

No. C(F)/VIL/2018-19/2
BEML LIMITED
(A Govt. of India
Mini Ratna Company
Under Ministry of Defence)

ENGAGEMENT OF LEGAL ADVISERS FOR DISINVESTMENT OF SHAREHOLDING OF BEML LIMITED IN VIGNYAN INDUSTRIES LIMITED (SUBSIDIARY OF BEML LIMITED)

1. Introduction:

1.1

M/s. Vignyan Industries Limited (hereinafter referred to as VIL) was incorporated on 25.09.1963 by two individual promoters at Tarikere, Chikkamagaluru District of Karnataka for manufactures steel castings suitable for engineering, mining, railways.

In October 1984, the Department of Industries and Commerce, Government of Karnataka requested BEML Limited (hereinafter referred to as BEML) to takeover VIL. Accordingly, BEML took over the management on 12.10.1984 upon acquiring 69%, based on approval of Ministry of Defence, Government of India (MoD).

During 1997, BEML extended a loan of Rs.2.43 Crs to VIL and the same has been converted 2,43,500 equity shares of Rs.100 each. With that BEML's shareholding as on date is 2,69,376 shares constituting to 96.56% of equity and other 3.44% held by 185 individuals.

Vignyan Industries Limited (VIL)- M/s. VIL, Tarikere has installed production capacity of around 4000 MT per annum and producing various types of carbon steel, alloy steel and manganese steel casting of different sizes with maximum weight upto 2 MT per casting. VIL is accredited with ISO9001-2008 Certification. It is also a class – A foundry and certified by RDSO.

The Board of Directors for VIL has been nominated by M/s. BEML Ltd. time to time and VIL being headed by the senior level officer of BEML and presently BEML had deputed 6 officers to VIL for carrying out the activities of the VIL. As of end December 2018, total no. of employees in VIL is 94.

1.2 Shareholding Structure as of 31.12.2018

Vignyan Industries Limited		
Category	No. of Shares	% to equity
BEML Limited	2,69,376	96.56
Individuals	9,590	3.44
TOTAL	2,78,966	100.00

1.3 The official website of the Company is www.bemlindia.in.

2. **Proposal:**

2.1 The Ministry of Defence, Government of India, has 'in-principle' decided to disinvest 96.56% of equity shareholding of BEML Limited in VIL. BEML requires the services of reputed Law Firms with experience and expertise in Mergers & Acquisitions/takeovers/strategic disinvestment to act as Legal Adviser and assist BEML in the process.

2.2 The eligible domestic Law Firm, as per eligibility conditions prescribed in 'Eligibility Criteria' may submit proposals as per the guidelines mentioned hereunder for selection of the Law Firms.

3. **Scope of Work**

- (i) Reviewing and advising on all legal contracts, titles of property assets/real estate, intellectual property rights and contracts with employees etc.
- (ii) Review of the Information Memorandum specifically with respect to disclosures relating to titles, land and property, intellectual property rights, litigations and any other disclosures in the Information Memorandum which may need to be vetted legally.
- (iii) Review of RFP document.
- (iv) Drafting of transaction related documents including:
 - Confidentiality Agreement/share purchase agreement/shareholders agreement/ Non-compete Agreement, etc.
 - Any other ancillary agreement as may be required to assist in the closure of the transaction.

- (v) Advise and assistance in arrangements for the due diligence exercise and data room preparation.
- (vi) Advise on the structure of the transaction including, as may be require, compliance with SEBI guidelines, Stock Exchange Listing guidelines, Companies Act, Income Tax Act and any other relevant laws. The Legal Adviser shall also examine the Tax Implications on hiving off assets and other related issues.
- (vii) Review of necessary corporate resolution including, if required, for formation of subsidiary/transfer of business to subsidiary or a shell company etc.
- (viii) Assistance as may be required, in negotiations with the potential Strategic Partner(s).
- (ix) Assistance in drafting and implementation of an ESOP or any other scheme for employees that is compliant with the laws.
- (x) Facilitating closure of the transaction.
- (xi) Assist in any issues that may arise in connection with the transaction.
- (xii) Law Firm would have to work in close coordination with the Transaction Advisor and other intermediaries appointed for the transaction by AM/AD/BEML.

4. Eligibility Criteria:

4.1 The domestic law firms should be a reputed professional firm having experience of at least 5 years for providing advisory services for strategic disinvestment/ strategic sale / M&A activities/ private equity investment transaction.

4.2 Bidders should have advised, handled and successfully completed at least one transaction of disinvestment/ sale / M&A activities/ private equity investment transaction of the size of Rs.50crore or more, after the period from 1st April, 2016 to 31st December, 2018.

5. Proposal Format& Technical Evaluation Criteria

5.1 Interested Law Firm may submit their Proposal in the following format.

5.1.1 Experience and capability in handling Mergers & Acquisitions/takeovers/strategic disinvestment:(Weightage for evaluation 25/100)

- (i) Profile of the organization
- (ii) Capability, capacity and previous experience of the Firm and expertise in handling such assignment including open offers required to be made in case of listed companies posting closure of the transaction
- (iii) Demonstrate ability to work with BEML and in coordination with Transaction Advisors and other intermediaries as a part of team.

5.1.2 Infrastructure(branch offices)& Manpower: (Weightage for evaluation 25/100)

- (i) Details of infrastructural facilities like office, manpower etc. in India.
- (ii) Detailed profile of the core and support teams (with CVs of each team member detailing qualification and relevant experience) that will be deployed on each assignment in the event of selection.

5.1.3 Understanding of the Regulatory framework: (Weightage for evaluation 15/100)

- (i) Demonstrate understanding of the legal, policy & regulatory issues in Mergers & Acquisitions/takeovers/strategic disinvestment, i.e. SEBI, Companies Act, FDI etc.
- (ii) Indicate the expertise in handling the regulatory requirements and securing the required approvals from the concerned authorities.

5.1.4 Indicative Timeline: (Weightage for evaluation 10/100)

- (i) Demonstrate ability to deliver in accordance with the timetable requirement and the ability to commit key personnel for the entire duration of the transaction. Suggest a timeline for the proposed transaction.

5.1.5 Strategy for Disinvestment: (Weightage for evaluation 25/100)

- (i) Indicate intended approach to the proposed transactions including the sequencing of the activities involved in the transaction.
- (ii) Demonstrate capability of preparing quality document to be filed with Stock Exchanges and other regulatory authorities or the agreements that are required to be entered into in the course of the transaction.

5.2 Threshold weightage for short listing the Bidders for technical evaluation will be 70% and only the technically qualified shortlisted Bidders shall be considered for evaluation of financial bid. Pass marks for technical evaluation is 70%.

6. Pre-Bid meeting:The interested parties are required to send in their queries to Shri. Sunil R. Kharad, General Manager (CM), BEML Limited, at email office@cpc.beml.co.in. A pre-bid meeting will be held at **2.00PM on 8th April 2019**, in the Conference Hall(2nd Floor), at BEML Soudha, Bangalore. The interested parties may attend the pre-bid meeting, if they so desire.

7. Submission of Proposal

7.1 The proposals are required to be submitted in two envelopes as per the following:

- (i) **Envelope 1** containing
 - (i) the technical bid as per format in paragraph 3
 - (ii) Authority letter relating the authorized signatory,
 - (iii)Furnish an Affidavit-cum-Undertaking as per **Annexure-1** relating to 'no conviction' and 'no conflict', duly signed by the authorized signatory.
 - (iv)Confidentiality Undertaking in the Format at **Annexure-II**
 - (v) Certificate on unconditional bid in the format at **Annexure-III**.Please note that bids with conditionality shall be summarily rejected.
 - (vi) Certificate that in case of selection and appointment, a Performance guarantee equivalent to 5% of the fee quotedwould be given in the form of bank guarantee, valid till the completion of the transaction.
 - (vii)Non-refundable fee of Rs 50,000 (Rupees Fifty Thousand only)
- (ii) **Envelope 2 (Sealed):** The Financial Bid in the format as per **Annexure-IV**.

7.2 The proposal (both envelopes) can be submitted latest by**1100hrs (IST) on 22nd April, 2019** toShri. Sunil R. Kharad, General Manager (CM), **BEML Limited**,

BEML Soudha, 23/1, 4th Main, S.R.Nagar, Bangalore-560027 in hard copies in original, duly signed by the authorized officer of the Legal Adviser. No proposal will be entertained after the appointed time and date. The BEML will not be responsible for any postal/ courier delay. The proposals received after the appointed time and date will be rejected.

7.3 The BEML reserves the sole right to accept or reject any or all Proposals thus received without assigning any reasons thereof.

7.4 Financial Bid, to be opened only after the presentations (mandatory) of only those parties who qualify in the technical evaluation. Please note that bids with any conditionality shall be summarily rejected.

8. Procedure for selection:

8.1 Qualified interested Law Firms (applicants) will be required to make a presentation in respect of their Proposal before a Selection Committee in the Conference Hall(2nd Floor), at BEML Soudha, Bangalore.

8.2 The schedule of presentation will be posted on the website of BEML ([www.bemlindia.in/DDP\(MOD\)/DIPAM](http://www.bemlindia.in/DDP(MOD)/DIPAM)) in due course.

8.3 The Selection Committee will evaluate the applicants on the criteria mentioned in paragraph 4 above and based on their Proposal and presentation; short-list them for considering their financial bids. The Selection Committee will open the Financial Bids of only short listed applicants. The lowest bidder will be awarded the assignment.

8.4 In case of a tie in the financial bid, the bidder who has a higher technical score, will be selected.

9. Requirements for Financial Bids

- a. The Bidder is required to quote a Fixed Lumpsum Fee for aforesaid scope of work in Indian Rupees inclusive of all applicable taxes.
- b. In case of mismatch between the fee quoted, the number in words will be taken as correct for all purposes, including evaluation of financial bids.
- c. The Fee quoted by the bidder shall remain Fixed till successful completion of transaction.
- d. The fee quoted bidder shall be unconditional. All other expenses would be borne by the Asset Valuer.

e. The Bidders will be liable to pay taxes applicable as per law.

10. Terms of Payment:

The fee to the selected Bidder shall be paid in Indian Rupees as under:

- a) 20% of the fee quoted and accepted by the BEML on issue of the RFP inviting EoIs from the prospective bidders and their short listing.
- b) 50% on inviting the financial bids from the prospective buyers and its acceptance by the BEML.
- c) 30% on successful closure of the transaction.

11. MODE OF PAYMENT

The firm will raise the invoices in triplicate to BEML Limited. The verified bills shall be forwarded to the Paying Authority, duly counter-signed by the concerned Approving Authority for arranging payment. The different taxes should be indicated separately while raising the bills for payment of fee.

11.1 The applicant is required to quote a lump sum fee inclusive of applicable taxes and payable as per law by the applicant.

11.2 The fee quoted should be unconditional and inclusive of all expenditure. It may be noted that the Law Firm cannot prescribe any time limit for validity of the financial bid.

11.3 For any further clarification, please contact Shri. Sunil R. Kharad, General Manager (CM), BEML Limited, BEML Soudha, 23/1, 4th Main, S.R.Nagar, Bangalore-560027.

12. DISPUTE:

In case of dispute, the decision of the BEML will be final.

13. JURISDICTION:

The jurisdiction of Court will be at New Delhi only.

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AFFIDAVIT CUM UNDERTAKING

We, the undersigned ("Bidder") are submitting our bid in respect of the Request for Proposal No [●], Dated [●] ("Bid") issued by the BEML Ltd. ("CPSE") in relation to [●] and in this connection we hereby solemnly affirm, declare and undertake as follows:

- (1) Details of the Bidder as disclosed in **Appendix-A** enclosed herewith are true and correct as on date.
- (2) There has been no conviction by any court of law or indictment/adverse order by any statutory or regulatory authority for a Grave Offence against us or any of our Indian Sister Concern(s) or any of our promoters or directors or that of our Indian Sister Concern(s).
- (3) No enquiry/investigations for any Grave Offence is pending against us or any of our Indian Sister Concern(s) or any of our or our Indian Sister Concern's directors, managers and/or other Senior Managerial Personnel by any regulatory authority and/or government agency.
- (4) The details of enquiry/investigations for non-Grave Offences pending against us/our Indian Sister Concern(s)/ our or our Indian Sister Concern's directors, managers and/or other Senior Managerial Personnel by any regulatory authority and/or government agency are disclosed in **Appendix-B** enclosed herewith.
- (5) There are no Conflict of Interest with respect to the Proposed Transaction as on date.
- (6) During the tenure of our engagement for the Proposed Transaction, we shall keep the BEML informed, without delay, of any situations, circumstances, relationships, possible source or potential areas of Conflict of Interest in the format enclosed as **Appendix-C** herewith and we shall not take up work in relation to any such assignment without obtaining prior approval of the Government/Company and granting of such approval shall be the sole discretion of Government/Company and shall be binding on us.
- (7) We ourselves and/or for/with or in association with or on behalf of or through any other Entity, shall not take up any advisory or consulting assignment or render any services on a similar transaction or any other transaction which could have a direct Conflict of Interest, in any manner or capacity to a Competitor of the Company during the term of our engagement in respect of the Proposed Transaction without prior written approval of the BEML and granting of such

approval shall be the sole discretion of Government/Company and shall be binding on us.

- (8) We have put in place a robust mechanism to resolve any Conflict of Interest situations and circumstances that may arise or result while conducting our business or rendering of services and where-so-ever any Conflict of Interest or potential for Conflict of Interest may arise, we shall take reasonable steps to resolve the same forthwith in a fair and equitable manner. During the term of our engagement we shall ensure to and continue to exercise adequate due diligence for identifying and removing any areas, source, situations and circumstances of conflict and mitigating the effects of such conflicts to the satisfaction of the BEML, in case any such Conflict of interest (or apparent conflict of interest) arises or results in relation to the Proposed Transaction.
- (9) We have laid down an internal code of conduct for governing our internal procedures and operations and have prescribed the standards of appropriate conduct for our employees and officers for carrying out their duties and responsibilities with a view to appropriately ensuring proper maintenance of professional excellence and standards with integrity, confidentiality, objectivity and have made provisions for identification, avoidance and resolution of conflict of interests and for disclosure of shareholdings and interests, etc., in terms of applicable laws.
- (10) We understand that:
 - (i) in cases where existing Conflict of Interest (or apparent conflict of interest) is disclosed by us, the BEML would be entitle to initiate appropriate actions to eliminate or address or mitigate or neutralize the conflict through or by restricting or modifying the work to be performed by us in respect of the Proposed Transaction. BEML may also terminate our engagement for the Proposed Transaction, in whole or in part, if such termination is absolutely necessary in view of the BEML to avoid the appearance of a Conflict of Interest.
 - (ii) The BEML would be entitled to terminate our appointment if any of the affirmation/declaration/undertaking given by us is found to be false or misleading in any manner or not adhered or fulfilled or complied by us.
 - (iii) if at any time after our appointment as an Advisor, either we or any of our Indian Sister Concern or the respective promoters/directors is convicted by a court of law in India or any indictment/adverse order is passed by a regulatory authority in India for a Grave Offence, we shall stand disqualified from continuing as Advisor to the BEML and shall be bound to inform them without any delay and shall voluntarily withdraw from the Proposed

Transaction failing which the BEML may terminate our appointment after giving an opportunity of being heard.

Definitions

Unless otherwise defined in this Affidavit, the following capitalized terms used herein shall have the meanings set out below:

- 1. Advisor** means the Bidder and includes bidder(s) who have been selected for the Proposed Transaction by the BEML in terms of the Bid.
- 2. Conflict of Interest:** Conflict of interest in relation to the Proposed Transaction shall without limitation is deemed to exist or have arisen if:
 - (i) The Advisor whether itself and/or for/with or in association with/or on behalf of or through any other Entity is engaged in any activity or business which would or may be reasonably expected to directly or indirectly, materially adversely affect the interest of the BEML or any such activity/association would or may impair his ability to render fair, impartial, technically sound and objective assistance or advice, or unbiased services or may result in it being given an unfair competitive advantage to any other person.
 - (ii) The Advisor whether itself and/or for/with or in association with/or on behalf of or through any other Entity is engaged in advising and/or have taken up engagement for advising/consulting any other Entity whether under a formal engagement or otherwise in relation to any transaction/matter ("**Third Party Transaction**") which would or may be reasonably expected to directly or indirectly, materially adversely affect the interest of the BEML.
 - (iii) The Advisor has any business or financial interests in any other Entity that would impair, or give the appearance of impairing, impartial decisions in relation to Proposed Transaction, in offering any advice recommendations or in providing technical assistance or other services to the BEML as part of Advisor's engagement obligations/duties.
 - (iv) In relation to a sale by the BEML, the Advisors has taken up engagement with buyer/potential buyer of such sale or their Sister Concerns.
 - (v) Any other situation, possible source or potential areas of interests which may impair Advisor's ability to render fair, impartial, technically sound, and objective assistance or advice, or unbiased services on in conflict of their professional duties towards BEML in respect of the Proposed

Transaction or result in it being given an unfair competitive advantage to any other person.

3. **Company** means **VIL(A subsidiary of BEML)**
4. **Competitor** of the Company means an Entity in India that is engaged in the business substantially similar to the business of the Company. Business of an Entity shall be deemed to be substantially similar to the business of the Company if turnover or profit of such Entity from the business activity(ies) in which the Company is engaged, exceeds 33% of its total turnover or profit (in any of the last three years).
5. **Entity** shall mean and include an individual, proprietorship, HUF, an association of person/body of Individuals, a partnership firm, limited liability partnership, company or any other persons.
6. **Grave Offence** means offences of such nature that it materially affects the reputation, business or operations adversely or outrages the moral sense of the community and such other offences which may be considered by the BEML as grave on a case to case basis after considering the facts and relevant legal principles.
7. **Proposed Transaction** means the transaction to be undertaken by the BEML as described in bid no [●].
8. **Senior Managerial Personnel's** means managing director, company secretary, chief executive officer, chief financial officer or persons having equivalent positions and all such other employees of the Entity who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors and include the functional heads.
9. **Sister Concern** in relation to the Advisor, means any Entity in which the Advisor has a significant influence or which has "significant influence" over the Advisor and includes a group and a joint venture company. "Significant influence" means holding of at least twenty percent or more of total voting rights or the power to participate in and influence the management, financial or operating policy decisions of that Entity, or of business decisions under an agreement or has twenty percent profit sharing in such Entity.

AppendixA, B and C hereto shall constitute and shall be deemed to form an integral part of this document.

Appendix-A

BIDDER DETAILS

Name of the Bidder	
Address: Registered Office: Corporate Office Tel: Email:	
Constitution	Company/Partnership/LLP/Others (If selected others, please provide the nature of constitution)
SEBI registration no, if registered with SEBI	
Details of registration with other professional statutory bodies	

Appendix-B

DETAILS OF PENDING ENQUIRY/INVESTIGATIONS

S. No	Name of the Sister Concern(s)/concerned person(s) against whom the enquiry/investigation has been initiated	Relationship with the bidder	Name of the investigating agency	Nature of pending enquiry/investigation and law under which the enquiry has been initiated	Brief facts/interim orders /other relevant information in respect of the pending enquiry/investigation

Appendix-C

**DETAILS OF PRESENT/POTENTIAL CONFLICTS/FACTS OR INTERESTS
THAT MAY BE DEEMED AS POTENTIAL CONFLICT OF INTEREST**

S. No	Name of the Entity, in which interests Conflicts exit/may arise	Relations hip of the Bidder with the Entity	Nature/reas on of conflict/pot ential conflict	Duration of the subsistence of conflict, if any	Such other information as may be relevant and material in deciding whether there is a conflict/poten tial conflict of interest

Confidentiality Undertaking

It is certified that the documents/ data/ information pertaining to VIL, which will be provided to [Name of the bidder] for valuation or otherwise related to it shall be treated as strictly confidential and will not be disclosed or handed over by [Name of the bidder] to any outside agency/ person without prior written permission of the BEML.

It is further certified that the valuation reports and other relevant documents, which are to be submitted by [Name of the bidder] to the BEML will not be disclosed to any other agency/ person without prior permission of the BEML.

Seal with Signature of the authorized signatory of the bidder

FORMAT OF UNCONDITIONAL BID ON THE LETTERHEAD OF THE BIDDER

To,

Dear Sir,

This is to certify that the fee quoted by us for engagement as Legal advisor for strategic disinvestment of VIL (Subsidiary of BEML Limited) is in accordance with the terms and conditions laid down in the RFP displayed on the website of the BEML/DDP(MOD)/DIPAM and is unconditional.

Seal with signatures of authorized signatory of the Bidder

Format of Price Bid on the Letterhead of the Bidder

Sl. No.	Description of work	Fee (all inclusive) in INR in Figures To be entered by the Bidder
		Figures
1.00	Fixed Lump-Sum Fee in Indian Rupees inclusive of all applicable taxes. All other expenses will be borne by ----- -[name of the bidder]	
		In words (Rupees only)

Note:

- 1) In case of mismatch in number and words quoted; the number in words will be taken as correct for all purposes.
- 2) Since the bid is inclusive of all taxes, any additional liability of tax that may arise either on account of change in tax rate or additional taxes by the Central or State Governments, shall be the responsibility of the bidder.

Seal with signatures of authorized signatory of the Bidder