaches have been indigenized. Other parts including window glasses, battery boxes, brake blocks, bogie frames, vacuum circuit breakers, propulsion among others are also being manufactured in India.

Manufacturing Units in India:

The capital costs of Metro coaches in India are substantially lower than the rest of the world. The capital cost of a coach is around INR 89.4 million (US\$ 1.35 million) in India, the cost in Vancouver is INR 160.8 million (US\$ 2.5 million) and in San Francisco is INR 151.3 million (US\$ 2.30 million). Three Metro coach manufacturing units have already been established in India:

Name of the company	Facility at	Year of Establishment
Bombardier Transportation	Savli near Vododara (Gujarat)	2008
Bharat Earth Movers Limited (BEML)	Bengaluru (Karnataka)	2003

Alstom Transport	Sricity near Chennai (Tamil Nadu)	2010
------------------	-----------------------------------	------

China Railway Rolling Stock Corp (CRRC) is planning to setup its manufacturing unit in the Multi-modal International Cargo Hub and Airport at Nagpur (MIHAN).

Metro Coaches Market:

Table 16: Suppliers of coaches for various Metro projects were as follows:

Metro Rail Project	Rolling Stock Suppliers
Delhi Metro (Broad Gauge)	Consortium of Hyundai, Mitsubishi & MELCO / BEML and Bombardier
Delhi Metro(Standard Gauge)	BEML
Bangalore Metro	BEML-led consortium with Mitsubishi, MELCO & Hyundai
Mumbai Metro	CSR Nanjing (China)
Jaipur Metro	BEML
Kolkata Metro	CNR Dalian (A subsidiary of CRRC)
Chennai Metro	Alstom
Gurgaon Metro	CSR Zhuzhou (A subsidiary of CRRC)
Hyderabad Metro	Hyundai -Rotem
Lucknow Metro	Alstom Transport
Kochi Metro	Alstom Transport
Nagpur Metro	CRRC
Navi Mumbai Metro	CSR Zhuzhou (A subsidiary of CRRC)
Noida Metro	CRRC

Below mentioned cities may have metro rail system in the near future:

- Kanpur (Likely by 2021):
- Visakhapatnam (By 2021)
- Surat (By 2022)
- Guwahati (By 2022)
- Patna (By 2022)
- Kanpur (By 2022)
- Coimbatore (By 2023)
- Thiruvananthapuram (By 2025)
- Indore (By 2025)
- Varanasi (By 2025)

Source: <http://india.uitp.org/>

4.3. Indian Defence Industry:

Industry Overview:

- India is among the top 5 countries spending on defence.
- India has the 2nd largest standing army in the world.
- As per the FY 2018-19, the allocation for defence in India's budget is around US\$ 45.61 bn (excluding defence pension). Around 1/3rd of this amount is allocated for capital expenditure.
- Foreign vendors provide for more than 50% of defence equipment procured. This offers a huge opportunity for import substitution.

Reasons to Invest:

- India's requirements on defence are catered largely by imports. The opening of the Defence sector for private sector participation will help foreign Original Equipment Manufacturers (OEMs) to enter into strategic partnerships with Indian companies. This will enable them to leverage the domestic markets as well as aim at global markets. Besides helping in building domestic capabilities, it will also bolster exports in the long term.
- During 2016 and 2018, 21 defence offset contracts worth US\$ 5.56 bn approximately were signed.
- The offset policy stipulates the mandatory offset requirement of a minimum of 30% for procurement of defence equipment with foreign defence players. It is applicable on categories of procurements where the estimated cost of the acquisition proposal is US\$ 286.04 mn or more. It would also ensure that an eco-system of suppliers is built domestically.
- Favorable government policy which promotes self-reliance, indigenization, and technology up gradation. The policies also aim at achieving economies of scale, including the development of capabilities, for exports in the defence sector.
- India's extensive modernization plans with an increased focus on homeland security and growing attractiveness as a defence sourcing hub.

Key State – Run Players:

- Bharat Dynamics Ltd. – Ammunition & Missile Systems
- Bharat Electronics Ltd – Avionics
- BEML Ltd. – Transport
- DRDO – Research & Development
- Garden Reach Shipbuilders & Engineers – Naval Ships
- Goa Shipyard – Shipbuilding
- Hindustan Aeronautics Ltd. – Aerospace Manufacturer
- Mazagon Dock Ltd. – Shipbuilding
- Mishra Dhatu Nigam Ltd. – Metallurgy
- Ordnance Factories Board – Defence Equipment and Support

FDI Policy:

- 100% FDI in the Defence industry: Up to 74% under the automatic route for companies seeking new industrial licenses and FDI above 74%: through Government route, where it is likely to result in access to modern technology.
- The Defence industry is subject to industrial licenses under the Industries (Development and Regulation) Act, 1951 and manufacturing of small arms ammunition under Arms Act, 1959.
- The requirement of a single largest Indian ownership of 51% of equity removed.

Growth Drivers:

- Defence Production Policy, 2011 has encouraged indigenous manufacturing of defence equipment. Draft Defence Production Policy was introduced in 2018.
- Defence Procurement Procedure (DPP), 2011 was amended in 2016 to provide for the following:
 - DPP focuses on institutionalizing, streamlining and simplifying defence procurement procedure to give a boost to “Make in India” initiative.
 - It aims to promote indigenous design, development and manufacturing of defence equipment, platforms, systems and sub-systems.
 - It also aims to enhance the role of MSMEs in the Defence industry.
- A new category of capital procurement: Buy Indian - Indigenously Designed, Developed and Manufactured (IDDM) introduced to encourage indigenous design, development and manufacturing of defence equipment.
- Preference is given to ‘Buy (Indian- IDDM)’, ‘Buy (Indian)’ and ‘Buy and Make (Indian)’ over ‘Buy (Global)’ category for capital acquisition. A clear and unambiguous definition of indigenous content is provided.
- Provision for Maintenance Transfer of Technology (MToT) to Indian partners.
- Provisions to allow foreign Original Equipment Manufacturer (OEM) to select Indian Production Agency (PA).
- The requirement of minimum indigenous content is rationalized.
- ‘Services’ as an avenue for discharging offsets is re-introduced.
- Defence products list for industrial licensing was articulated in June 2014. It excluded large numbers of parts/components, castings/ forgings from the purview of industrial licensing.
- MAKE procedure aims to promote research & development in the industry with support from the government and the placement of orders, has been promulgated with provision for 90% funding by Government and preference to MSMEs in a certain category of projects.
- The simplified MAKE-II was launched in January 2018, for simplification of collaboration between government and private Indian industries for indigenous design, development and manufacture of defence equipment.

Investment Opportunities:

- Supply chain sourcing opportunity.
- Modernization of armed forces – around US\$ 130 bn opportunities by 2025
- Infrastructure development - Manufacturing cluster and park planned in Pune and Dholera
- R&D - US\$ 15.4 mn allocated to set up ‘Technology Development Fund’

- Defence products manufacturing - Indigenously designed, developed and manufactured (IDDM) is the new method of capital procurement.

Foreign Investors in India:

- Airbus (France)
- BAE India Systems (UK)
- Pilatus (Switzerland)
- Lockheed Martin (USA)
- Boeing India (USA)
- Raytheon (USA)
- Israel Aerospace Industries (Israel)
- Rafael Advanced Defence Systems Ltd. (Israel)
- Dassault Aviation SA (France)

Source: www.makeinIndia.com

Atma Nirbhar Bharat – New Horizons of Growth

1. Policy Reforms to strengthen the Indian Defence Sector

1.1 ‘Make in India’ for Self-Reliance in Defence Production: The Atma Nirbhar Bharat Abhiyan focusses at making India self-reliant in Defence production through the following measures-

- A notified list of weapons/platforms for ban on import with year wise timelines
- Indigenisation of imported spare
- Separate budget provisioning for domestic capital procurement
- These measures will help to reduce the huge Defence import bill

1.2 Corporatisation of Ordnance Factory Board: The Abhiyan aims to improve autonomy, accountability and efficiency in Ordnance Supplies by Corporatisation of Ordnance Factory Board

1.3 FDI limit in the defence manufacturing under automatic route raised from 49% to 74%

1.4 Time-bound defence procurement process and faster decision making will be ushered in by the following measures:

- Setting up of a Project Management Unit (PMU) to support contract management
- Realistic setting of General Staff Qualitative Requirements (GSQRs) of weapons/platforms
- Overhauling Trial and Testing procedures

2. Policy Reforms to enhance private investments in the mineral sector

2.1 The Atma Nirbhar Bharat Abhiyan aims at structural reforms to boost growth, employment and bring state-of-the-art technology especially in exploration through the following measures –

- Introduction of a seamless composite exploration-cum-mining-cum-production regime
- 500 mining blocks would be offered through an open and transparent auction process
- Introduction of joint auction of Bauxite and Coal mineral blocks to enhance Aluminium Industry’s competitiveness and help aluminium industry reduce electricity costs

3. Policy Reforms to strengthen the Indian Aero Space Sector

3.1 India is set to become a global hub for Aircraft Maintenance, Repair and Overhaul (MRO). The Aircraft component repairs and airframe maintenance is forecasted to increase from INR 800 crores to INR 2000 crores in the next three years. Major engine manufacturers in the world would set up engine repair facilities in India in the coming year. The following measures have been taken under the Atma Nirbhar Abhiyan to further strengthen the sector-

- Tax regime for MRO ecosystem has been rationalized
- Convergence between defence sector and the civil MROs will be established to create economies of scale

4. Policy Reforms to increase Self Reliance in Coal Production

4.1 Introduction of Commercial Mining in Coal Sector: Government will introduce competition, transparency and private sector participation in the Coal Sector through the following measures –

- Revenue sharing mechanism instead of regime of fixed Rupee/tonne: Any party can bid for a coal block and sell in the open market replacing the earlier method where only captive consumers with end-use ownership could bid
- Entry norm will be liberalized: Nearly 50 blocks to be offered immediately. No eligibility conditions, only upfront payment with a ceiling
- Exploration-cum-production regime for partially explored blocks: Partially explored blocks to be auctioned against earlier provision of auction of fully explored coal blocks
- Production earlier than scheduled will be incentivized through rebate in revenue-share

4.2 Diversified Opportunities in the Coal Sector:

- Coal Gasification / Liquefaction will be incentivised through rebate in revenue share which will result in significantly lower environment impact and assist India in switching to a gas-based economy
- Infrastructure development of INR 50,000 crores: For evacuation of enhanced Coal India Limited's (CIL's) target of 1 billion tons' coal production by 2023-24 plus coal production from private blocks. Includes INR 18,000 crores worth of investment in mechanized transfer of coal (conveyor belts) from mines to railway sidings

4.3 Liberalised Regime in the Coal Sector:

- Coal Bed Methane (CBM) extraction rights to be auctioned from Coal India Limited's (CIL) coal mines
- Ease of doing business measures, such as Mining Plan simplification, will be taken: Mining Plan has been shortened, made amenable for loading online and allow for automatic 40% increase in annual production
- Concessions in commercial terms given to CIL's consumers (relief worth Rs 5000 cr offered): Reserve price in auctions for non-power consumers reduced, credit terms eased, and lifting period enhanced

PART B

5. PROPOSED TRANSACTION

5.1. Salient features of the Proposed Transaction

1. BEML Limited (“BEML” or the “Company”) is a Miniratna Category-1 public sector undertaking, under the administrative control of Ministry of Defence, Government of India (“MoD”). The Company was incorporated on May 11, 1964 under the Companies Act, 1956 having its registered office situated at BEML Soudha, 23/1, 4th Main, S.R. Nagar, Bengaluru 560027, Karnataka, India. The Company operates under 3 major business segments - viz. (a) Mining & Construction Equipment, (b) Defence & Aerospace and (c) Rail & Metro.
2. The GOI acting through the Department of Investment & Public Asset Management (“DIPAM”) has ‘in-principle’ decided to disinvest 26% of the equity share capital of BEML Limited out of its entire shareholding of 54.03% as on date, by way of strategic disinvestment (“Strategic Disinvestment”) to investor(s) along with transfer of management control. GOI has appointed SBICAP as its sole advisor (“Advisor” or “Transaction Advisor” or “TA”) to advise and manage the proposed Strategic Disinvestment of 26% in BEML.
3. Since BEML is a listed entity, acquisition of 26% of stake by any investor(s) would trigger a mandatory open offer (obligation for open offer triggers at 25%). Under Regulation 3 of SEBI Substantial Acquisition of Shares and Takeovers Regulations 2011, as amended (“SAST”) the investor(s) will be required to make an offer to acquire additional 26% from the public shareholders the moment its shareholding in the Company becomes twenty five per cent or more. Please refer to Open Offer Guidelines in Section 5.2.
4. The Company has land parcels and other assets spread across its various manufacturing facilities, corporate office, marketing and regional offices.

The Board of Directors of the Company vide Board resolution dated 11 August 2017 and subsequent revisions recommended to separate the operational and non-operational land and to hive off the non-operational / surplus land and buildings and keep surplus assets out of the scope of disinvestment. **Accordingly, these assets will not form a part of the transaction. If the process of hive-off is not completed before the completion of the strategic disinvestment process, then a suitable mechanism shall be formulated to ensure that the non-operational surplus land does not form part of the total assets of the company post disinvestment.**

Land and properties of the Company as of Date

Particulars	Medium of Measurement	Operational	Non-Operational / Surplus	Total
(A) BEML Land	Acres	1,213	1,733	2,945
(B) Flat / Offices / Guest House at various locations	Sq. ft.	10,62,614	36,591	10,99,205
(C) BGML Land*	Acres	64	1,045	1,109

*BGML has given 1,109 Acres of Land to BEML comprising two workshops on temporary lease for a period of 10 years, vide Lease Agreement dated 05.05.2004. The 10 year lease period came to an end on 04.05.2014. As per the Agreement, a sum of Rs.1 Cr

was paid to BGML by BEML as non-refundable advance / deposit. BEML is currently utilizing 64 acres of this land and the MoD has requested Ministry of Mines for purchase of the same. A committee has been formed to work out the modalities of this transfer and purchase of land, machineries, equipment & tools, etc., by BEML. The remaining land of 1,045 acres will be returned to BGML.

Break - up of Total operational / non –operational land and property:

Division	Area of the Land (in Acres)		
	Total Area	Operational	Surplus
Bengaluru Complex (Free Hold)	222	98	124
EM Division (Free hold including 7.25 Acres of lease hold)	1,757	783	973
Mysore Complex (Free Hold)	560	159	401
Palakkad Complex (Lease Hold)	374	148	226
Sub Total (A.1)	2,913	1,188	1,725
Marketing/ Corporate	7	0	7
SEZ (Aerospace) (Lease hold)	25	25	0
Sub Total (A.2)	32	25	7
BEML Land Total (A.1 + A.2)	2,945	1,213	1,733

Flats/Offices/Guest Houses at various locations (Non-Operational / Surplus):

S. No.	Place	Description	Total Area in Sq. ft.	Flats/ Office/ Guest House
1	Mumbai	Jupiter Apartment (Colaba) Flat No.174, 17th Floor, North-East, Twin Star Jupiter Apartments, Cuff Parade, Colaba, Mumbai – 400 005	1,342	1 (Guest House)
2	Panjim	Victor Building Flat 25/9 Flat No.25/9, Victor Building, Fontainhas, Mala, Portais, Panaji, Goa – 403 001	1,023	Office
		Victor Building Flat 25/7 Flat no. 3 on Second Floor premise bearing Municipal No. 25/4 and 25/5 on Ground Floor, Victor Building, Fontainhas, Mala, Portais, Panaji, Goa - 403 001	1,023	3 Flats
		Victor Building Flat 25/10 Flat no. 4 on Second Floor premise bearing Municipal No. 25/4 and 25/5 on Ground Floor, Victor Building, Fontainhas, Mala, Portais, Panaji, Goa - 403 001	883	
		Victor Building Flat 25/4 & 25/5	431	

		Two shops premise bearing Municipal No. 25/4 and 25/5 on Ground Floor, Victor Building, Fontainhas, Mala, Portais, Panaji, Goa - 403 001		
3	Chennai	Supriya Estate Flat no. 10 Flat No. 10, Supriya Estate, Sterling road, Seetha Nagar, Nungambakkam, Chennai – 600034	2,000	1 (Guest House)
4	Kochi	D.O. Premises Land bearing No. 1450/7 along with Building known as ‘District Office, BEML Limited’, behind Zomar Arcade, Chittoor Road , Village Ernakulam (South), Sub- District & District Ernakulam, Kochi State Kerala – 682 016	6,969.84	Office
5	Kolkata	Golf Green – 3 Flats Residential flat no. 1/1, 1/2, 1/3, Block – C, Golf Green Urban Complex, Kolkata, West Bengal, Pin: 700095	2,250	3 Flats
		Sunny Park – 3 Flats Residential flat no. 2, 3, 4, Sitauted on 1st floor Block – A, Sunny Park Estate, Ballygunge, Kolkata, West Bengal, Pin: 700019	3,830	3 Flats
6	DO Bhopal	Chithod Complex – 5 Flats Unit/Flat No. 1/1, 1/3, 1/5, 1/7, 3/7, Chittod Complex, Maharana Pratap nagar, Zone-1, Tehsil: Huzur, District: Bhopal, Madhya Pradesh, Pin: 462011	5,416.55	5 (Vacant Flats)
		- Do - 2 Flats Unit/Flat No.9/7, 9/8, Chittod Complex, Maharana Pratap nagar, Zone-1, Tehsil: Huzur, District: Bhopal, Madhya Pradesh, Pin: 462011	1,600.64	2 (Vacant Flats)
7	Delhi	Greater Kailash – 1 Guest House No.101, Block-E, Greater Kailash, Part-1, New Delhi, Pin:110048	3,172	1 (Guest House)
8	Bengaluru	No. 35, Ulsoor Road	3,450	2(Guest Houses)

		No.35, New Property No.82, Ulsoor Road, Yellappa Chetty Layout, Ulsoor, Bengaluru -560 042		
		No. ½, Ulsoor Road Municipal No.1/2, Ulsoor Road, Hanumanthappa Layout, Ulsoor, Bengaluru -560 042	3,200	
Total			36,591	

Vignyan Industries Ltd (VIL):

MoD has given in principle approval for closure of VIL on 7th July 2020 and the closure action is under process. Thus, VIL including its land and assets shall not form part of the strategic disinvestment process.

5. As of March 31, 2020; BEML had contingent liabilities related to tax and statutory dues of Rs. 447.61 crore, details of which are mentioned in Section 3.1.5.

6. Lock-in of shares and other restrictions

The successful bidder could be required to undertake certain obligations relating to certain matters, such as, employee protection, asset stripping, business continuity, lock-in of the shares acquired in the proposed transaction, and/or shareholding of consortium members in the SPV. These conditions, and those relating to the respective responsibilities and liabilities of the successful bidder and the consortium members (if any), shall be specified at the RFP stage.

7. Security Clearance:

Necessary security clearance will be taken as per the details and requirements communicated to the Shortlisted Bidder at the time of RFP.

5.2. Open Offer Guidelines

BEML is listed on stock exchanges in India. SEBI is the regulatory body for stock exchanges in India. Acquisition of stake by IB in BEML would need to comply with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“SAST”). Accordingly, IB will need to offer to acquire additional stake from other shareholders via open offer as per SAST. Key synopsis of the regulations are provided below:

Threshold:

- Acquisition of an aggregate of 25% or more shares or voting rights in a listed entity would trigger an open offer.
- Acquisition of control would trigger an open offer.

Open Offer Size:

- Minimum of 26% shares or voting rights of the target company

Open Offer Price:

Open offer price (payable in INR) to be the highest of:

- Negotiated price under an agreement;
- Volume-weighted average price paid by the acquirer and persons acting in concert (PAC) in the 52 weeks preceding the public announcement for open offer (“PA”) (which effectively is the date of signing of the SPA);
- Highest price paid by the acquirer or PAC for any acquisition during the 26 weeks preceding the PA;
- Volume weighted average price (VWAP) over the 60 trading days prior to the date of the PA (for frequently traded shares).
- Where the equity shares are not frequently traded, the price determined by the acquirer and the manager to the open offer taking into account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies.

Timelines:

The Acquirer would need to comply with the Timelines as per SAST.

Escrow:

An acquirer needs to put in place an escrow arrangement as prescribed in the SAST. Such escrow may be in the form of a cash deposit or a bank guarantee or a deposit of frequently traded and freely transferable equity shares or other freely transferable securities with an appropriate margin and comply with other extant provisions thereto.

Such escrow arrangement is required to be put in place at least two days prior to PA; escrow arrangement would form a key execution step and requires careful planning and preparation.

Corporate Governance:

Committee of independent directors of the target company to consider and give its reasoned recommendations on open offer. The recommendation to be published prior to opening of the offer period.

Further, the IB must comply with all applicable laws, including SAST during the entire process.

The above section is only a brief overview of the extant provisions. The bidder must seek independent legal advice and shall have to comply by the extant guidelines at all times.

5.3. Process for the Proposed Transaction

- 1) Disinvestment by the GOI of the equity shares aggregating to 26% of the entire paid up share capital of BEML held by the President of India through the MoD, by way of strategic disinvestment to “Interested Bidder(s)” or “IB(s)” along with transfer of management control (“Transaction”).

- 2) The process for the Proposed Transaction has been divided into two stages, namely, Stage I and Stage II.

Stage I:

- 3) Through this PIM, GOI is providing the IBs with instructions for submitting their Expression of Interest (EOI) to GOI / TA which would be used for prequalifying the IBs in accordance with the criteria specified to proceed with the Proposed Transaction.
- 4) This PIM along with annexures shall be uploaded on websites of the Transaction Advisor at www.sbicaps.com, DIPAM at www.dipam.gov.in, Ministry of Defence at www.mod.gov.in and of the Company at www.bemlindia.com. Following receipt of PIM, IBs will be required to respond in the format as detailed in this PIM along with a demand draft of Rs. 500,000/- (Rupees five hundred thousand only) towards a non-refundable fee, drawn in favour of “**SBI Capital Markets Limited – Fee for EOI**”, payable at New Delhi.
- 5) The EOIs will be evaluated based on the eligibility criteria and the disqualification conditions detailed in this PIM.
- 6) Only shortlisted IBs will be allowed to participate in Stage II (“Shortlisted Bidder(s)”), subject to the IB submitting the Confidentiality Undertaking, as provided.

Stage II:

- 7) Based on an evaluation of the EOIs submitted, the Shortlisted Bidders will be provided with Request for Proposal (“**RFP**”) including draft Share Purchase Agreement and draft Shareholders Agreement, access to the data room to review documents pertaining to the Company for conducting a due diligence on the Company and a Confidential Information Memorandum (“**CIM**”) which shall provide further details of the Company and the Proposed Transaction subject to the IB having submitted a Confidentiality Undertaking (**Annexure 6**) at the time of submission of EOI. The Shortlisted Bidders would be required to undergo a transparent bidding process for acquisition of 26% of GOI shareholding in BEML, in accordance with the terms of the RFP.
- 8) The Shortlisted Bidders may be required to deposit earnest money at Stage II, if so required by GOI.
- 9) Necessary security clearance shall be taken as per the details and requirements communicated to the Shortlisted Bidder at the time of RFP.
- 10) The Shortlisted Bidders will be required to submit the financial bid in the form of the price per share for acquiring 26% GOI equity stake in BEML (the “**Financial Bid**”) along with important supporting documents including bid letter, bank guarantee, etc. (the “**Non-Financial Bid**”) in accordance with the terms of RFP. The Financial Bid and Non-Financial Bid together shall be referred as “**Bid**”.

11) The Shortlisted Bidder, who is approved by CCEA to enter into definitive agreements shall be designated as the “Successful Bidder”.

Other Details regarding the Transaction:

12) An advertisement has been issued in the newspapers inviting IBs to submit their EOI to participate in the Proposed Transaction. A copy of the advertisement is enclosed as **Annexure 7**.

13) This PIM contains the following:

- a. Company Overview
- b. Company Financials
- c. Industry Overview
- d. Proposed Transaction
- e. Instructions for Submission of EOI
- f. Eligibility criteria
- g. Disqualifications
- h. Format for Letter of EOI for sole IB / Consortium
- i. Format for Form A
- j. Format for General Power of Attorney
- k. Format for Power of Attorney in favour of Lead Member
- l. Format for Consortium Agreement
- m. Format for Confidentiality Undertaking
- n. Advertisement inviting EOI
- o. Office Order of DIPAM guidelines
- p. Format for declaration with respect to statement of legal proceedings
- q. Format of Affidavit
- r. Guidelines for Management-Employee Bids in Strategic Sale
- s. DIPAM Guidelines for Employees Bids

14) IBs shall have satisfied themselves of their queries before participating in the Proposed Transaction.

15) A site visit (cost of which will be borne by the IBs) may be scheduled to facilitate the Shortlisted Bidders in their assessment of the Company at the discretion of GOI. The modalities related to the visit and due diligence will be communicated to the Shortlisted Bidders in due course.

16) The Shortlisted Bidders shall carry out their own due diligence, independent assessment and appraisal of the Company and the Transaction. The GOI or the Company or their respective consultants, agents, officials, advisors and employees make no representations, in relation thereto and shall not be liable in any manner whatsoever.

17) All costs associated with conducting the due diligence will be borne by the respective Shortlisted Bidders and no cost incurred by the IBs in this regard shall be borne by the Company, GOI and TA.

18) Details regarding the process post short-listing based on the EOIs submitted will be subsequently shared with the IBs in the RFP.

- 19) EOIs are liable to be rejected by GOI / TA if IBs fail to meet the qualifying eligibility criteria as specified in section titled 'Eligibility Criteria' and/or are disqualified in accordance with the conditions specified in section titled 'Disqualifications' in this PIM or on account of security considerations or for any other reason deemed fit, or even without assigning any reason whatsoever. In such an event no financial obligation whatsoever shall accrue to GOI, the Company, the Transaction Advisor or any of their respective officers, employees, advisors or agents.
- 20) GOI reserves the right to modify/postpone/cancel or call off the Proposed Transaction or the process specified herein without communicating any reasons whatsoever. In such an event no financial obligation whatsoever shall accrue to GOI, the Company, the TA or any of their respective officers, employees, advisors or agents.
- 21) The GOI/TA also reserves the right to call for any additional document (s)/information from the IBs, which may be considered necessary without any liability to the Company/GOI/TA.
- 22) The GOI, the Company, TA and their respective advisors shall not be liable for any omission, mistake or error in respect of any of the above or on account of any matter or thing arising out of or concerning or relating to the PIM or the EOI process, including any error or mistake therein or in any information or data given by the Transaction Advisor.
- 23) The IBs to acknowledge that this PIM is not a legally binding document. Neither the IBs nor any of the IB's representatives shall have any claims whatsoever against the Company/ GOI/TA or their advisors or any of their respective officials, agents, consultants or employees arising out of, or relating to this PIM.
- 24) In case of any dispute between the parties in respect of interpretation of the terms of Advertisement (as enclosed in this PIM) inviting EOIs, this PIM or anything arising therefrom, such dispute or difference shall be governed by the laws of Republic of India. All such disputes will be subject to jurisdiction of the Courts at New Delhi (with exclusion of all other Courts).

6. INSTRUCTION FOR SUBMISSION OF EOI

(i) The Expression of Interest, conforming to the conditions of this PIM shall be submitted along with all annexure(s) duly filled in, in original and all the supporting documents (EOI), at following address on or before the scheduled date and time. The completed forms, “Annexures” along with all the supporting documents of the bid shall be considered as part of the contract documents in the case of successful bid(s). The Expression of Interest shall be submitted either:

a) Physically before the Due Date (March 1, 2021), at the address mentioned below:

Ms Apeksha A. Munwane,
Vice President, Investment Banking
SBI Capital Markets Ltd,
202, Maker Tower ‘E’,
Cuffe Parade, Mumbai – 400 005,
Maharashtra, India

b. The IBs, if they so desire, may submit the complete Eoi in electronic form via email at project.beml@sbicaps.com with all the requisite documents in PDF format by the Due Date. The PDF files should be password protected and the password should be communicated via a separate mail at project.beml@sbicaps.com. IBs submitting Eoi by email shall also be required to submit the Eoi in a physical copy not later than 1700 hours IST of March 16, 2021. All the documents submitted in the electronic form may be either scanned version of documents with physical signatures or signed digitally using a valid Digital Signature Certificate.

Explanation – For the avoidance of doubt, it is clarified that the Power of Attorney cannot be digitally signed, even if the Eoi is submitted in an electronic form, which must be physically signed, witnessed, notarized and legalized / apostilled (as required), as per the procedure specified in the PIM. Such signed Power of Attorney may then be scanned and emailed.

Eois submitted electronically shall only be evaluated upon receiving of hard copies on or before the date specified.

Pursuant to the submission of EOI, IBs should note that all correspondence, enquiries and clarifications in relation to the Transaction should be routed and addressed **only** to the Transaction Advisor. Neither MoD nor DIPAM nor BEML shall respond to any query from the IB.

(ii) Submission of the aforesaid documents by any other electronic means and/or facsimile will not be accepted.

(iii) The proposals received after the appointed time and date will be rejected.

(iv) **Unless otherwise specified, a copy of any document that is not the original shall be a certified true copy for submission.**

(v) The IBs shall submit the EOI physically in hard copy by mentioning the page number on each document and to be submitted in sequence in a **sealed, covering envelope** clearly marked **“Private and Confidential – Expression of Interest for the Strategic Disinvestment of BEML”** in different file folders as per the following directions:

A. Covering envelope:

- 1) Demand Draft of Rs. 500,000/- (Rupees five hundred thousand only) towards non-refundable fee drawn in favor of **“SBI Capital Markets Limited – Fee for EOI”**, payable at New Delhi.
- 2) EOI letter in the format specified as per **Annexure 1**
- 3) Duly filled in **Form A** by IB/ each member of Consortium as per **Annexure 2**, including the following major supporting documents:
 - a) Executive summary providing brief description of the IB and (where applicable) for each member of Consortium, containing details like Ownership Structure, Identity of the natural persons who are the Ultimate Beneficial Owners of the IB/ each member of Consortium (“Ultimate Beneficial Owner” means the natural person or persons who are the ultimate beneficial owners of the shares and who ultimately own, control or influence and includes a person who exercises ultimate effective control over a legal person or arrangement), the Place of Effective Management of business of the IB and each member of the consortium (“Place of Effective Management” means the place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance made.), etc. write up on business history and growth, business areas / activities, respective revenue details etc., it shall include a brief commentary on the capability of the IB /members of the Consortium, as demonstrated, inter alia, in its past track record, to run its own business.
 - b) Contact information of the IB/ each member of Consortium including full name, address, telephone and facsimile numbers, e-mail address and the names and the titles of the persons who are the principal points of contact for each member and identifying lead member of the consortium. Details of the website of the IB/ each member of Consortium are also to be provided.
 - c) Basic information pertaining to incorporation and commencement of business for IB/ each member of the Consortium.
 - d) Certified true copies of the following documents to be submitted. However, if IB/ any member of the Consortium cannot submit any of the following documents, it shall state reasons for the same:
 - i. Memorandum of Association
 - ii. Articles of Association
 - iii. Certificate of Incorporation
 - iv. Certificate of Commencement of Business
 - v. Charter Documents
 - vi. Other Constitution Documents i.e. Partnership Deed etc. as may be applicable

vii. SEBI Registration Certificate for AIFs

- e) A certificate for list of Board of Directors, principal shareholders and key management personnel duly signed by the respective Company Secretary or any officer in charge of secretarial/legal affairs of IBs/ each member of Consortium and also counter signed by its authorized signatory.
- f) A certificate by an independent chartered accountant/statutory auditor/Company Secretary or any other officer in-charge of secretarial/ legal affairs, for the shareholding pattern of the IB/ each member of Consortium.
- g) A certificate duly signed by Company Secretary or any other officer in charge of secretarial/legal affairs, for eligibility to participate in the Proposed Transaction.
- h) An independent chartered accountant/ statutory auditor certificate certifying the fulfillment of Financial Criteria as specified in the Eligibility Criteria section.
- i) Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous five financial years.
Provided that, in the event IB/ any member of Consortium is an unlisted entity, and does not have the audited financial statements of immediately preceding financial year, the latest available unaudited/ provisional financial statements may be given as certified by its statutory auditor; in case such entity is a listed entity, and its audited financial statements are not available for the immediately preceding financial year, the information contained in latest Quarterly Limited Review report is to be submitted. However, the audited financial statements of such IB/ member of Consortium shall be submitted, as and when prepared as per the statutory requirements and timelines of the relevant countries where it is incorporated. All financial statements/ annual reports/ net worth certificate submitted should be certified by authorized signatory.
In case the IB/ any member of the Consortium cannot submit the consolidated financial statements as mentioned above, it shall specify reasons for the same. GOI / TA shall reserve the discretion for rejecting such EOIs for any reason deemed fit or otherwise.
- j) Documents such as a board or shareholders' resolution in favor of the person executing the Power of Attorney for the delegation of power on behalf of the IB/ member of Consortium. (The date of execution of board or shareholders' resolution should be prior to the date of execution of the Power of Attorney)
- k) **Management Organization:** An overview of IB's/ each member of the Consortium's senior management and organization structure certified by the company secretary or any other officer in charge of secretarial/legal affairs of the IB/ each member of Consortium.
- l) **International Operations/ Joint Venture/Alliances:** Brief note of IB's/ member of Consortium's international operations, joint ventures, alliances (whether international or domestic), including incorporation details, registered office, nature

and size of such operations, equity ownership/ effective management and control (as applicable).

- m) Details of those companies and professional firms, if any, who are (or will be) advising the IB/ Consortium/ member of Consortium for the Proposed Transaction, together with the names of the principal individual advisors at those companies and firms.
 - n) Details of contingent liabilities and outstanding litigations, which if materialised, would have or would reasonably be expected to have a material adverse effect on the business, operations (or results of operations), assets, liabilities and/or financial condition of the IB/ member of Consortium, or other similar business combination or sale.
 - o) If the IB/any member of Consortium is a foreign entity/ overseas corporate body, specify list of statutory approvals from the Government of India/ the Reserve Bank of India/ the Foreign Investment Promotion Board/ relevant ministry/ any other Government agency, specifying whether the same is applied for/ to be obtained/ awaited.
- 4) Appropriately executed Power of Attorney authorizing the signatory of the EOI to commit the IB/ each member of Consortium (as per **Annexure – 3** and **Annexure – 11** for Employee Bids).
 - 5) Appropriately executed Power of Attorney authorizing the lead member of Consortium to do all acts, deeds and things as may be necessary in connection with the Consortium's Bid for the Transaction (as per **Annexure 4**)
 - 6) In case of a Consortium, a Consortium Agreement duly executed amongst each of the Consortium members (as per **Annexure 5**).
 - 7) Duly executed Confidentiality Undertaking (as per **Annexure 6**).
 - 8) A declaration in relation to statement of legal proceedings (as per **Annexure 9**).
 - 9) Duly executed Affidavit (as per **Annexure 10**).

In case an IB is satisfying the Eligibility Criteria based on the Net Worth of the entity into which the accounts of the IB are consolidated, the criteria for qualification and disqualification shall also be applicable to such entity apart from the IB, and such entity shall also provide all the declarations in the formats required as part of EoI.

- (vi) All the EoI(s) shall be valid for 180 days from the date of opening of the EOI and can be further extended by another 180 days on intimation to the interested bidders.
- (vii) PIM is available for downloading from websites of the Transaction Advisor at www.sbicaps.com, DIPAM at www.dipam.gov.in, Ministry of Defence at www.mod.gov.in and of the Company at www.bemlindia.com.

- (viii) No IB/ member of Consortium shall submit more than one EOI. An entity submitting EOI individually or as a member of a consortium shall not be entitled to submit another EOI either individually or as a member of any other consortium, as the case may be.
- (ix) The IBs/ members of Consortium are expected to carry out their own investigations and other examination in relation to the Transaction before submitting their EOIs.
- (x) Notwithstanding anything to the contrary contained in this PIM, the detailed terms specified in the definitive agreements shall have overriding effect; provided, however, that any conditions or obligations imposed on the IB/member of Consortium hereunder shall continue to have effect in addition to its obligations under the definitive agreements.
- (xi) All financial statements or data to be derived therefrom for the evaluation of Financial Criteria referred herein shall mean on a Consolidated Basis.
- (xii) Any condition or qualification or any other stipulation contained in the EOI shall render the EOI liable to rejection as a non-responsive EOI.
- (xiii) The EOI and all related correspondence and documents in relation to the EOI shall be in English language.
- (xiv) The documents including this PIM and all attached documents are and shall remain or become the properties of the GOI and are transmitted to the IBs solely for the purpose of preparation and the submission of an EOI in accordance herewith. IBs are to treat all information as strictly confidential and shall not use it for any purpose other than for preparation and submission of their EOI.
- (xv) EOIs shall be opened only after the due date of submission of EOIs.
- (xvi) EOIs shall be submitted during the working hours (Monday to Friday 10:00 am IST to 5.00 pm IST) on or before scheduled date & time.
- (xvii) Advisor/GOI/Company shall bear no responsibility for non-receipt of documents sent by post/courier.
- (xviii) The IBs shall bear all costs associated with the preparation and submission of the EOI and also all costs associated with conducting the due diligence. The Advisor/GOI/Company shall not, under any circumstances, be responsible or liable for any such costs, whether direct, incidental or consequential and no cost incurred by the IBs in this regard shall be borne by the Company, GOI and Advisor.
- (xix) **Enquiry:** GOI/Company reserves the right, in their sole discretion, not to respond to any questions raised or provide clarifications sought, if considered inappropriate or prejudicial to do so or even otherwise. Nothing in this section shall be taken or read as compelling or requiring the GOI/Company to respond to any question or provide any clarification. No extension of any time and date referred to in this PIM shall be granted on the basis or grounds that the GOI/Company has not responded to any question or provided any clarification.

- (xx) **Governing Law / Jurisdiction:** The Proposed Transaction and all matters incidental thereto shall be governed by the laws of India. All disputes arising out of the Proposed Transaction shall be subject to the exclusive jurisdiction of the courts at New Delhi.
- (xxi) **Requisite approvals:** The IB shall be required to obtain all necessary approvals required to enable the IB to enter into the definitive agreements and to consummate the Proposed Transaction including obtaining all approvals.
- (xxii) **Amendment to PIM and invitation for EOI:** At any time prior to the Due Date for submission of EOI, GOI may, for any reason, whether at its own initiative or in response to clarifications requested by any Bidder, modify the PIM by the issuance of addendum / corrigendum. Any addendum / corrigendum / clarification issued shall be uploaded on websites of DIPAM at www.dipam.gov.in, Ministry of Defence at www.mod.gov.in, of the Company at www.bemlindia.com and Transaction Advisor at www.sbicaps.com.
- In order to afford the Bidders a reasonable time for taking an addendum into account, or for any other reason, GOI may, in their sole discretion, extend the Due Date for submission of EOI.
- (xxiii) Any additional information supplied subsequent to the Due Date of submission of EOI, unless the same has been expressly sought for by GOI / TA, shall be disregarded.
- (xxiv) Notwithstanding anything contained in this PIM, the GOI / TA reserves the right to reject any or all EOIs on the grounds of national interest, national security, public interest or any other grounds without communicating any reasons thereof and without any liability or any obligation for such rejection.
- (xxv) The GOI / TA / Company shall not be liable for any omission, mistake or error in respect of any of the above or on account of any matter or thing arising out of or concerning or relating to the PIM or the EOI process, including any error or mistake therein or in any information or data given by the Advisor.
- (xxvi) The GOI / TA reserves the right to verify all statements, information and documents submitted by the IB/ any member of Consortium in response to the PIM, or the EOI process and the IB/ any member of Consortium shall, when so required by the GOI / TA, make available all such information, evidence and documents as may be necessary for such verification. Any such verification or lack of such verification, by the GOI / TA shall not relieve the IB/any member of Consortium of its obligations or liabilities hereunder nor will it affect any rights of the GOI thereunder.
- (xxvii) The IBs/ members of Consortium may note that the files containing information about BEML can be in various formats including without limitation, doc, xls, ppt, pdf, jpg, jpeg, zip etc. and it shall be the responsibility of the IB/members of Consortium to have suitable facilities at their end to download the uploaded files.
- (xxviii) The IBs/ members of Consortium shall evaluate and ensure that they are permitted to invest under applicable laws to the extent they propose to participate.
- (xxix) Only IBs/ members of Consortium which are permitted under applicable laws to participate (to the extent of their proposed participation) shall be permitted to bid.

7. ELIGIBILITY CRITERIA

The eligibility criteria for the Interested Bidders are as follows:

1) **Incorporation Criteria:**

- a) Any private limited company, public limited company, limited liability partnership, fund or body corporate whether registered or incorporated in India or outside or Alternative Investment Funds registered with SEBI (“AIF”) as per SEBI (Alternative Investment Funds) Regulations, 2012; which are eligible to invest under the laws of India (subject to such parties obtaining all statutory approvals by themselves from the GOI, FIPB, RBI, relevant ministry etc. as applicable) either as a sole bidder or as part of a Consortium (“**Interested Bidder**” / “**IB**”).
- b) Central Public Sector Enterprises (**CPSEs**) or Central Government owned Cooperative Societies i.e. entities where the direct holding of the Central Government or of other CPSEs is 51% or more are not eligible to participate in the Proposed Transaction.
- c) Bids by management/employees of BEML directly and independently or in consortium or Joint Venture or as a Special Purpose Vehicle (**SPV**), along with a bank, venture capitalist or a financial institution will be considered in accordance with the guidelines issued by Department of Investment and Public Asset Management, annexed herewith as per **Annexure 12 (“Guidelines”)** if the legal entity so formed is qualified as per the criteria laid down in the PIM (*kindly, also refer to Annexure 11*).

2) **Conditions for bidding by Consortium:** Entities are permitted to form a consortium (“**Consortium**”) and may participate in the Transaction (these entities shall be referred to as “**member(s) of Consortium**” or “**member(s)**”), subject to the following conditions:

a. **Minimum stake requirement in the Consortium / SPV:**

- (i) **Each member of the Consortium:** Each member of the Consortium shall hold at least 5% in the equity share capital of the SPV (i.e. a company) promoted or to be promoted by the members of the Consortium for acquiring the 26% equity share capital of GOI in BEML being disinvested pursuant to the Transaction.
- (ii) **Lead Member:** Each consortium is required to declare one Lead Member who shall hold at least 51.00% equity share capital of the SPV (i.e. a company) promoted or to be promoted by the members of the Consortium for acquiring the GOI stake being divested in BEML.

3) Financial Criteria: For submitting the EOI and for being considered for subsequent qualification for Stage II of the Transaction, the IB shall satisfy the following Financial Criteria (“**Financial Criteria**”):

a) Net worth Criteria:

- (i) **Where IB is a Sole Bidder:** A Minimum Net Worth (“**Minimum Net Worth**”) of Rs. 1,400 crore (USD 186.66 mn assuming 1 USD = Rs 75) as per the latest audited annual consolidated financial statements which shall not be older than 12 months from the date of the PIM;

The Net Worth criteria may be satisfied either by the IB or by the entity into which the accounts of the IB are consolidated.

(ii) Where IB is a Consortium:

- a) The combined Net Worth of all the members of the Consortium should meet the Minimum Net Worth Criteria as mentioned in 3(a)(i) above
- b) Combined Net Worth in case of a Consortium would be calculated as = Net Worth of member 1 + Net Worth of member 2 + Net Worth of member 3 + Net Worth of member 4 (*as applicable, depending on number of members in Consortium*)
- c) The Lead Member of the Consortium shall have a Net Worth, which is at least in proportion to its shareholding in the entire consortium, towards the calculation of Minimum Net Worth.
- d) All members of consortium shall have a minimum net worth, which is at least equal to their respective shareholding in the consortium as percentage of the Minimum Net Worth criteria mentioned on clause 3.(a).(i).

For example:

- If a member of Consortium has 30% shareholding in the consortium, it is required to have a minimum Net worth which is at least equal to: Rs 420 Crore (i.e. 30% of Rs. 1,400 Crore)
- If a member of Consortium has 51% shareholding in the consortium, it is required to have a minimum Net worth which is at least equal to: Rs 714 Crore (i.e. 51% of Rs. 1,400 crore)

b) Profitability Criteria:

- (i) **Where IB is a Sole Bidder:** Positive Profit after Tax (“**PAT**”) in at least three of the immediately preceding five financial years from the date of publication of this PIM. Where IB was incorporated less than five years ago, it should have positive PAT in at least three completed financial years (each of not less than 12 months duration), to be considered eligible (“**Profitability Criteria**”).

In the event IB is a Sole Bidder and has come into existence as a result of a merger / demerger / amalgamation of 2 (two) or more entities, the sum of the Profit after Tax of such entities should be positive in atleast 3 (three) out of the last 5 (five) financial years.

- (ii) **Where IB is a Consortium:** The Lead Member of the Consortium should have positive PAT in at least three of the immediately preceding five financial years from the date of publication of this PIM. Where entity was incorporated less than five years ago, it should have positive PAT in at least three completed financial years (each of not less than 12 months duration).
- (iii) PAT mentioned above in this clause shall mean Profit after Tax prior to any dividend payout.
- (iv) The Profitability Criteria is not applicable for Funds and employees of BEML.

4) Formation of SPV:

- a) **Where IB is a Sole bidder:** If IB is a sole bidder, it has the option to either directly hold shares of BEML or hold shares through an investment vehicle (special purpose vehicle / SPV) incorporated within stipulated time, under the laws of India, once finally selected prior to entering into the definitive agreements, as may be prescribed by the GOI in the RFP. The SPV can be formed at any time after submission of EOI but prior to signing of the definitive agreements. Such SPV will be a wholly owned subsidiary of IB.
 - If an IB satisfies the Net Worth Criteria on the basis of the Net Worth of its parent, then the IB and the parent both will have to sign the SPA. In such a case if such IB forms a SPV, then the IB, its parent and the SPV, all three will have to sign the SPA.
- b) **Where IB is a Consortium:** If IB is a Consortium, the Consortium shall incorporate a Special Purpose Vehicle (in the form of a company) under the laws of India, once finally selected prior to entering into the definitive agreements. The Special Purpose Vehicle is required to be incorporated at any time after submission of EOI but prior to signing of the definitive agreements. The shareholding of the SPV shall be the same as the shareholding of the members in the Consortium.

[This space is intentionally left blank]

c) Examples on Financial Criteria assessment for consortiums: *(the below mentioned examples are only illustrative and meant for explaining the Financial Criteria assessment only)*

(i) Example of Financial Criteria assessment in case of a 2 member Consortium:

Case	Member 1	Member 2	Remarks
1.	<ul style="list-style-type: none"> Stake in Consortium: 51% Net worth: Rs. 714 Crore PAT: Positive in 3 out of 3 years 	<ul style="list-style-type: none"> Stake in Consortium: 49% Net worth: Rs. 686 Crore PAT: Positive in 4 out of 5 years 	<p>Consortium qualifies, as:</p> <p>Clause 3(a):</p> <ul style="list-style-type: none"> All the Member of the Consortium meet minimum proportionate share of the Net worth criteria <p>Clause 3(b):</p> <ul style="list-style-type: none"> Member 1 meets the requirement of positive PAT in at least 3 years (in case entity was incorporated less than five years ago) Member 2 meets the requirement of positive PAT in 3 out of last 5 years <p>Consortium meets the Financial Criteria (Clauses 2 and 3)</p> <ul style="list-style-type: none"> Combined Net worth of Consortium: Rs. 714 Crore + Rs. 686 Crore = Rs. 1,400 Crore

(ii) Examples of Financial Criteria Assessment in case of 3 member Consortium:

Case	Member 1	Member 2	Member 3	Remarks
1.	<ul style="list-style-type: none"> Stake in Consortium: 51% Net worth: Rs. 714 Crore PAT: Positive in 4 out of 5 Years 	<ul style="list-style-type: none"> Stake in Consortium: 25% Net worth: Rs. 400 Crore PAT: Positive in 4 out of 5 years 	<ul style="list-style-type: none"> Stake in Consortium: 24% Net worth: Rs. 350 Crore PAT: Positive in 3 out of 5 years 	<p>Consortium qualifies, as:</p> <p>Clause 3(a):</p> <ul style="list-style-type: none"> All the Members of the Consortium meet minimum proportionate share of the Net worth criteria



Case	Member 1	Member 2	Member 3	Remarks
				<p>Clause 3(b):</p> <ul style="list-style-type: none"> All Members meet the requirement of positive PAT in 3 out of last 5 years <p>Consortium meets the Financial Criteria (Clauses 2 and 3):</p> <ul style="list-style-type: none"> Combined Net worth of Consortium: Rs. 714 Crore + Rs. 400 Crore + Rs. 350 Crore = Rs. 1,464 Crore
2.	<ul style="list-style-type: none"> Stake in Consortium: 51% Net worth: Rs. 714 Crore PAT: Positive in 2 out of 5 Years 	<ul style="list-style-type: none"> Stake in Consortium: 25% Net worth: Rs. 50 Crore PAT: Positive in 4 out of 5 years 	<ul style="list-style-type: none"> Stake in Consortium: 24% Net worth: Rs. 950 Crore PAT: Positive in 4 out of 5 years 	<p>Consortium does not qualify, as:</p> <p>Clause 3(a):</p> <ul style="list-style-type: none"> Member 2 does not meet minimum proportionate (25%) Net Worth in the Consortium for the Net worth criteria <p>Clause 3(b):</p> <ul style="list-style-type: none"> Member 1 does not meet the requirement of positive PAT in 3 out of last 5 years.

- 5) Bids by management/employees of BEML shall satisfy the minimum Net worth criteria as specified in Financial Criteria clause. The combined net worth of participating employees and bank/venture capitalist/financial institution, as may be applicable, shall be taken into account for calculating minimum net worth requirement as per Financial Criteria clause and in accordance with Conditions for bidding by Consortium.
- 6) Net worth of IBs/ members of the Consortium shall be calculated as follows:
- a) **In case of a company:** “Net worth” shall be calculated as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure, Intangible Assets, redemption reserves, reserves made for any specific purpose and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Further, the cross holding of investments amongst the consortium members is also to be deducted where the IB is a Consortium.
 - b) **In case of LLP:** “Net worth” shall be calculated as aggregate value of Partners’ Capital and all reserves created out of the profits, after deducting the aggregate value of the accumulated losses, deferred expenditure, Intangible Assets, redemption reserves, reserves made for any specific purpose and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Further, the cross holding of investments amongst the consortium members is also to be deducted where IB is a Consortium.
 - c) **In case of a Fund:** Net worth shall be considered as committed capital or 0.25 times of assets under management.

The Transaction Advisor reserves the right to ask for any additional documents as required to verify and assess the eligibility.

- 7) Financial Criteria shall be assessed on the basis of:
- a) **In case of IBs/members of Consortium other than Funds and employees:** Based on latest audited financial statement of each IB/member of Consortium (**on Consolidated Basis**), which shall not be older than 12 months from the date of publication of this PIM. The fulfilment of Financial Criteria is to be certified by an independent chartered accountant/statutory auditor. The financial statements on the basis of which the Financial Criteria shall be assessed shall correspond to accounting periods completed (each of not less than 12 months duration) and shall not be based on partial periods.
 - b) If the audited financial statements are not available for the immediately preceding financial year, latest unaudited/provisional numbers as certified by the statutory auditors (in case of an unlisted entity) or information contained in latest Quarterly Limited Review report (in case of a listed entity) shall be considered, provided they are not older than 12 months from the date of publication of this PIM.

- c) If an IB is found to be satisfying Net Worth criteria on the basis of its parent's Net Worth, the consolidated Net Worth of its parent will be considered.
- d) In case of consolidated financials, Non-Controlling Interest (NCI) shall be included in the definition of Net Worth.
- e) In case the IB/any member of Consortium is not required to prepare consolidated financial statements as part of statutory requirements, the standalone financial statements are to be used for assessment. However, the same would be accepted only if the certificate for fulfillment of Financial Criteria submitted by the IB/member of Consortium clearly mentions the non-requirement for preparation of consolidated financial statements, in the manner specified in Annexure 2. GOI / TA shall reserve the discretion for rejecting such EOIs for any reason deemed fit or otherwise.
- f) **In case of Funds:** The committed capital or 0.25 times assets under management would be considered as per independent chartered accountant/ statutory auditor's certificate not older than 3 months from the date of PIM.
- g) **In case of bids by management/employees of BEML:** Practicing Chartered Accountant's certificate not older than 3 months from the date of PIM, certifying Net worth of employees.

The Transaction Advisor reserves the right to ask for any additional documents as required to verify and assess the eligibility.

8) Change in Consortium

Change in Consortium is permitted as per the following conditions. Change may include addition of a new member, removal of a member, or change in shareholding of members.

- a) A qualified IB who has submitted the EoI as a Sole Bidder and wishes to form a Consortium for final bid, shall be permitted to form a Consortium with such IB acting as the Lead Member, within 6 weeks from the date of shortlisting for Stage II, subject to submission of required documents had the Consortium been formed at the outset. Additionally, each of the Consortium members should be qualified as required in this document as applicable had the Consortium been formed at the outset.
- b) In case an IB had submitted the EoI as a Consortium, then a one-time change to the Consortium shall be permitted within 6 weeks from the date of shortlisting for Stage II. This would include permitting of a change where the Lead Member of the Consortium would like to continue as a Sole Bidder without other members of the Consortium.
- c) In case where two Sole Bidders have been qualified based on the EoI submitted by each of the Sole Bidders, the formation of a consortium by the Sole Bidders shall not be permitted. Similarly, in case two Consortia are qualified based on the EoI submitted, then consolidation into a single Consortium shall not be permitted.

- d) An IB submitting the EoI cannot be replaced by another subsidiary of its parent or a SPV created by its parent at any stage of the proposed transaction even when the parent's Net Worth is used to qualify the eligibility.
- e) The IB shall have to apply for such a change to the TA. The TA may grant approval to such a Consortium subject to new proposed Consortium member meeting the eligibility criteria and the following:
- i. The change shall be permitted only once per Consortium.
 - ii. No change in Lead Member shall be allowed.
 - iii. Jumping from one consortium to another shall not be permitted.
- 9) On being selected as the Successful Bidder,
- a) If the IB (in the form of a sole bidder) makes the investment through a special purpose vehicle, such IB (as the Parent of the special purpose vehicle) shall be required to irrevocably and unconditionally guarantee to the GOI that such special purpose vehicle shall, at all times, fully and faithfully perform and discharge all its obligations under the definitive agreements or other materials prepared in connection with the Proposed Transaction.
 - b) If the IB (in the form of a Consortium) makes the investment through a special purpose vehicle then each member of the Consortium shall jointly and severally, irrevocably and unconditionally guarantee to the GOI that such special purpose vehicle shall, at all times, fully and faithfully perform and discharge all its obligations under the definitive agreements or other materials prepared in connection with the Proposed Transaction.
- 10) The IBs shall ensure that they are permitted to invest under applicable laws to the extent they propose to participate.
- 11) The fact that GOI may entertain bids by entities (including SPVs) from a jurisdiction outside of India should not be construed as approval from GOI on any tax issues relating to foreign investments in India that may arise in relation to the proposed transaction. IB has to comply with relevant tax laws and procedure.
- 12) In shortlisting interested parties, GOI will pay due attention, inter-alia to the security requirements of the country.
- 13) Where the financial statements are expressed in a currency other than the Indian Rupee, the eligible amount as described above shall be computed by taking the equivalent amount at the exchange rates prevailing on the dates of such financial statement as stipulated by Reserve Bank of India. All financial information required for satisfying the eligibility criteria shall be represented in Indian Rupees.
- 14) The GOI reserves the right to seek any additional indemnities, warranties, representations or performance obligations from the bidders or any of their group companies to their satisfaction.

The TA reserves the right to ask for any additional documents as required to verify and assess the eligibility.

8. DISQUALIFICATIONS

- 1) GOI/TA shall not consider for the purpose of qualification, any EOI which has been found to be incomplete in content or attachments.
- 2) Without prejudice to any other rights or remedies available to GOI / TA, the GOI/ TA reserves the right to, disqualify any IB or Consortium or member of Consortium and exclude its EOI from further consideration for any of the following reasons (including without limitation) listed below:
 - a. Misrepresentation/false statement is made by an IB or any member of a Consortium, at any stage in the Strategic Disinvestment process, whether in the EOI, the financial bid, supporting documentation or otherwise and whether written or oral.
 - b. If the EOI submitted by the IB or Consortium is in any respect inconsistent with, or demonstrate any failure to comply with, the provisions of the PIM, including not being accompanied by the fees of the specified amount, or the EOI being conditional in any respect.
 - c. Failure by IB/ any member of Consortium to provide, within the time specified by the GOI/ TA, the supplemental information sought by the GOI/ TA for evaluation of the EOI.
 - d. Submission of more than one (1) EOI by any IB / any member of Consortium whether directly or indirectly either as sole bidder or as member of Consortium in which case, all such EOIs shall be rejected.
 - e. The IB / Consortium/ any member of Consortium not satisfying the eligibility criteria and requisite qualification criteria specified in this PIM and hence not being eligible.
 - f. Central Public Sector Enterprises (CPSEs) or Central Government owned Cooperative Societies i.e. entities where the direct holding of the Central Government or of other CPSEs is 51% or more are not eligible to participate in the proposed transaction.
 - g. Failure to comply with any reasonable request of GOI/TA in relation to the Transaction.
 - h. If it is discovered at any time that the IB / any member of Consortium and/or its promoters are subjected to any winding up/insolvency proceedings or other proceedings of a similar nature.
 - i. Any information regarding or in connection with the IB / any member of Consortium which becomes known that is detrimental to the national security and/or national interest and/or Transaction and/or the interests of the GOI/ Company.

- j. If at any stage of the process the IB/ any member of Consortium and/ or its directors/ promoters are denied security clearance or their security clearance is revoked by the GOI.
- k. Initiation or existence of any legal proceedings, by or against the IB / any member of Consortium in respect of the Company, which proceeding may be prejudiced by the participation of the IB / any member of Consortium in the selection process or the Transaction.
- l. The loans availed by the IB / any member of Consortium (including its parent and subsidiaries) availed from either banks or financial institutions has been classified as 'non-performing asset' or any equivalent classification.
- m. IB/any member of Consortium is an entity or promoters or promoter groups or directors debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities by any Governmental Authority.
- n. IB/ any member of Consortium is an entity or promoters or promoter groups or directors appearing in the RBI list of wilful defaulters or any such list by a competent authority in their respective jurisdiction.

“Wilful Defaulter” means an issuer who is categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such.

- o. IB/ any member of Consortium is an erstwhile Overseas Corporate Bodies (OCB) which is incorporated outside India and are under the adverse notice of RBI.

“OCBs” mean a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non-Resident Indians and includes overseas trust in which not less than sixty per cent beneficial interest is held by Non-resident Indians directly or indirectly but irrevocably, which was in existence as on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003) and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under Foreign Exchange Management Regulation Act, 1999.

- p. IB/ any member of Consortium is prohibited or restricted from investing in BEML on the basis of status or sector in which BEML operates under FEMA, 1999 or any regulations made thereunder and including the provisions of the consolidated Foreign Direct Investment Policy (FDI Policy). It is being clarified that sectors where government approval is required will not be considered as 'restricted' from investing.

- q. GOI is not satisfied with sources of funds/ownership structure of the IB/ any member of Consortium.
- r. If any of the members of the Consortium are disqualified, all the members of the Consortium shall automatically stand disqualified.
- 3) If any information or disqualification is discovered or becomes known after the IB has been qualified to receive the CIM, which information/ disqualification would have entitled GOI/ TA to reject the EOI of relevant IB/Consortium, GOI/ TA, reserves the right to reject the IB/Consortium at the time such information/ disqualification becomes known to/ discovered by GOI/ TA. Where such party is a consortium, GOI/ TA, may disqualify the entire Consortium, even if the information/disqualification pertained/applied to only one member of the Consortium.
- 4) GOI's/ TA's, determination that one or more of the events specified in Clauses 1), 2) and 3) has occurred shall be final and conclusive.
- 5) In addition to the eligibility of the IB being a sole bidder, each of the members of Consortium and the Consortium as a whole must be eligible, as per criteria mentioned in this PIM, on the date of submission of the EOI and must continue to be eligible throughout the Transaction.
- 6) In regard to matters relating to the national security and national integrity, any charge-sheet by any Governmental Authority / conviction by a court of law including under the provisions of the Indian Penal Code or Official Secrets Act or any other relevant legislation for an offence committed by the IB or any of the members of Consortium or by any of their respective sister concerns or any of their promoters, promoter group and directors would result in disqualification. The decision in regard to the relationship between the sister concerns would be taken based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons. The term 'promoter' shall have the same meaning as defined under the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the term 'promoter group' shall have the same meaning as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
- "Governmental Authority"** means (a) the government of India or the government of any state or other political subdivision thereof in India; (b) any other governmental or quasi-governmental or statutory or regulatory authority, agency, department, board, commission or instrumentality of India or of any state or political subdivision thereof including without limitation the Foreign Investment Promotion Board and the Reserve Bank of India; or (c) any court, tribunal, judicial or quasi-judicial authority of competent jurisdiction in India or any arbitration tribunal (including a sole arbitrator).
- 7) Any condition or qualification or any other stipulation inserted by the IB/ any member of Consortium contained in the EOI shall render the EOI liable to rejection.
- 8) Breach of Confidentiality Undertaking executed by the IB/ any member of Consortium.
- 9) The IB or if the IB is a Consortium then any member of such Consortium who does not satisfy the requirements of eligibility or is disqualified under the Department of Investment and Public Asset

Management office memorandum No. 3/9/2016-DoD-II-B dated September 28, 2017 (as per Annexure 8) and as amended from time to time by the GOI.

If the IB/any member of Consortium does not satisfy any of the requirements as may be issued by the GOI by way of notifications / issue of guidelines / circulars or such similar notifications from time to time, including any conditions of disqualifications, the EOI submitted by the IB/ Consortium shall be disqualified.

- 10) Notwithstanding anything contained in this PIM, the GOI reserves the right to reject any EOI and to annul the EOI process and reject all EOIs at any time without any liability or any obligation for such acceptance, rejection or annulment, including on grounds of national integrity, national security and national interest and without assigning any reasons therefore. In the event that the GOI rejects or annuls all the EOIs, it may, in its discretion, invite all eligible IBs to submit fresh EOIs hereunder.
- 11) The GOI reserves the right not to proceed with the EOI process at any time, without notice or liability, and to reject any EOI without communicating any reasons.
- 12) Integrity Pact Clause: If an IB is found involved in corrupt practices, unfair means or illegal activities during any stage of its bid or during pre-contract or post-contract stage, the IB shall be disqualified, at the sole discretion of GOI.

9. ANNEXURES

9.1. Annexure 1: Format for Letter of EOI for sole IB/Consortium

(To be submitted on the letterhead of the Interested Bidder (IB) /lead member of Consortium on behalf of itself and the Consortium members submitting the EOI)

Reference No. _____ Date _____

To,

Ms. Apeksha A. Munwane,
Vice President, Investment Banking
SBI Capital Markets Ltd,
202, Maker Tower 'E',
Cuffe Parade, Mumbai – 400 005,
Maharashtra, India

Kind Attention: [●]

Sub: INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF BEML LIMITED

Sir/ Madam,

This is with reference to the advertisement dated January 4, 2021 (“**Advertisement**”) inviting Expression of Interest (“**EOI**”) for strategic disinvestment of 26% of the equity share capital of BEML Limited, a company registered under the Companies Act, 1956 having its registered office at “**BEML Soudha**” No. 23/1, 4th Main S. R. Nagar, Bengaluru, Karnataka 560 027 (“**BEML**”), out of the shareholding of Government of India in BEML, representing 54.03% of equity share capital of BEML along with transfer of management control (“**Strategic Disinvestment**”).

We have read and understood the contents of the Advertisement and the Preliminary Information Memorandum dated January 4, 2021 (“**PIM**”) and are desirous of participating in the Strategic Disinvestment and confirm and undertake as follows:

1. We are interested in bidding for the Strategic Disinvestment of 26% of the equity share capital of BEML.
2. [We propose to submit our EOI in individual capacity as [●](hereinafter referred to as the “**Interested Bidder**” or “**IB**”) (name of Interested Bidder) having its registered office at [●]

OR

We have formed a consortium comprising of [●] members (“**Consortium**”) as follows:

- a. [●] holding [●]% shareholding in the Consortium;
- b. [●] holding [●]% shareholding in the Consortium; and
- c. [●] holding [●]% shareholding in the Consortium

We have agreed that [●] shall act as the Lead Member of the Consortium (“**Lead Member**”) and we propose to submit this EOI on behalf of the Lead Member and other consortium members as mentioned hereinabove.]¹

3. We have examined in detail and have understood the terms and conditions and eligibility criteria stipulated in the Advertisement and the PIM and satisfy the eligibility criteria detailed in the Advertisement and the PIM, including the guidelines of Department of Investment and Public Asset Management No. 3/9/2016-DoD-II-B dated September 28, 2017 and any amendment made from time to time.
4. We confirm and represent that we have the requisite corporate authorisation to submit the EOI.
5. We represent that all the information provided in the EOI along with supporting documents is complete and accurate in all respects.
6. We have agreed that [●] (insert name and designation of individual) will act as our representative/representative of the Consortium and has been duly authorised to submit the EOI along with all the documents to be submitted pursuant to the EOI (“**Representative**”).
7. The Representative is vested with the requisite power and authority to furnish this letter and Form A and authenticate the same.
8. We agree to form a Special Purpose Vehicle, under the laws of India, once finally selected to enter into the definitive agreements. The shareholding of the SPV shall be the same as the shareholding of the Members in the Consortium. *(applicable for the case of Consortium only)*
9. [We undertake that in the event we are selected as the Successful Bidder and make the investment through a special purpose vehicle, we (as the Parent of the special purpose vehicle) shall be required to irrevocably and unconditionally guarantee to the GOI that such special purpose vehicle shall, at all times, fully and faithfully perform and discharge all its obligations under the definitive agreements or other materials prepared in connection with the Proposed Transaction. *(applicable for the case of sole bidder only)*

OR

10. We undertake that in the event we are selected as the Successful Bidder and make the investment through a special purpose vehicle then each member of the Consortium shall jointly and severally, irrevocably and unconditionally guarantee to the GOI that such special purpose vehicle shall, at

¹ Strike out whichever is not applicable.

all times, fully and faithfully perform and discharge all its obligations under the definitive agreements or other materials prepared in connection with the Proposed Transaction (*applicable for the case of Consortium*).]²

11. We acknowledge that GOI will have rights of enforcement as against the special purpose vehicle mentioned above under the parent guarantee and [also against the members of the Consortium for breach of undertakings and representations made to the GOI under the EOI including under Annexure 5(Consortium Agreement)]³.
12. We undertake that in the event we are finally selected to enter into definitive agreements, we shall continue the business of the Company in its entirety as being conducted as on the completion of the Proposed Transaction on a going concern basis.
13. We certify that neither have we been convicted by any Court of law, indicted, nor has any adverse order been passed against us by a regulatory authority which would cast a doubt on our ability to manage the public sector unit when it is disinvested or which is related to a grave offence that outrages the moral sense of the community.
14. We further certify that in regard to matters relating to security and integrity of the country, no charge sheet has been filed by any agency of the Government of India or convicted by a Court of law, including under the provisions of the Indian Penal Code or Official Secrets Act, for any offence committed by us or by any of our group concerns.
15. We further certify that no investigation by a regulatory authority is pending either against us or against our group concerns or against any of our directors or key managerial personnel or employees.
16. In the event we are attracted by any of the disqualifications in terms of the PIM during the pendency of the process of Strategic Disinvestment, owing to change in facts or circumstances, we would intimate the Advisor of the same immediately.
17. We represent that we are not disqualified to enter into or perform our obligations in relation to the Proposed Transaction (including acting as promoter of the company) pursuant to the applicable laws including regulations, guidelines, orders, directions or instructions of any regulatory authority (including SEBI or RBI), administrative authority or department or ministry of central or state government or any court in India.
18. We however, understand that GoI reserves the right to decide whether or not to qualify our proposal without assigning any reason whatsoever and without any liability.

² Strike out whichever is not applicable

³ Delete in case IB is a sole bidder

19. We represent that the loans availed by us (including our parent and subsidiaries) have not been classified as 'non-performing asset' or such similar classification by either banks or financial institutions.
20. We represent that we are not entities or promoters or promoter groups or directors debarred from accessing or operating in the capital markets.
21. We represent that we are not entities or promoters or promoter groups or directors appearing in the RBI list of wilful defaulters or any such competent authority in their respective jurisdiction.
22. We represent that we are not erstwhile Overseas Corporate Bodies which are incorporated outside India and are under the adverse notice of RBI.
23. We represent that we are not prohibited or restricted from investing in BEML on the basis of status or sector in which BEML operates under FEMA, 1999.
24. We confirm that we are not and have not been classified as Central Public Sector Undertaking or a central government owned Cooperative Society (i.e where Government's ownership is 51% or more).
25. [Form A as per formats given in Annexure of the PIM, duly signed by us is enclosed along with the stamped and notarized/ apostle/legalized⁴ Power of Attorney

OR

The Form A, duly signed by representative members who jointly satisfy the eligibility criteria are enclosed along with the certified true copy of the Consortium Agreement between the consortium members as per formats given in Annexure of the PIM. Further, the stamped and notarized/ apostle/legalized⁵ Power of Attorney is also enclosed.]⁶

26. [We certify that our Net worth as on ____ (date in dd/mm/yyyy) as per specifications in the Eligibility Criteria section of the PIM is Rs____ Crore.

OR

We certify that as per specifications in the Eligibility Criteria section of the PIM, Net worth for the Consortium and its Members is as below:

- a. Net worth of [●] is Rs. ____ crore as on ____ (date in dd/mm/yyyy);
- b. Net worth of [●] is Rs. ____ crore as on ____ (date in dd/mm/yyyy); and

⁴ Strike out whichever is not applicable.

⁵ Strike out whichever is not applicable.

⁶ Strike out whichever is not applicable.

c. Net worth of [●] is Rs. ____ crore as on ____ (date in dd/mm/yyyy);

Combined Net worth of the consortium is Rs ____ Crore.]⁷

27. [We certify that our PAT during the immediately preceding financial years as per specifications in the Eligibility Criteria section of the PIM is as below *(if applicable for the IB as per the PIM)*:

S. No.	Financial Year Ending Date	Duration of Financial Year (in months)	PAT (in Rs. Crore)
1			
2			
3			
4			
5			

OR

We certify that as per specifications in the Eligibility Criteria section of the PIM, our PAT during the immediately preceding financial years is as below *(to be submitted for the Lead Member of the Consortium for whom the Profitability Criteria is applicable as per the PIM)*:

S. No.	Financial Year Ending Date	Duration of Financial Year (in months)	PAT (in Rs. Crore)
1			
2			
3			
4			
5			

] ⁸

(In case of entities having PAN and TAN registration in India)

Our PAN number is _____.

Our TAN number is _____.

(In case of entities not having PAN and TAN registration in India)

- Name, Email-ID, contact number

⁷ Strike out whichever is not applicable

⁸ Strike out whichever is not applicable

- Address in the country of residence
- Country of tax residency
- Tax Identification Number ("TIN") in the country of residence; if no TIN is being issued, any other unique identification number issued by the government of such country.

Thank you.

Yours sincerely,

For and on behalf of: (name of the Interested Bidder)

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Enclosure:

1. Demand Draft for non-refundable fee
2. Form A
3. General Power of Attorney
4. Power of Attorney in favour of Lead Member *(if applicable)*
5. Consortium Agreement between the Consortium Members *(if applicable)*
6. Confidentiality Undertaking
7. Declaration on Statement of legal proceedings
8. Affidavit

Note: In case of Consortium, each member of Consortium shall be required to submit Form A, Power of Attorney, Confidentiality Undertaking, Declaration on Statement of Legal Proceedings, Affidavit

9.2. Annexure 2: Form A (forming an integral part of the EOI)

(To be submitted on letterhead (unless otherwise mentioned) of Interested Bidder/each member of the consortium)

- 1) **Name of the Interested Bidder/Member of Consortium** _____
- 2) **Executive Summary and Management Organization:** providing brief description of the Interested Bidder (IB) and (where appropriate) of member in the consortium, containing details like ownership structure, identity of the natural persons who are the Ultimate Beneficial Owners (“Ultimate Beneficial Owner” means the natural person or persons who are the ultimate beneficial owners of the shares and who ultimately own, control or influence and includes a person who exercises ultimate effective control over a legal person or arrangement), (as per SEBI Circular No. CIR/MIRSD/2/2013 dated January 24, 2013), the Place of Effective Management of business of the IB/ member of the consortium (“Place of Effective Management” means the place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance made), (as per Central Board of Direct Taxes Guideline F. No. 142/11/2015-TPL dated January 24, 2017) etc. write up on business history and growth, business areas / activities, respective revenue details, the Place of Effective Management of business of the IB/ member of the Consortium etc. It shall include a brief commentary on the capability of the IB / member of Consortium, as demonstrated, inter alia, in its past track record, to run its own business.

Also, an overview of IB’s/ member of the Consortium’s senior management and organization structure certified by the company secretary/ any other officer in charge of secretarial/legal affairs.

3) Contact Information of the IB/ member of Consortium:

- a) Following details of IB/ member of the Consortium including phone number and facsimile number
 - a) Registered Office – Address, phone number, facsimile number
 - b) Head Office – Address, phone number, facsimile number
- b) If Consortium, name of the Lead member of the Consortium:
- c) Address for correspondence along with email address of IB/ member of the Consortium.
- d) Contact Person(s):
 - a) Name:
 - b) Designation:
 - c) Phone No.:
 - d) Mobile No.:
 - e) Fax No.:
 - f) Email:
- e) Website details of IB/ member of the Consortium.

4) Basic Information:

- a) Constitution (Tick, wherever applicable)
 - (1) Public Limited Company
 - (2) Private Limited Company
 - (3) Limited Liability Partnership Firm
 - (4) Others, if any (Please specify)
- b) Date & Place of incorporation of IB/ member of the Consortium
- c) Date of commencement of business of IB/ member of the Consortium
- d) Role/ Interest of each Member in the Consortium (if applicable).
- e) Nature of business carried out/ products dealt with by the IB/ member of Consortium and a profile containing information on the IB's/ member of Consortium's operations.
- f) Certified true copies of the following documents to be submitted. However, if IB/ member of the Consortium cannot submit any of the following documents, it shall state reasons for the same as per the format below:

Documents	Submitted (Yes/ No)	If not submitted, please state reasons for the same
Certificate of Incorporation		
Memorandum of Association		
Articles of Association		
Certificate of Commencement of Business		
Charter Documents		
Other Constitution Documents, i.e., Partnership Deed etc., as may be applicable		
SEBI Registration Certificate for AIFs		

- g) A certificate for list of Board of Directors and key management personnel duly signed by the respective Company Secretary or any other officer in-charge of secretarial/legal affairs of IB/ member of the Consortium and also counter signed by its authorized signatory.
- h) A certificate by an independent chartered accountant/statutory auditor/Company Secretary or any other officer in-charge of secretarial/legal affairs for the shareholding pattern of the IB/ member of Consortium.
- i) Basis of eligibility for participation in the process (Please mention details of your eligibility) as under:
 - i) A certificate duly signed by our Company Secretary/ any other officer in charge of secretarial/legal affairs, stating that we are eligible to participate in the proposed Strategic Disinvestment in terms of Clause _____ (specific reference to the said provision may be

drawn) of our Memorandum and Articles of Association/_____ (*insert name of Constitution Document, viz., Partnership Deed etc. as may be applicable*).

- ii) Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous five financial years (including profit and loss statement, balance sheet and cash flow statement) (Kindly also include most recent, not older than 12 months from the date of publication of this PIM, Audited Financial Statements/Annual Report on standalone and consolidated basis).

Provided that, in the event such IB/ any member of Consortium is an unlisted entity, and does not have the audited financial statements of immediately preceding financial year, the latest available unaudited/ provisional financial statements may be given as certified by its statutory auditor; in case such entity is a listed entity, and its audited financial statements are not available for the immediately preceding financial year, the information contained in latest Quarterly Limited Review report is to be submitted. However, the audited financial statements of such entities shall be submitted, as and when prepared as per the statutory requirements and timelines of the relevant countries where it is incorporated.

All financial statements/ annual reports/net worth certificates submitted should be certified by authorised signatory.

In case the IB/ any member of the Consortium cannot submit the consolidated financial statements as mentioned above, it shall specify reasons for the same.

- iii) **Certificate for fulfilment of Financial Criteria:** Please provide an independent chartered accountant/statutory auditor certificate certifying the following:

(1) Net worth for IB/ member of Consortium as specified in the Eligibility Criteria section of the PIM.

(2) PAT for preceding five financial years from the date of publication of this PIM, for the IB/Lead Member of Consortium, as specified in the Eligibility Criteria section of the PIM in the following format (*if applicable for the IB/Lead Member of Consortium as per the PIM*):

S. No.	Financial Ending Date	Year	Duration of Financial Year (in months)	PAT (in Rs. Crore)
1				
2				
3				
4				
5				

The certificate for fulfilment of Financial Criteria should clearly mention the following:

- The date of Net worth calculation and financial year ending date for respective financial years for which PAT has been submitted.
 - That the Net worth and PAT calculation has been done in accordance with the stipulations under the Eligibility Criteria section of the PIM.
 - In case the IB/ member of the consortium are not required to prepare consolidated financial statements as a part of statutory requirements, the same should be mentioned in the certificate (in such a case, the standalone financial statements are to be used for assessment. However, the same would be accepted only if the certificate for fulfilment of Financial Criteria clearly mentions the non-requirement for preparation of consolidated financial statements)
 - The certificate should clearly mention that the issuing authority is Statutory Auditor or independent chartered accountant (as applicable), for the IB/member of Consortium
 - It should clearly specify the cross holdings among Consortium Members, if any.
 - The financial statements on the basis of which the Financial Criteria have been assessed correspond to accounting periods completed (each of not less than 12 months duration) and are not based on partial periods.
- j) Provide documents such as a board or shareholders' resolution in favour of the person executing the Power of Attorney for the delegation of power on behalf of the IB/ member of Consortium.

Note: *The date of execution of board or shareholders' resolution should be prior to the date of execution of the Power of Attorney.*

5) International Operations/ Joint Ventures/ Alliances:

Brief note of IB's/ member of the Consortium's international operations, joint ventures, alliances, (whether international or domestic), including incorporation details, registered office, nature and size of such operations, equity ownership/ effective management and control (as applicable).

6) Professional Advisors:

IB/ member of Consortium to provide names and addresses of those companies and professional firms, if any, who are (or will be) advising the IB/Consortium/member of Consortium for the Proposed Transaction, together with the names of the principal individual advisors at those companies and firms.

7) Outstanding Litigation/ Contingent Liability:

- a) IB/ member of Consortium (including the Ultimate Beneficial Owner, promoters, persons in control, thereof) must provide with the EOI a statement of those pending litigations that, if decided against the IB/member of Consortium/Ultimate Beneficial Owner/promoters/persons in control shall disqualify the IB/member of Consortium in terms of the prescribed Eligibility criteria and extant GOI instructions on disinvestment.

- b) IB/ member of Consortium (including the Ultimate Beneficial Owner, promoters, persons in control, thereof) to provide details of all contingent liabilities that, if materialised, that have or would reasonably be expected to have a material adverse effect on the business, operations (or results of operations), assets, liabilities and/or financial condition of the IB/ member of Consortium, or other similar business combination or sale.

8) Foreign Direct Investment (FDI) Restrictions:

If the IB/ any member of Consortium is a foreign entity/ overseas corporate body, specify list of statutory approvals from the Government of India/ the Reserve Bank of India/ the Foreign Investment Promotion Board/ relevant ministry/ any other Government agency, specifying whether the same is applied for/ to be obtained/ awaited.

Yours sincerely,

For and on behalf of: (name of the Interested Bidder/member of Consortium)

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Place:

Date:

Important Note:

- 1) Please follow the order adopted in the Format provided, while submitting the details.
- 2) If the IB/ any member of Consortium are unable to respond to a particular question/request or submit any document as per stated requirement, the relevant question/request or request for submission of document, must nonetheless be set out as per the Format, with the words "No response given" mentioned against it, stating reasons for the same.

9.3. Annexure 3: General Power of Attorney

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution; and

To be notarized and submitted by the IB/ each member of the Consortium submitting the EOI)

General Power of Attorney

Know all men by these presents,

We..... (name of the entity) having our registered office at _____ (address of the registered office) do hereby exclusively, unconditionally and irrevocably constitute, nominate, appoint and authorize Mr./Ms. (name),.....son/daughter/wife of and presently residing at, who is presently employed with us and holding the position of, as our true and lawful attorney (hereinafter referred to as the "Attorney") to do in our name and on our behalf, to do, execute, and perform all such acts, agreements, deeds, matters and things as are necessary or required in connection with or incidental to submission of our application

OR

I, son/daughter/wife of and presently residing at being presently employed with BEML Limited (BEML) having employee code [●]/ being whole-time director on the Board of BEML having DIN No. [●], do hereby exclusively, unconditionally and irrevocably constitute, nominate, appoint and authorize Mr./Ms., son/daughter/wife of and presently residing at, who is presently employed with [●] . I, [●] , do hereby irrevocably nominate, constitute and appoint, as my true and lawful attorney (hereinafter referred to as the "Attorney") to do in my name and on my behalf, to do, execute, and perform all such acts, agreements, deeds, matters and things as are necessary or required in connection with or incidental to submission of our application]⁹

for the proposed Strategic Disinvestment of shares held by the Government of India in BEML Limited including but not limited to signing and submission of all applications, EOIs, response to Request for Proposal (RFP), affidavits, Bid ("*Non-Financial and Financial*") in response to RFP, and other documents and writings, participation in conferences (if any) and providing information/ responses to GOI/Advisor, representing us in all matters before GOI/Advisor and generally dealing with GOI/Advisor/Company in all matters in connection with or relating to or arising out of our application for qualification for the Transaction (as defined in the Preliminary Information Memorandum dated [●] issued by Advisor).

AND we hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things done or caused to be done by the Attorney pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by the Attorney in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us concerning or touching these

⁹ Strike out whichever is not applicable

presents as fully and effectually as if we were present and had done, performed or executed the same itself.

All the terms used herein but not defined shall have the meaning ascribed to such terms in the Preliminary Information Memorandum and EOI.

IN WITNESS WHEREOF WE..... THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS DAY OF

.....

(Signature, name, designation and address)

In the presence of:

- 1.
- 2.

Accepted

(Signature, Name, Title and Address of the Attorney)

(To be duly notarized)

Important Instructions:

- 1) The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure.
- 2) Wherever required, the Bidder should submit for verification the extract of the charter documents and documents such as a board or shareholders' resolution/ power of attorney in favor of the person executing this Power of Attorney for the delegation of power hereunder on behalf of the Bidder. The date of execution of such document should be prior to the date of execution of the Power of Attorney.
- 3) For a Power of Attorney executed and issued overseas, instead of notarization, the document should either carry a conforming Apostille certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
- 4) The date of execution of Power of Attorney shall be before the date of execution of other documents as part of EOI.
- 5) In case of a consortium, all the members of the consortium are required to submit the Power of Attorney.

9.4. Annexure 4: Power of Attorney in favour of Lead Member

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution and notarized)

Whereas the Government of India (“GOI”) has invited EOIs from Interested Bidders for the Strategic Disinvestment of 26% of the equity share capital of BEML Limited (the “Transaction”).

Whereas, _____(Lead Member/Member-1), _____ (Member-2) and _____ (Member-3) (collectively the “Consortium”) being Consortium Members are interested in bidding for the Transaction in accordance with the terms and conditions of the PIM and other connected documents in respect of the Transaction, and

Whereas the members to record their understanding to participate in the bidding with have entered into the Consortium Agreement dated _____, and Whereas, it is necessary for the Consortium Members to designate one of them as the Lead Member with all necessary power and authority to do for and on behalf of the Consortium, all acts, deeds and things as may be necessary in connection with the Consortium’s EOI or Bid (“Non-Financial and Financial”) for the Proposed Transaction and its execution.

NOW THEREFORE KNOW ALL MEN BY THESE PRESENTS

We (hereinafter collectively referred to as the “Principals”),

- a. M/s _____, having our registered office at _____;
- b. M/s _____, having our registered office at _____;
- c. M/s _____, having our registered office at _____;

do hereby irrevocably designate, nominate, constitute, appoint and authorize M/S _____, being one of the Members of the Consortium, as the Lead Member and true and lawful attorney of the Consortium (hereinafter referred to as the “Attorney”). We hereby irrevocably authorize the Attorney (with power to sub-delegate):

- 1) To conduct all business for and on behalf of the Consortium and any one of us during the process of this Proposed Transaction.
- 2) In the event the Consortium is selected as Successful Bidder, during the execution of the Proposed Transaction and in this regard, to do on our behalf and on behalf of the Consortium, all or any of such acts, deeds or things as are necessary or required or incidental to the qualification of the Consortium and submission of its EOI for the Proposed Transaction.
- 3) Further, do any of such acts, deeds or things on our behalf including but not limited to signing and submission of all applications, EOI, response to Request for Proposal (RFP), affidavits, Bid in response to RFP and other documents and writings, participate in pre-bid and other conferences,

respond to queries, submit information/ documents, sign and execute contracts and undertakings consequent to acceptance of the Bid of the Consortium and

- 4) Generally to represent the Consortium in all its dealings with GOI, TA, BEML and/ or any other GOI Agency or any person, in all matters in connection with or relating to or arising out of the Consortium's EOI or Bid for the Proposed Transaction and/or upon award thereof till the completion of the Proposed Transaction.

AND hereby agree to ratify and confirm all acts, deeds and things done or caused to be done by our said Attorney pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by our said Attorney in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us/ Consortium.

All the terms used herein but not defined shall have the meaning ascribed to such terms in the PIM

IN WITNESS WHEREOF WE THE PRINCIPALS ABOVE NAMED HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS _____, DAY OF [●], 2[●],

Executants:

For _____, (Signature) _____,

(Name & Title)

For _____, (Signature) _____,

(Name & Title)

For _____, (Signature) _____,

(Name & Title)

Witnesses:

1

2

(Notarized)

Important Instructions:

- 1) The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure.

- 2) For a Power of Attorney executed and issued overseas, instead of notarization, the document should either carry a conforming Apostille certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
- 3) The date of execution of Power of Attorney for Lead member of Consortium shall be subsequent to the date of execution of General Power of Attorney (Annexure 3) by the Consortium members.

9.5. Annexure 5: Format for Consortium Agreement (In case of Consortiums)

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution and notarized)

THIS Consortium Agreement ("**Agreement**") executed on this _____ day of _____ Two thousand _____ between

1. M/s [insert name of Lead Member] _____ a limited liability partnership or Company or Fund incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the "**Member-1**", which expression shall include its successors, executors and permitted assigns);
2. M/s _____ a limited liability partnership or Company or Fund incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the "**Member-2**", which expression shall include its successors, executors and permitted assigns);
3. M/s _____ a limited liability partnership or Company or Fund incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the "**Member-3**", which expression shall include its successors, executors and permitted assigns); and

for the purpose of submitting response to Advertisement dated [●] inviting Expression of Interest for strategic disinvestment of entire Government of India equity stake of 26% in BEML Limited (BEML) along with transfer of management control.

WHEREAS, each Member individually shall be referred to as the "**Member**" and all of the Members shall be collectively referred to as the "**Members**" in this Agreement.

WHEREAS the Instructions for submitting EOI as per PIM stipulates that in case EOI is being submitted by a Consortium of Bidders, the Members of the Consortium will have to submit a legally enforceable Consortium Agreement in a format specified by GOI.

All the terms used in capitals in this Agreement but not defined herein shall have the meaning as per PIM.

NOW THEREFORE, THIS AGREEMENT WITNESSTH AS UNDER:

In consideration of the above premises and agreements all the Members in this Consortium do hereby mutually agree as follows:

1. We, the Members of the Consortium and Members to the Agreement do hereby unequivocally agree that Member-1 (M/s _____), shall act as the Lead Member as defined in the PIM for self and agent for and on behalf of Member-2, _____, and Member-3, _____, and to submit the EOI;
2. We have formed consortium comprising of _____ members as follows:

1. _____ (Insert name)/% of Shareholding in the Consortium
 2. _____ (Insert name)/% of Shareholding in the Consortium
 3. _____ (Insert name)/% of Shareholding in the Consortium
3. The Lead Member is hereby authorized by the Members of the Consortium and Members to the Agreement to bind the Consortium and receive instructions for and on their behalf.
 4. The Lead Member shall be liable and responsible for ensuring the individual and collective commitment of each of the Members of the Consortium in discharging all of their respective obligations. Each Member further undertakes to be individually liable for the performance of its part of the obligations without in any way limiting the scope of collective liability envisaged in this Agreement.
 5. We undertake and confirm that the Consortium shall incorporate a Special Purpose Vehicle (in the form of a company), under the laws of India, once finally selected to enter into the definitive agreements. We undertake to incorporate the Special Purpose Vehicle after the submission of our EOI and prior to entering the definitive agreements. The shareholding of the SPV shall be the same as the shareholding of the Members in the Consortium.
 6. We certify that in the event we are finally selected to enter into definitive agreements, we shall continue the business of the Company in its entirety as being conducted as on the completion of the Transaction on a going concern basis.
 7. The Lead Member, on behalf of the Consortium, shall inter alia undertake full responsibility for liaising with any authority or persons as required.
 8. In case of any breach of commitment by any of the Consortium Members, the Lead Member shall be liable for the consequences thereof.
 9. Except as specified in the Agreement, it is agreed that sharing of responsibilities as aforesaid shall not in any way be a limitation of responsibility of the Lead Member under these presents.
 10. The Lead Member shall be liable irrespective of its scope of work or financial commitments.
 11. This Agreement shall be construed and interpreted in accordance with the Laws of India and courts at Delhi alone shall have the exclusive jurisdiction in all matters relating thereto and arising thereunder.
 12. It is further expressly agreed that the Agreement shall be irrevocable and shall remain valid until the expiration or early revocation/termination of the terms thereof, unless expressly agreed to the contrary by GOI.
 13. The Lead Member is authorized and shall be fully responsible for the accuracy and veracity of the representations and information submitted by the Members respectively from time to time in EOI.
 14. It is hereby expressly understood between the Members that no Member at any given point of time, may assign or delegate its rights, duties or obligations under the EOI except with prior written consent of GOI.
 15. This Agreement
 - (i) has been duly executed and delivered on behalf of each Member hereto and constitutes the legal, valid, binding and enforceable obligation of each such Member;
 - (ii) sets forth the entire understanding of the Members hereto with respect to the subject matter hereof; and

- (iii) may not be amended or modified except in writing signed by each of the Members and with prior written consent of GOI.

IN WITNESS WHEREOF, the Members have, through their authorized representatives, executed these present on the Day, Month and Year first mentioned above.

For M/s _____ **[Member 1]**

_____ (Signature, Name & Designation of the person authorized vide board resolution/power of attorney duly executed by such partners as authorized by the partnership deed governing such partnership dated [●])

Witnesses:

- (i) Signature _____
Name:
Address:
- (ii) Signature _____
Name:
Address:

For M/s _____ **[Member 2]**

_____ (Signature, Name & Designation of the person authorized vide board resolution/power of attorney duly executed by such partners as authorized by the partnership deed governing such partnership [●])

Witnesses:

- (i) Signature _____
Name:
Address:
- (ii) Signature _____
Name:
Address:

For M/s _____ **[Member 3]**

_____ (Signature, Name & Designation of the person authorized vide board resolution/power of attorney duly executed by such partners as authorized by the partnership deed governing such partnership [●])

Witnesses:

- (i) Signature _____
Name:
Address:
- (ii) Signature _____
Name:

Address:

[Signature and stamp of Notary of the place of execution]

Important Instructions:

- 1) For a Consortium Agreement executed and issued overseas, instead of notarization, the document should either carry a conforming Apostille certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.

9.6. Annexure 6: Confidentiality Undertaking

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution; and

To be notarized and submitted by the IB/ each member of the Consortium seeking VDR access and / or submitting the EOI)

DEED OF CONFIDENTIALITY UNDERTAKING

This DEED OF **CONFIDENTIALITY UNDERTAKING** ("**Undertaking**") is made on this day of, 2019.

BY

(.....) insert name of the Interested Party), a company/trust/co-operative society/firm incorporated under the laws of _____ (insert name of the country), with its registered office at _____ (**Insert address**) (the "**Interested Bidder**" or "**IB**" or "**Bidder**");

IN FAVOUR OF:

The President of India, represented by and acting through the Ministry of Defence, [●] (the "**Administrative Ministry**");

AND

BEML Limited, a company incorporated under the Companies Act, 1956 bearing corporate identification number L35202KA1964GOI001530, having its registered office at BEML Soudha, 23/1, 4th Main, S.R. Nagar, Bengaluru 560027, Karnataka, India, ("**BEML**" or the "**Company**"),

AND

SBI Capital Markets Limited, whose registered office is 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005, India (hereafter referred to as the "**Transaction Advisor**" or the "**TA**"),

AND

M/s Crawford Bayley & Co., whose registered office is State Bank Building, 4th Floor, N.G.N. Vaidya Marg, Fort, Mumbai 400023, India (hereafter referred to as the "**Legal Advisor**"),

AND

RBSA Advisors, whose registered office 912, Venus Atlantis Corporate Park, Anandnagar Main Road, Prahaladnagar, Ahmedabad - 380015, India (hereafter referred to as the "**Asset Valuer**").

WHEREAS:

- A. The Bidder along with Consortium Members in compliance with the terms of Preliminary Information Memorandum dated [●] (“**PIM**”), agreed to submit this undertaking in the format specified therein for participation in the proposed sale by Government of India (“**GOI**” / “**Government**”) of 26% of the equity shares of the Company held by the GOI out of its entire shareholding of 54.03% as on date along with the transfer of management control (the “**Transaction**”) and
- B. The Bidder along with Consortium Members has submitted non-refundable fee in terms of the PIM to gain access to the Confidential Information (as defined hereinafter) and the Virtual Data Room (“**VDR**”) which *inter alia* includes the draft share purchase agreement.
- C. In the context of the IB’s interest in the Transaction, the Disclosing Party (as defined hereinafter) may disclose Confidential Information to the Receiving Party (as defined hereinafter) to enable the IB to evaluate the Transaction.

NOW, THEREFORE, in consideration for receiving the Confidential Information, the IB hereby executes this Undertaking and undertakes, represents, warrants, covenants and agrees to the terms and conditions contained herein:

1. In this Undertaking (including the recitals) the following words shall have the respective meaning given to them below;

“**Advisors**” means, collectively, SBI Capital Markets Limited, RBSA and M/s. Crawford Bayley & Co.

“**Confidential Information**” means and includes any and all facts, knowledge, information, documents and materials whether written or otherwise, concerning the business, operations, prospects, finances, or other affairs of the Company, its affiliates, associates or subsidiaries (which includes, without limitation, documents delivered or shown to the Receiving Party in connection with due diligence, investigation, information relating to the existing business of the Company and new businesses (if any) proposed to be undertaken by the Company, market and company-specific data, agreements related to its business including know-how and technology agreements, agreements relating to licence to use intellectual property rights, graphs, drawing, past, current, and planned research and development, current and planned marketing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists and other end-user pricing related information, market studies, computer software and programs, database technologies, systems, structures and architectures, historical financial statements, activities, products, specifications, data, know-how, compositions, designs, sketches, photographs, business plans, financial projections and budgets, historical and projected sales, capital spending budgets and plans, current or prospective financing sources, the names and backgrounds of personnel, personnel training techniques and materials, reports relating to the Company's operations prepared by external consultants which are proprietary to the Company or the GOI or the Administrative Ministry), and any information memorandum /or draft /final bid document, request for proposal, drafts of shareholders and share purchase agreements or other materials prepared in connection with the Transaction, howsoever documented, including disclosures/information/documents uploaded in the VDR, that has been or may hereafter be provided

or shown or given VDR access to the Receiving Party by the Disclosing Party (as defined herein below) or is otherwise obtained for review of the Disclosing Party's documents or property or discussions with the Disclosing Party by the Receiving Party irrespective of the form of the communication, and also includes all notes, analyses, compilations, studies, summaries, and other material prepared by the Receiving Party containing or based, in whole or in part, on any information included in the foregoing.

Notwithstanding the foregoing, the following information will not constitute "Confidential Information" for purposes of this Undertaking:

- (a) Information which the Bidder can prove was already in the possession of the Receiving Party and was available to the Receiving Party on a non-confidential basis prior to its disclosure to the Receiving Party by the Disclosing Party;
- (b) Information which is obtained by the Receiving Party from a third Person who, insofar as is known to the Receiving Party, is not prohibited from disclosing the information to the Receiving party under a contractual, legal or fiduciary obligation to the Disclosing Party; and
- (c) Information which is or becomes generally available to the public otherwise than as a result of a breach of this Undertaking by the Receiving Party.

The decision of the Government and/or the Company on whether any information qualifies within the exceptions in (a), (b) and (c) above shall be final, conclusive and binding.

"Consortium" means the Bidder and all other Consortium Members acting in concert with the Bidder intending to directly or indirectly participate in the Transaction.

"Consortium Members" means the members of any existing Consortium or future Consortium, formed by the Bidder for purposes of the Transaction and shall include members of a future consortium previously approved in writing by the Administrative Ministry; in each case formed by the Bidder for purposes of the Proposed Transaction.

"Disclosing Party" means the Advisors, the Company, the Administrative Ministry, the GOI, other Governmental Authority and/or their respective Representatives, whether jointly or severally.

"Governmental Authority" means any governmental or regulatory authority, government ministry or department in India or other rule or regulation making entity having jurisdiction or acting on behalf of the Republic of India or any political subdivision thereof.

"Person" means any individual, company (including the Company and the Advisors), firm, association, trust, or any other organization or entity (including the Government and any governmental or political subdivision, ministry, department or agency thereof)

"Receiving Party" means the Bidder, Consortium Members and/or their respective Representatives, whether jointly or severally.

"Representative(s)" of any Person includes the directors, officers, employees, agents, consultants, advisors, lenders for financing of this Transaction or other representatives, including legal counsel, accountants and financial advisors of such Person and also includes the Representatives of the Representatives of any Person.

2. The Confidential Information disclosed by the Disclosing Party to the Receiving Party, or acquired by the Receiving Party in the course of any studies conducted by the Receiving Party, will be received and treated by the Receiving Party as strictly confidential, subject to its obligations contained herein, and Receiving Party shall not misuse the information provided. Further, the Receiving Party shall not, without the Company's as well as the Government's prior written consent or as expressly permitted herein, directly or indirectly disclose in any manner whatsoever, in whole or in part, to any other Person, or use or allow others to disclose or use, the Confidential Information.
3. The Receiving Party will use the Confidential Information only to evaluate the Transaction and to decide whether or not the Bidder wishes to proceed with the Transaction and not for any purpose other than the Transaction and the Receiving Party will not directly or indirectly use the Confidential Information for any other purpose or in any way detrimental to the Disclosing Party and shall ensure the interests of the Disclosing Party.
4. In consideration of the Disclosing Party providing the Receiving Party with Confidential Information, by the Bidder's execution of this Undertaking, the Bidder, for itself and on behalf of all other Receiving Party, agrees that all of the Confidential Information shall be held and treated by the Receiving Party in strict confidence. The Bidder agrees that before accessing the Confidential Information, it shall provide to the TA the list of its Representative(s)/ Representatives of its Consortium Members, as the case may be, to whom the Bidder will disclose the Confidential Information. The Bidder agrees (a) to disclose Confidential Information only to Consortium Members and/or those of its Representatives and/or those Representatives of Consortium Members who need to know the Confidential Information for the purposes of an evaluation of the Transaction and each such Consortium Member or Representative of the Bidder or Representative of Consortium Member will be informed and advised in writing by the Bidder of the confidential nature of such information and the contents of and the obligations under this Undertaking (b) to satisfy itself that each such Consortium Member and/or Representatives of the Bidder and/or Representatives of Consortium Member will hold and treat the Confidential Information in confidence and act in accordance therewith. The Bidder agrees that the Confidential Information shall not, without the Company's as well as the Government's prior written consent, be disclosed by the Bidder and/or each such Consortium Member and/or Representative of the Bidder and/or Representative of Consortium Member, in any manner whatsoever, in whole or in part, to any third Person, and shall not be used by the Bidder or each such Consortium Member or Representative of the Bidder or Representative of Consortium Member other than in connection with an evaluation of the Transaction.

The Bidder recognises and acknowledges the competitive value and confidential nature of the Confidential Information and the possible resultant impact to the Company and the Government if the Confidential Information is disclosed or allowed to be disclosed to an unauthorised party or used for any purpose other than evaluating the Transaction. The Bidder acknowledges and agrees that it is imperative that all Confidential Information remains confidential.

The Bidders, before disclosing any of the Confidential Information to any of its Representative(s) and /or Representatives of the Consortium Members, as the case may be, shall ensure that its

Representative(s) / Representatives of the Consortium Members, as the case may be, have read and understood this Undertaking and have agreed in writing to be bound by the terms and conditions contained herein. The Bidder shall ensure that in case of a new Consortium Member, a written undertaking identical in form and content as this Confidentiality Undertaking, shall be executed and furnished to the Advisors within 7 (seven) days of it becoming a Consortium Member.

Notwithstanding any agreement or undertaking, the Bidder agrees that it shall continue to be responsible and liable for any breach of this Undertaking even though the same is caused by any act or omission of any Consortium Member and/or Representative of the Bidder and/or the Representative of Consortium Member and shall indemnify and hold the Government, the Company, and the Advisors harmless (including provisions of clause 6 and 15 set forth herein) from any breach of this Undertaking or consequences and claims arising therefrom. In case of Consortium, the Bidder agrees that for the purpose of this Confidentiality Undertaking, the liability of the Bidder shall be joint and several with each of the Consortium Members.

5. Except as permitted by Clause 4 herein and except as expressly permitted by definitive agreements including share purchase agreement, if any, entered into by the Bidder, the Consortium Members and/or any company formed and promoted by them for the acquisition of equity shares of the Company, the Receiving Party will not directly or indirectly disclose to any Person (including another prospective purchaser who has been provided Confidential Information) the fact that the Confidential Information has been made available to the Receiving Party or that the Receiving Party have inspected any portion of the Confidential Information. Except with the prior written consent of the Company and the Government, and except as expressly permitted by such definitive share purchase agreement, the Receiving Party will not directly or indirectly disclose to any Person the fact that any discussions or negotiations are taking place concerning the Transaction, including the status and content of such discussions or negotiations.
6. On acquiring the Confidential Information on the terms stated in this Undertaking or otherwise, the Receiving Party shall comply with all applicable law, and the Bidder hereby jointly and severally indemnifies and agrees to hold the Advisors, the Government and the Company indemnified and harmless (without prejudice to Clause 15 set forth below) against all and any consequences arising from any violation by the Receiving Party of such applicable laws.
7. If the Receiving Party is requested or becomes legally compelled (by oral questions, summons, interrogatories, requests for information or documents, subpoena, civil or criminal investigative demand, or similar process) or is required by a Government Authority and/or regulatory body (including any self-regulated organisation) to make any disclosure that is prohibited or otherwise constrained by this Undertaking or any similar undertaking or agreement, the Receiving Party will provide the Advisors, the Government and the Company with prompt written notice of such request so that the Advisors, the Government or the Company may seek an appropriate injunction, protective order or other appropriate remedy. Subject to the foregoing, the Receiving Party may furnish that portion (and only that portion) of the Confidential Information that, in the written opinion of the Bidder's legal counsel (reasonably acceptable to the Advisors, the Government and the Company), the

Receiving Party is legally compelled or is otherwise legally required to disclose or else stand liable for contempt or suffer other material censure or material penalty; provided, however, that the Receiving Party must use best efforts to obtain reliable assurance that confidential treatment will be accorded to any Confidential Information so disclosed.

8. The confidentiality obligations contained in this Undertaking may at the discretion of the Government, the Company and the Advisors, be amended, modified or superseded upon the Bidder and the Consortium Members and/or any company formed and promoted by them for executing definitive agreements, but shall be without prejudice to any of the Advisors', the Government's or the Company's rights in respect of any breach of this Undertaking which may have occurred prior to such amendment, modification or supersession.

The Bidder agrees that the Government reserves the right, in its sole discretion to modify the process of the Transaction in any part and/or to vary any terms at any time without prior notice to the Bidder and/or to reject any or all proposals made by the Bidder with regard to the Transaction. The Government may elect at any time to terminate further access by the Receiving Party to any Confidential Information required by the Bidder in connection with its evaluation of the Transaction.

9. The Government and/or the Company in consultation with the Government may elect at any time to terminate further access by the Receiving Party to any Confidential Information in connection with its evaluation of the Transaction. After any such termination by the Government and/or the Company in consultation with the Government, or the Bidder and/or Consortium Members withdrawing from the Transaction, (i) the Bidder (a) will promptly deliver to the concerned Disclosing Party, all Confidential Information including all documents or other materials furnished by such Disclosing Party to the Receiving Party, together with all copies, extracts and summaries thereof in the possession or under the control of the Receiving Party, (b) will delete from the Receiving Party's computer systems all files, data or programmes constituting Confidential Information and (c) will destroy materials generated by the Receiving Party that include or refer to any part of the Confidential Information, without retaining a copy of any such material or (ii) alternatively, if the Advisors, the Government or the Company request or give prior written consent to the Bidder's request, the Bidder will destroy or cause to be destroyed all Confidential Information (including deleting files, data or programmes from the computer systems) in the possession or under the control of the Receiving Party. Any such destruction pursuant to the foregoing must be confirmed by the Bidder in writing to each of the Advisors, the Government and the Company (such confirmation must include a list of the destroyed and deleted materials). The Bidder acknowledges that the return of the Confidential Information and the return or destruction of the Confidential Information pursuant to termination or otherwise shall not release the Receiving Party from its obligations under this Undertaking and the terms of the undertaking shall survive subsequent to the date of receipt of notification or decision. The Bidder further acknowledges that the confidentiality obligations contained in this Undertaking shall survive even if the Bidder fails to submit an expression of interest as per the terms and conditions mentioned in the PIM.
10. The Receiving Party shall not deal or communicate (except in the ordinary course of its business) with any officer, director or employee of the Government or the Company regarding the business, operations, prospects or finances of the Company, without the Advisors' prior written consent, unless

otherwise agreed to in executed definitive agreements entered into in connection with the purchase by the Bidder and the Consortium Members and/or any company formed and promoted by them, of equity shares of the Company. It is understood that the Advisors will arrange for appropriate contacts for due diligence purposes in connection with the Transaction. Unless otherwise agreed to by the Advisors in writing (i) all communications regarding any possible transaction, (ii) any requests for additional information, (iii) any requests for management meetings, and (iv) any queries regarding the Transaction, will be directed exclusively to the Advisors. However, if the Receiving Party is called upon by the Government and/or the Company for any discussions regarding the Transaction, the Receiving Party will do so or meet the Government and/or the Company only after duly informing the Advisors in writing.

11. The Government reserves the right, in its sole discretion, to reject any and all proposals made by the Receiving Party with regard to the Transaction and to terminate discussions and negotiations with the Receiving Party at any time. Without limiting the scope of the preceding sentence, nothing in this Undertaking (i) requires either the Bidder or the Government to enter into the Transaction or to negotiate such Transaction for any specified period of time or (ii) requires the Advisors, the Government or the Company to enter into an agreement or an understanding, or prohibits the Advisors, the Government or the Company from entering into any agreement or understanding, for proceeding with the Transaction with any other Person.
12. For a period of 1 year from the date of this Undertaking or till six months from the completion of the Transaction, whichever is later, the Receiving Party, unless selected as the Successful Bidder, shall not, directly or indirectly, solicit for employment or hire any employee of the Company.
13. The Receiving Party agrees that from the date of this Undertaking till the completion of the Proposed Transaction or as the case may be, till the time the Government decide not to proceed with the Proposed Transaction, whether pursuant to Clauses 8 or 9 or 11, or the Bidder and/or Consortium Members decide to withdraw from the Transaction, whichever is earlier, the Receiving Party shall not, directly or indirectly, buy, sell, negotiate, or enter into any arrangements for the purchase and / or sale of any of the shares of the Company, or advise any other person directly or indirectly to buy, sell, negotiate or enter into any arrangements for purchase and / or sell any of the shares of the Company.
14. The Bidder understands, acknowledges and agrees that the Government, the Advisors and the Company retain the right to determine, in their sole discretion, the information that they wish to make available to the Receiving Party and the personnel through whom the same will be made available. Further, nothing in this Undertaking shall amount to or be construed as the Disclosing Party making any representations or warranties, express or implied, as to the accuracy and/or completeness of the Confidential Information and the Disclosing Party shall have no liability whatsoever to the Receiving Party resulting from the Bidder's use of the Confidential Information. The Bidder also agrees that if it determines to proceed with the Transaction, its determination will be based solely on the terms of the definitive agreements as well as on its own investigation, analysis and assessment of its investment and the Transaction. Moreover, unless and until such agreements are entered into, neither the Government nor the Bidder will be under any legal obligation of any kind with respect to the

Transaction except for the matters specifically agreed to in this Undertaking or in another written and duly executed definitive agreement.

15. The Bidder hereby indemnifies and agrees to hold the Advisors, the Government and the Company indemnified and harmless from all and any damages, losses, costs, or liabilities (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure by the Receiving Party of the Confidential Information or other violation of this Undertaking (notwithstanding that a Receiving Party may not be party to this Undertaking) or of any similar undertaking or agreement. In addition, because an award of money damages (whether pursuant to the foregoing sentence or otherwise) would be inadequate for any breach of this Undertaking or any similar undertaking or agreement by the Receiving Party and any such breach would cause the Disclosing Party irreparable harm, the Bidder also agrees that, in the event of any breach or threatened breach of this Undertaking or such similar undertaking or agreement, the Advisors, the Government or the Company will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Undertaking but will be in addition to all other remedies available at law or equity to the Advisors, the Government and/or the Company.
16. The Bidder understands, acknowledges, confirms and agrees that each of the Government, the Company and the Advisors are beneficiaries under this Undertaking. The Bidder further agrees and confirms that each of the Government, the Company and the Advisors, will be entitled to and may enforce, either individually or jointly, the obligations imposed on the Receiving Party under this Undertaking.
17. The Bidder agrees that no failure or delay by the Advisors/the Government / the Company in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereto.
18. The terms of this Undertaking may be varied only with the Company's and the Government's prior written agreement. This Undertaking shall be effective as of the date first above given on the first page of this Undertaking.
19. This Undertaking shall be governed by and construed in accordance with the substantive laws of India without giving effect to its conflict of law principles.
20. The Parties shall make good faith efforts to resolve any disputes arising in connection with the confidentiality obligations contained herein through negotiation. In case no settlement can be reached within thirty (30) days of one of the party's receipt of a written notice of dispute from the other party, such disputes shall be finally settled in accordance with the Arbitration and Conciliation Act, 1996 or any modification or re-enactment thereof which may be in force in India. The venue of arbitration shall be New Delhi and the Arbitration shall be conducted in English language only.

21. All notices required or permitted to be given hereunder shall be in writing and shall be valid and sufficient if dispatched by registered airmail, postage prepaid, or by telex, cable or facsimiles as follows.

If the notice is to the Government:

Attention of: [●]
Ministry of Defence
[●]
Email: [●]

If the notice is to the Advisors:

Transaction Advisor:

Attention of: Ms Apeksha A. Munwane, Vice President, Investment Banking
SBI Capital Markets Ltd,
202, Maker Tower 'E',
Cuffe Parade, Mumbai – 400 005,
Maharashtra, India
Tel no.: +91 22 2217 8523
Fax: [●]/ Email: project.beml@sbicaps.com

Legal Advisor:

Attention of: [●]
M/s Crawford Bayley & Co.
State Bank Buildings, N.G. N. Vaidya Marg,
Fort, Mumbai 400 023, India.
Telephone : + 91 22 2266 3353
Facsimile : + 91 22 2266 3978/Email: project.beml@crawfordbayley.com

Asset Valuer:

Attention of: [●]
RBSA Valuation Advisors LLP
912, Venus Atlantis Corporate Park,
Anandnagar Main Road,
Praladnagar,
Ahmedabad – 380 015, India
Tel no.: 91-11- 23350635
Email: [●]

If the notice is to the Company:

Attention of: [●]

BEML Limited
BEML SOUDHA,
23/1, 4th Main,
SR Nagar,
Bengaluru-560 027.
Karnataka, India
Email: [●]

If the notice is to the Bidder:

[●]

Any of the Bidder, the Government, the Company or the Advisors may change its address by a notice given to the other in the manner set forth above. All notices and other communications shall be deemed to have been duly given (i) on the expiry of seven days after posting, if transmitted by registered airmail or (ii) on the date immediately after the date of transmission with confirmed answer back if transmitted by telex, cable or facsimile whichever shall first occur.

IN WITNESS WHEREOF, this Undertaking has been executed by the duly authorized representative of the Bidder on the date and year first hereinabove written.

Witnessed by: (Name of Bidder)

Name:By:

Address: Name:
 Title:

Important Instructions:

- 1)For a Confidentiality Undertaking executed and issued overseas, instead of notarization, the document should either carry a conforming Apostile certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
- 2)In case of a consortium, all the members of the consortium are required to submit the Confidentiality Undertaking.

9.7. Annexure 7: Advertisement

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT (DIPAM)

GLOBAL INVITATION FOR EXPRESSION OF INTEREST FOR PROPOSED STRATEGIC DISINVESTMENT OF 26% STAKE IN BEML LIMITED BY GOVERNMENT OF INDIA (GOI) ALONG WITH TRANSFER OF MANAGEMENT CONTROL

BEML Limited (“BEML”) or (the “Company”) is a Miniratna Category-1 Public Sector Undertaking, under the administrative control of Ministry of Defence (MoD). The Company was incorporated on 11th May 1964. The Company operates under 3 major business verticals - viz. Mining & Construction, Defence, and Rail & Metro. GOI proposes to disinvest its equity shareholding of 26% in BEML out of its shareholding of 54.03% by way of strategic disinvestment to investor(s) along with transfer of management control. GOI has appointed SBI Capital Markets Limited (SBICAP) as its Transaction Advisor to advise and manage the strategic disinvestment process.

This disinvestment process is to be implemented through open competitive bidding route. A Preliminary Information Memorandum (PIM) for the process of Strategic Disinvestment can be downloaded from websites of Department of Investment and Public Asset Management (DIPAM) at www.dipam.gov.in, MoD at www.mod.gov.in, company at www.bemlindia.in and Transaction Advisor at www.sbicaps.com. For any future information/amendments/ corrigenda, kindly refer to above websites only or contact the Transaction Advisor.

Interested Bidders (IBs) who meet the eligibility criteria mentioned in the PIM, may submit their EOI in either physical form or electronic form via e-mail at the address mentioned below, on or before 5:00 PM (Indian Standard Time) of March 1, 2021. However, IBs submitting EOI by e-mail shall also be required to submit the EOI in a physical copy in a sealed, covering envelope clearly marked “Private and Confidential – Expression of Interest for the Strategic Disinvestment of BEML” at the below mentioned address, not later than 5:00 PM (Indian Standard Time) of March 16, 2021.

Address for submission of EOI:

Ms Apeksha Munwane,
Vice President, Investment Banking
SBI Capital Markets Ltd,
202, Maker Tower ‘E’,
Cuffe Parade, Mumbai – 400 005,
Maharashtra, India

E-mail for electronic submission of EOI: project.beml@sbicaps.com

January 4, 2021

9.8. Annexure 8: Department of Investment and Public Asset Management (DIPAM) Guidelines

No. 3/9/2016-DoD-II-B
Government of India
Department of Investment & Public Asset Management
Block 14, CGO Complex
New Delhi
Dated 28th September, 2017

OFFICE MEMORANDUM

Sub: Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment

Government has examined the issue of framing comprehensive and transparent guidelines defining the criteria for bidders interested in PSE-disinvestment so that the parties selected through competitive bidding could inspire public confidence. Earlier, criteria like net worth, experience 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 seeking to acquire stakes in public sector enterprises through disinvestment:

1. In regard to matters other than the security and integrity of the country, any conviction by a Court of Law or indictment / adverse order by a regulatory authority that casts a doubt on the ability of the bidder to manage the public sector unit when it is disinvested, or which relates to a grave offence would constitute disqualification. "Grave Offence" is defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of the offence would be taken on case-to-case basis after considering the facts of the case and relevant legal principles, by the Government. "Grave Offence" would include the below noted cases:
 - a. Only those orders of SEBI are to be treated as coming under the category of "Grave Offences" which directly relate to "Fraud" as defined in the SEBI Act and / or regulations.
 - b. Only those orders of SEBI that cast a doubt on the ability of the bidder to manage the public-sector unit, when it is disinvested, are to be treated as adverse.
 - c. Any conviction by Court of Law.
 - d. In cases in which SEBI also passes a prosecution order, disqualification of the bidder should arise only on conviction by the Court of Law.
2. In regard to matters relating to the security and integrity of the country, any charge-sheet by an agency of the Government / conviction by a Court of Law for an offence committed by the bidding party or its Associate Company as defined in Companies Act, 2013 would result in disqualification. The decision in regard to the relationship inter se between the concerns, would be taken based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.
3. In both (a) and (b), disqualification shall continue for a period that Government deems appropriate.

4. Any bidder, 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.
5. The disqualification criteria would come into effect immediately and would apply to all bidders for various disinvestment transactions, which have not been completed as yet.
6. Before disqualifying a bidder, a Show Cause Notice as to why it should not be disqualified, would be issued to it and it would be given an opportunity to explain its position.
7. These criteria will be prescribed in the advertisements seeking Expression of Interest (EOI) from the interested parties. The interested parties would be required to provide the information on the above criteria, along with their Expressions of Interest (EOI). The bidders shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority, which if decided against the bidder, may disqualify the bidder in terms of (a) & (b) above or the eligibility criteria prescribed in the EOI, is pending against them. In case any investigation is pending in case which if decided against the bidder, may disqualify the bidder in terms of (a) & (b) above on the eligibility criteria prescribed in EOI against the bidder or the concern in which the bidder has substantial interest or against its CEO or any of its Directors/Managers, 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, a similar undertaking shall be filed along with EOI.

(sd/-)

(Aseem Kumar Jha)

Under Secretary to the Government of India

9.9. Annexure 9: Declaration in relation to Statement of Legal Proceedings

(To be submitted on the letterhead of the sole IB /each member of the Consortium submitting the EOI)

DECLARATION

1. We solemnly declare that we or our Director(s), CEO or principal officers are not convicted by any court of law or are indicted or have received any adverse order from regulatory authority relating to a grave offence with regard to matters other than the security and integrity of the country.

Grave offence for this purpose shall include:

- a) What constitutes "Fraud" under the provisions of the SEBI Act, 1992 and any of the regulations, rules, circulars, notifications, etc. made thereunder
 - b) SEBI orders on the IB/ member of Consortium casting doubt on the ability of the IB/ member of Consortium to hold the stake in the Company
 - c) Any conviction by a court of law
 - d) In case of SEBI's order of prosecution, disqualification will arise only on conviction by court of law.
2. We further declare that we or our sister companies have not been issued a charge sheet by any Governmental Authority or convicted by a court of law for any offence with regard to matters relating to the security and integrity of the country.
 3. We further declare that we, our sister company, our Director(s), CEO, principal officers are not under any investigation pending before any regulatory authority or other authority.
 4. We declare that complete information as required is provided in the EOI and Form A.

Yours sincerely,

For and on behalf of: (name of the Interested Bidder/member of Consortium)

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Place:

Date:

In case any IB/ member of Consortium is unable to give above undertaking in view of any conviction, indictment, order or investigation as above full details of the same shall be provided including names of persons involved, designation, charge/offence, ordering/investigating agency, status/outcome etc. with supporting/relevant documents. Any entity, which is disqualified from participating in the Transaction, shall 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.

9.10. Annexure 10: Format of Affidavit

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution; and

To be notarized and submitted by the IB/ each member of the Consortium submitting the EOI)

Affidavit

I, [name] aged [age] years, resident of [address] working as [designation] an Authorised Signatory on behalf of [name of the Interested Bidder] (“Interested Bidder”) hereby state as under:

1. I am the [designation of the deponent] of the Interested Bidder. I am conversant with the facts and circumstances surrounding the subject of this affidavit [and have been authorised to depose to the same pursuant to the power of attorney dated [date] issued pursuant to [particulars of corporate approval]]. I am filing this affidavit to place on record verification of facts and documents in connection with the bidding process concerning strategic disinvestment of BEML Limited (BEML).
2. [Insert separate paragraphs for each information/ document physically submitted with the Transaction Advisor, in a chronological sequence including the page numbers of documents submitted].
3. That nothing has been concealed in the information submitted as mentioned above.
4. All documents submitted as a part of Expression of Interest (EOI) have been executed as per applicable laws and procedures and specifications in the PIM.
5. All the facts and documents submitted as a part of the EOI are true and accurate.

Solemnly affirmed and verified on this [day] day of [month][year] at [place].

(Signature of the Authorised Signatory)
Name, Designation & Address

VERIFICATION

I, [name], [the [designation of the deponent] of] the Interested Bidder above named, having my office at [address], do hereby solemnly declare that what is stated above is on the basis of the books and records of the Interested Bidder, and verify that the contents of the above affidavit are true and correct, no part of it is false and nothing material has been concealed therefrom.

Verified at [day] day of [month] [year] at [place].

[particulars of notarisation]

Deponent
(Signature)
Name, Designation & Address

Important Instructions:

- 1) For an Affidavit executed and issued overseas, instead of notarization, the document should either carry a conforming Apostille certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
- 2) The date of execution of Affidavit shall be on or after the date of execution of the EOI documents.

9.11. Annexure 11: Guidelines for Management-Employee Bids in Strategic Sale

As per the Circular No. 4/38/2002/DD-II dated April 25, 2003 (“**Employee Guidelines**”) which is annexed as Annexure 12, employees of BEML Limited (“**Employees**”) are permitted to participate in the Transaction as Interested Bidders either (a) directly and independently (“**Direct Employee Participation**”) or (b) by forming of a consortium (“**Employee Consortium**”) and subject to the following:

1. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall necessarily comply with each of the applicable conditions and provisions of the Employee Guidelines.
2. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall be subject to the same terms and conditions, process, instructions, criteria’s, disqualifications, etc. which are applicable to other Interested Bidders in this PIM/EOI and shall ensure compliance of the same. In case of any conflict between the terms and conditions, process, instructions, criteria’s, disqualifications, etc. and the Employee Guidelines, the Employee Guidelines shall apply.
3. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall be required to provide such additional documents, confirmation, undertakings and information as the TA may require so as to evaluate the EOI (including eligibility criteria) submitted by such Employees or Employee Consortium.
4. The GOI and TA may provide for such further clarifications, conditions, criteria’s as it may deem necessary for the purposes of Employees to participate.
5. Subject to paragraph 7, the forms and format to be submitted by the Employees, in case of Direct Employee Participation shall be the same as that of a sole/individual bidder mentioned in this document.
6. Subject to paragraph 7, the forms and format to be submitted by the Employees and consortium members of Employee Consortium, in case of employees participating through an Employee Consortium, shall be the same as that of a consortium bidder.
7. In the forms and format, the details of the Interested Bidder (IB) shall be provided in the following format :

[In case of permanent employees participating as single IB :-

S. No.	Name of the Employee	Designation	Employee Code, if any	Residential Address	Identity proof (Adhaar No/ Passport No)	PAN and TAN

OR

In case the permanent employees forming a Consortium with [●] [insert name of bank/ FI/ VC Fund]

- a. Employees holding [●]% shareholding in the Consortium; and
- b.[●] holding [●]% shareholding in the Consortium;

S. No.	Name of the Employee	Designation	Employee Code, if any	Residential Address	Identity proof (Adhaar No/ Passport No)	PAN and TAN

]¹⁰

- 8. Each form and EOI submitted by Employees (whether as Direct Employee Participation or Employee Consortium) shall be accompanied by a duly executed Power of Attorney where a Employees forming part of such participation shall appoint one participating Employee to be their lawful attorney for submission of EOI and connected documents and be the lawful attorney of the other participating Employee. The format of the Power of Attorney is annexed.

Power of Attorney for Employee Participation

[TO BE STAMPED ON Rs. 1000 STAMP PAPER AND NOTARIZED]

Special Power of Attorney

To all to whom these presents shall come, I son/daughter/wife of and presently residing at being an presently employed with [●], having employee code [●] do hereby exclusively, unconditionally and irrevocably constitute, nominate, appoint and authorize Mr./Ms. (name),.....son/daughter/wife of and presently residing at _____, who is presently employed with [●]

NOW KNOW YE MEN ALL AND THESE PRESENTS WITNESSETH I, [●] , do hereby irrevocably nominate, constitute and appoint ----- as my true and lawful attorney (hereinafter referred to as the "Attorney") to do in my name and on my behalf, to do, execute, and perform all such acts, agreements, deeds, matters and things as are necessary or required in connection with or incidental to submission of our application for qualification for the proposed Strategic Disinvestment of shares held by the Government of India in BEML Limited including but not limited to signing and submission of all applications, participate in conferences, if any and providing information/ responses to GOI/Advisor and generally dealing with GOI/Advisor/Company in all matters in connection with or relating to or arising out of our application for qualification for the Transaction (as defined in the Preliminary Information Memorandum dated [●] issued by the Transaction Advisor.

AND we hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things done or caused to be done by the Attorney pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by the Attorney in exercise of the powers

¹⁰ Strikeout whichever is not applicable

hereby conferred shall and shall always be deemed to have been done by us concerning or touching these presents as fully and effectually as if we were present and had done, performed or executed the same itself.

All the terms used herein but not defined shall have the meaning ascribed to such terms in the Preliminary Information Memorandum and EOI.

IN WITNESS WHEREOF WE,..... THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS DAY OF

.....

(Signature, name, designation and address)

In the presence of:

- 1.
- 2.

Accepted

Name, Title and Address of the Attorney)

(To be duly notarized)

Important Instructions

- 1) The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure. The power of attorney shall be appropriately stamped and notarized.
- 2) Wherever required, the Bidder should submit for verification the extract of the charter documents and documents such as a board or shareholders' resolution/ power of attorney in favour of the person executing this Power of Attorney for the delegation of power hereunder on behalf of the Bidder.
- 3) For a Power of Attorney executed and issued overseas, instead of notarization, the document should either carry a conforming Apostile certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
- 4) The date of execution of Power of Attorney shall be before the date of execution of other documents as part of EOI.

9.12. Annexure 12: DIPAM Guidelines for Employees Bids

No. 4/38/2002/DD-II

Government of India

Ministry of Disinvestment

Block No.14, CGO Complex,

Lodi Road, New Delhi.

Dated: 25th April, 2003

OFFICE MEMORANDUM

Subject:- Guidelines for management-employee bids in strategic sale.

Employee participation and protection of employee interests is a key concern of the disinvestment process. The practice of reserving a portion of the equity to be disinvested for allocation to employees, at concessional prices, has been adopted in a number of cases. It is necessary and expedient to evolve and lay down guidelines to encourage and facilitate management-employee participation in the strategic sales and thus to acquire controlling stakes and manage disinvested public sector undertakings. The undersigned is directed to state that Government has, therefore, decided to lay down the following guidelines for evaluating employee/management bids:-

- i. The term 'employee' will include all permanent employees of a PSU and the whole time directors on the board of the PSU. A bid submitted by employees or a body of employees will be called an "employee bid".
- ii. At least 15% of the total number of the employees in a PSU or 200 employees, whichever is lower, should participate in the bid.
- iii. An employee bid would be exempted from any minimum turn over criterion but will be required to qualify in terms of the prescribed net worth criterion. They will be required to follow the procedures prescribed for participation by Interested Parties in the process of strategic sale including, but not limited to, filing the expression of interest along with all details, as applicable to other investors, furnishing of bank guarantee for payment of the purchase price etc.
- iv. Employees can either bid directly and independently or, for the purpose of meeting the financial criteria like net worth, can form a consortium or bid through a joint venture (JV) or a special purpose vehicle (SPV), along with a bank, venture capitalist or a financial institution. However employees will not be permitted to form consortia with other companies.
- v. If the bidding entity of the employees is a consortium, JV or SPV, employees must have a controlling stake and be in control of the bidding entity.
- vi. If the bid is submitted through a consortium, JV or SPV, employees must contribute at least 10% of the financial bid.

- vii. If the employees form a consortium, the consortium partners would be prohibited from submitting individual bids independently.
- viii. If it is not the highest bid, the employee bid shall be considered only if the said bid is within 10% of the highest bid.
- ix. The employee bid shall, subject to fulfilling the conditions above, have the first option for acquiring the shares under offer provided they match the highest bid and the highest bid being equal to or more than the reserve price.
- x. If the employee bid is not the highest bid and there are more than one employee bids within the 10% band, the highest of the employee bids will have precedence for purchase at the highest bid. If such employee bidder is unwilling or unable to match the highest bid, the option will pass on to the next highest employee bid and so on till all the employee bids, within the 10% band, are exhausted.
- xi. In the event of no employee bidder, within the 10% band, being willing or able to match the highest bid, the shares under offer will be sold to the highest bidding entity.
- xii. There will be a lock in period of three years for the shares disinvested by the Government.

All the bidders for the management-employee buy-outs will also have to satisfy the provisions of the 'Guidelines for qualification of bidders seeking to acquire stakes in Public sector Enterprise through the process of disinvestment' issued vide the then Department of Disinvestment's Office Memorandum No.6/4/2001-DD-II dated 13th July 2001 or as amended subsequently along with other qualification criterion as generally applicable and not specifically excluded herein.

(T.S. Krishnamachari)
Deputy Secretary to the Government of India
Tel. No. 24368038