

PRELIMINARY INFORMATION MEMORANDUM
For Inviting Expression of Interest
for
**STRATEGIC DISINVESTMENT OF HINDUSTAN FLUOROCARBONS
LIMITED**



By

HINDUSTAN ORGANIC CHEMICALS LIMITED

भारत सरकार
GOVERNMENT OF INDIA

रसायन एवं उर्वरक मंत्रालय
MINISTRY OF CHEMICALS AND FERTILIZERS



सत्यमेव जयते

रसायन एवं पेट्रो-रसायन विभाग
DEPARTMENT OF
CHEMICALS & PETRO-CHEMICALS



(Strictly Privileged & Confidential)

Transaction Advisor



SBI
Capital
Markets
Limited

SBI Capital Markets Limited

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

April 19, 2018

Hindustan Fluorocarbons Limited
Draft Preliminary Information Memorandum

ABBREVIATIONS/DEFINITIONS

AHF	Anhydrous Fluoric Acid
AIF	Alternate Investment Fund
APIDC	Andhra Pradesh Industrial Development Corporation
BIFR	Board for Industrial and Financial Reconstruction
BSE	BSE Limited
BTF	Benzotrifluoride
CDSL	Central Depository Services (India) Limited
CFM-22	Chloro Di Fluoro Methane
CGD	Core Group of Secretaries on Disinvestment
CIN	Corporate Identity Number
CPSE	Central Public Sector Enterprises
Crs	Crores
DIPAM	Department of Investment and Public Asset Management
EOI/EoI	Expression of Interest
Equity Shares	Equity Shares of the Company
FDI	Foreign Direct Investment
FEP	Fluorinated Ethylene Propylene
FSC	Fluoro Specialty Chemicals
FY	Financial Year
GOI/Gol	Government of India
HCL	Hydro chloric acid
HFL/Company	Hindustan Fluorocarbons Limited
HOCL	Hindustan Organic Chemicals Limited
HSE	Hyderabad Stock Exchange
IB	Interested Bidder
Kms	Kilometres
Ltd	Limited
MoCF	Ministry of Chemicals and Fertilizers
MoEFCC	Ministry of Environment, Forests and Climate Change
MT	Metric Tonnes
MTPA	Metric Tonnes per annum
NSDL	National Security Depository Limited
PAN	Permanent Account Number allotted under the Income Tax Act, 1961, as amended
PTFE	Poly Tetra Fluoro Ethylene
QPC	Quality and Process Control
Rs	Indian Rupees
SBH	State Bank of Hyderabad
SBICAP	SBI Capital Markets Limited
Sqft	Square Feet
TAN	Tax Deduction and Collection Account Number allotted under the Income Tax Act, 1961
TFE	Tetra Fluoro Ethylene
Transaction Advisor/TA	SBI Capital Markets Limited
VRS	Voluntary Retirement Scheme

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SBI Capital Markets Limited ("SBICAP") has been retained as the advisor by the Government of India ("GOI") for advising and managing the proposed strategic disinvestment of Hindustan Fluorocarbons Limited (hereinafter referred to as "HFL" or "Company") through Hindustan Organic Chemicals Limited (herein after referred to as "HOCL"), pursuant to work order dated April 12, 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 for the limited purposes of providing certain information on HFL for enabling recipients to be apprised of such certain basic details of HFL 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, intellectual properties, and legal proceedings involving the Company. Unless otherwise specified, the information contained herein is as of August 31, 2017, and may be subject to material updates, revision or amendment. GOI, HOCL, the Company and SBICAP, do not undertake to update this PIM.

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1. Introduction

1.1 Transaction Background

The Government of India (GOI) has 'in-principle' decided to disinvest the entire shareholding (i.e. 56.43% as on date) in HFL held by HOCL, one of the Promoters of HFL, through strategic sale.

1.2 Contact Details

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

<p>Mr. Ramnish Kochgave Vice President Investment Banking Contact: +91- 22- 2217 8523 Email: hfl@sbicaps.com</p>	<p>Mr. Vivek Khurana Vice President Relationship Contact : +91- 11- 2348 5220 Email: hfl@sbicaps.com</p>	<p>Ms. Apeksha A. Munwane Asst. Vice President Investment Banking Contact : +91-22-2217 8537 Email: hfl@sbicaps.com</p>
<p>Mr. Niraj Biyani Manager Investment Banking Contact : +91- 22- 2217 8538 Email: hfl@sbicaps.com</p>	<p>Mr. Srihari Santhakumar Manager Investment Banking Contact : +91- 22- 2217 8550 Email: hfl@sbicaps.com</p>	<p>Ms. Priya Sheth Associate Investment Banking Contact : +91- 22- 2217 8576 Email: hfl@sbicaps.com</p>

Interested Bidders ("IBs") should note that all correspondence, enquiries, clarifications in relation to the Transaction should be routed and addressed only through the abovementioned representative(s) of the Transaction Advisor. HOCL, HFL, MoCF, DIPAM shall not be responsible in any manner to reply to such communication directly to IBs.

1.3 Important Dates

Table 1: Important dates

Event	Day	Date
Publication of advertisement and floating of EoI	T	April 19, 2018
Start date for receiving queries	T	April 19, 2018
Last date for accepting the queries from the IB	T + 3 weeks	May 10, 2018
Last date for release of response to queries on the below mentioned websites*	T + 4 weeks	May 17, 2018
Last date & time for submission of EoIs	T + 8 weeks (18:45hours IST)	June 14, 2018
Intimation to the shortlisted Bidders	T + 11 weeks	July 5, 2018

* 'T' is the date of publication of the advertisement

Interested Bidders shall be required to participate in the tender process inviting “Expression of Interest for Strategic Disinvestment of Hindustan Fluorocarbons Limited” and shall submit all the documents in hardcopy.

1.4 Clarifications

Any queries or request for clarification/additional information concerning this EOI shall be submitted at hfl@sbicaps.com not later than the date mentioned in Clause 1.3 i.e. May 10, 2018]. The communications shall clearly bear the following identification / title:

"Queries/ Request for Additional Information: EOI for Strategic Disinvestment of HFL"

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

2. Company Overview

2.1 Background

Hindustan Fluorocarbons Limited was incorporated on 14th July, 1983 under the Companies Act, 1956 as a subsidiary of Hindustan Organic Chemicals Limited, a CPSE under the administrative control of the Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers bearing CIN L25206AP1983PLC004037 and registered with the Registrar of Companies, Telangana State at Hyderabad. The registered office of HFL is situated at 303, Babukhan Estates, Basheerbagh, Hyderabad – 500001, Telangana, India.

HFL has a manufacturing unit at post and village Rudraram, Patancheru Mandal, Sangareddy district, Telangana. The Company started commercial production in the year 1987 and its quality management system is accredited as an ISO 9001:2008.

HFL is primarily engaged in the manufacture of Chloro Di Fluoro Methane (“CFM-22”), Tetra Fluoro Ethylene (“TFE”) and Poly Tetra Fluoro Ethylene (“PTFE”). The installed capacity for CFM-22 and PTFE are 1,265 MTPA and 500 MTPA respectively. The Company sells PTFE under the brand name ‘HIFLON’. The raw materials used by HFL are mainly chloroform and Anhydrous Hydrofluoric Acid (“AHF”). HFL has sourced the technology from ATOCHEM, France for the manufacture of PTFE.

HFL holds 60 acres of land at Rudraram, Patancheru Mandal, Sangareddy district, Telangana state including 30 acres for its existing manufacturing unit.

Table 2: Land Details

Particulars	Area (acres)
Operational Plant Area	30.00
Vacant Land around the plant	30.00
Total	60.00

In addition to above, HFL has 66.13 acres of land at the site which is not being offered as part of the disinvestment process. The map delineating the land details is attached at Annexure 13.

Further, HFL has taken initiatives towards implementing welfare schemes for uplifting the quality of living of the community surrounding the area around the factory and currently has two Vidya volunteers who work towards this cause.

2.2 Capital Structure

The Company has an authorized capital of Rs. 21.00 Crs divided into 2,10,00,000 equity shares of Rs. 10 each (“Equity Shares”) and paid up capital of Rs. 19.60 Crs divided into 1,95,99,100 Equity Shares.

HOCL is one of the promoters of the Company and holds 56.43% of the equity share capital of the Company as on March 31, 2018. There has been no change in the shareholding of HOCL in HFL since March 31, 2017.

HFL was listed on Hyderabad Stock Exchange (HSE) and BSE on July 31, 1987. HFL is presently listed only on the BSE. As on March 31, 2018, HFL has 14,962 shareholders, including its promoters & promoter group. The market capitalisation of HFL as on April 17, 2018 is Rs. 21.56 Crs and the market price is Rs. 11.00.

Capital Structure of HFL as on March 31, 2018 is as follows:

Table 3: Capital Structure of HFL as on date

Particulars	No. of Equity Shares	Amount (in Rs. Lacs)
Authorized share capital		
Equity shares of Rs 10/- each	2,10,00,000	2,100.00
Issued		
Equity shares of Rs 10/- each	1,96,30,000	1,963.00
Subscribed & Paid up capital		
Equity shares of Rs 10/- each	1,95,99,100	1,959.91
Equity shares forfeited (amount originally paid)	30,900	1.55

Source: www.bseindia.com

2.3 Shareholding Pattern

The Equity Shares are listed on BSE. 85.22% of the equity share capital of the Company is held in dematerialized form as on March 31, 2018.

The shareholding pattern of HFL as on March 31, 2018 is as given below:

Table 4: Shareholding Pattern of HFL as on March 31, 2018

	Name/Category of Shareholder	No. of fully paid up equity shares held	% of Shareholding	No. of equity shares held in the dematerialised form
(A)	Promoter and Promoter Group			
	Hindustan Organic Chemicals Limited	1,10,60,000	56.43	1,10,60,000
	AP Industrial Development Corporation Limited	8,70,000	4.44	8,70,000
	Sub Total (A)	1,19,30,000	60.87	1,19,30,000
(B)	Public			
(B1)	<i>Non-Institutions</i>			
	Individuals holding upto Rs.2.00 Lacs	39,29,911	20.05	12,24,761
	Individuals holding more than Rs.2.00 Lacs	22,02,373	11.24	22,02,373
(B2)	<i>Institutions</i>			

	Banks/Financial Institutions	1,200	0.01	1,200
	Insurance Companies	2,78,500	1.42	2,78,500
(B3)	Others	12,57,116	6.41	10,67,116
	Sub Total (B)=(B1)+(B2)+(B3)	76,69,100	39.13	47,72,750
	Total (A)+(B)	1,95,99,100	100	1,67,02,750

Source: www.bseindia.com

The following are the top public shareholders holding above 1.00% as on March 31, 2018

Table 5: Top public shareholders holding above 1.00% as on March 31, 2018

Name of Shareholder	No. of fully paid up Equity Shares held	% of Shareholding
Dilipkumar Lakhi	5,25,991	2.68
Neetu Kothari	4,08,997	2.09
Bhubnesh Commercial Private Limited	2,85,464	1.46
Udayan kumar Kothari	2,59,504	1.32
Udayan kumar Kothari	2,58,278	1.32
Manish Lakhi	2,20,625	1.13
Amitkumar Indrakumar Bagri	2,00,000	1.02
Total	22,27,747	11.02

Source: www.bseindia.com

2.4 Board of Directors

In accordance with the provisions of the Articles of Association of the Company (as amended from time to time) the number of Directors of the Company shall neither be less than three nor more than twelve. The Directors of the Company shall not be required to hold any qualification shares.

As per article 77 of the Articles of Association of HFL, HOCL can nominate six persons, APIDC can nominate two persons and GoI can nominate one director on the Board of the HFL. HOCL has nominated four persons on the board of directors of HFL. However, APIDC has not nominated any directors on the board of directors of HFL.

The Board of Directors of the Company consists of 5 Directors as on date

The brief details of the Board of Directors of HFL are given below:

Table 6: Board of Directors of HFL as on date

Sr. No.	Name	Designation	DIN
1.	Shri Subodh Balkrishna Bhide	Chairman	5323535
2.	Shri Tukaram Shankar Gaikwad	Managing Director	2411043
3.	Shri.Dharmendra Kumar Madan	Government Nominee Director	7924171
4.	Ms. Pushpa Laxminarayan Trivedi	Independent Director	1388230

5.	Shri Rajkishore Das	Independent Director	7774176
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Source: www.mca.gov.in, www.hfl.co.in, www.bseindia.com

2.5 Human Resource Strength

As on March 31, 2018, HFL has employee strength of 115 consisting of officers and non-officers.

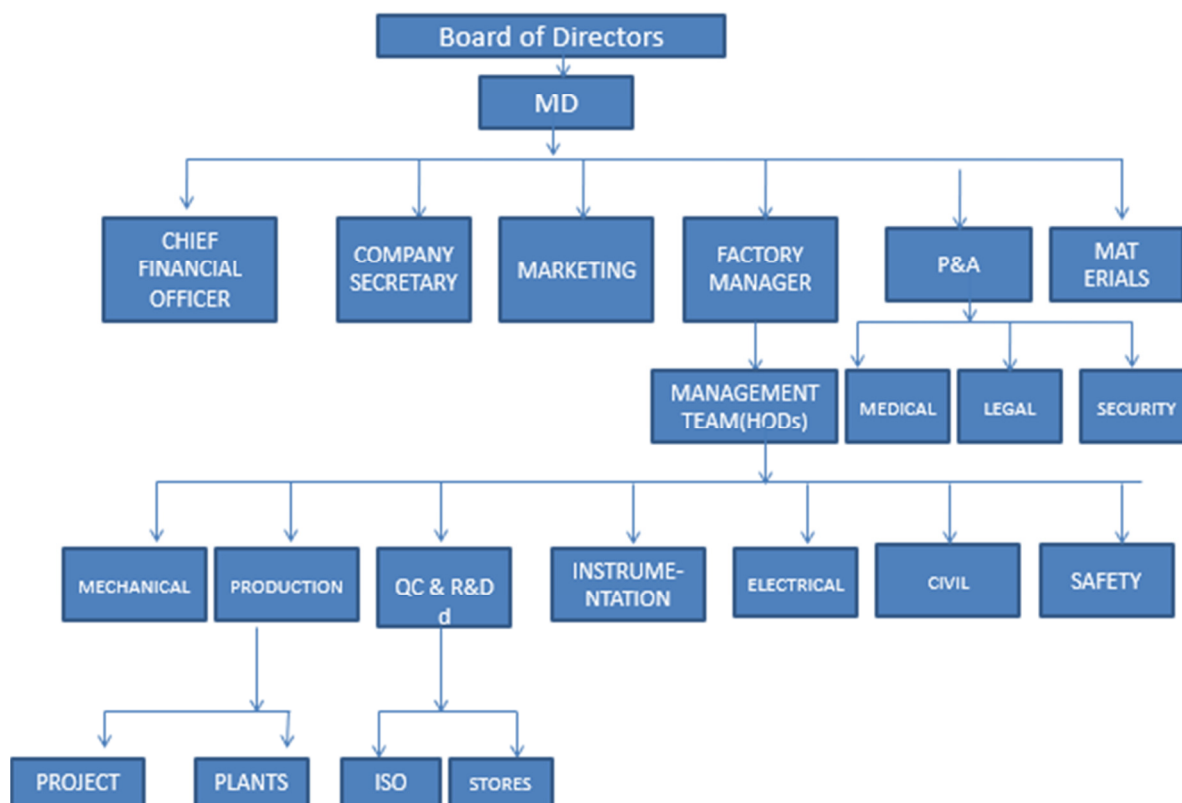
The division wise details of officers are mentioned below:

Table 7: Division wise details for officers:

Division	No. of Employees
QPC	07
Mechanical	12
Marketing	02
Production	18
Instrumentation	04
Materials	02
Safety & Electrical	09
Finance	05
Others	09

Source: Management Representation

The organization chart of the Company is given below:



Employee Unions

HFL has the following 2 recognized employee unions.

- a) Hindustan Fluorocarbons Limited employees trade union
- b) Hindustan Fluorocarbons Limited workers trade union

2.6 Loan details and banking arrangement

In 1994, HFL was referred to BIFR on account of erosion of its net worth due to continued losses. A rehabilitation package for HFL was approved by BIFR on December 3, 2007 at a total cost of Rs. 19.28 Crs.

The loan details and banking arrangement as on March 31, 2016 and March 31, 2017 is given below:

A. Long term borrowing:

Table 8: Long term borrowings as on March 31, 2016 and March 31, 2017

Particulars	March 31, 2016 (Rs. Lacs)	March 31, 2017 (Rs. Lacs)
Secured		
Term Loans – State Bank of Hyderabad (A)	20.19	0.00
Unsecured		
Government Plan Loan (B)	1,008.00	672.00
Total (A)+(B)	1,028.19	672.00

Source: HFL Annual Report FY16 and FY 17

B. Short term borrowings

Table 9: Short term borrowings as on March 31, 2016 and March 31, 2017

Particulars	March 31, 2016 (Rs. Lacs)	March 31, 2017 (Rs. Lacs)
Cash credit - State Bank of Hyderabad	446.93	337.29
Total	446.93	337.29

Source: HFL Annual Report FY16 and FY17

C. Other current liabilities

The total other current liabilities as on March 31, 2017 is Rs. 8,014.30 Lacs.

The total other current liabilities as on March 31, 2016 is Rs. 7,105.85 Lacs which includes creditors to capital goods, other payables in addition to the current liabilities mentioned below.

Table 10: Other current liabilities (in relation to debt availed by HFL) as on March 31, 2016 and March 31, 2017

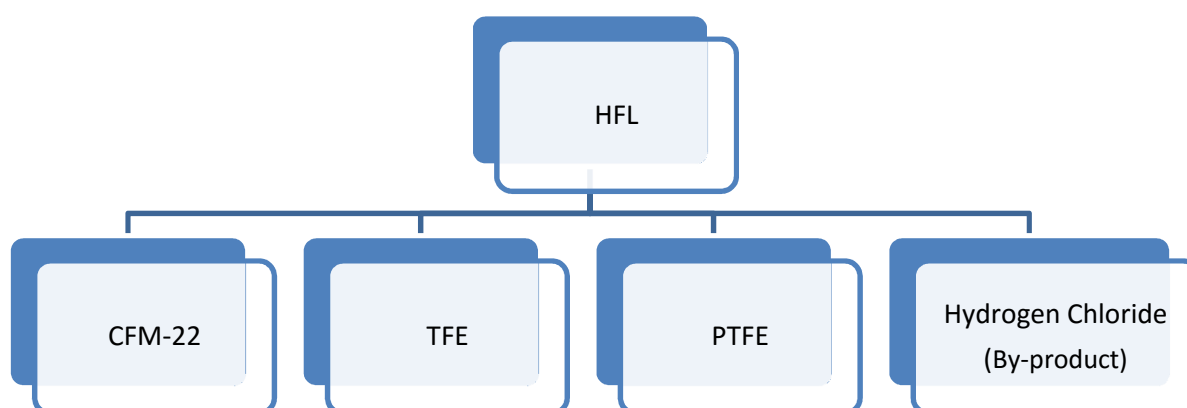
Particulars	March 31, 2016 (Rs. Lacs)	March 31, 2017 (Rs. Lacs)
Current maturities of long-term debt from HOCL	3,197.08	3,197.08
Interest accrued and due on term loan from HOCL	673.47	724.36
Government plan loan current maturities of long term debt	672.00	908.00
Total	4,542.55	4,829.44

Source: HFL Annual Report FY16 and FY17

3. Business Overview

3.1 Product Portfolio

The Company is broadly engaged in manufacturing CFM-22 (commonly known as Refrigerant) and PTFE. There might be a restriction on the non-feedstock production quota of CFM-22 by MoEFCC. The Company sells PTFE under the brand name of 'HIFLON'. The following comprises the Company's product portfolio:



- a. CFM-22
- b. TFE
- c. PTFE (virgin PTFE and filled PTFE)
- d. HCL (By-product)

General applications of CFM22, TFE and PTFE:

- CFM-22 is used in pure form or as mixture for refrigeration purposes.
- TFE is used for manufacturing various Fluoro Specialty Chemicals, Telomers and Copolymers with other fluoro /other monomers.
- PTFE is used in the chemical, mechanical, electrical and electronics industries and has applications in defence and aerospace sectors.

3.2 Installed Capacity

The installed capacity and utilisation of each plant is as below:

Table 11: Installed Capacity

Sr. No	Name of the plant	Installed capacity	Capacity Utilisation		
			FY15	FY16	FY17
1	CFM-22 plant	1,265 MTPA	88%	96%	95%

2	PTFE plant	500 MTPA	21%	8%	8%
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Source: HFL Annual Report FY16

3.3 Quality Control

- HFL quality management system is accredited as an ISO 9001:2008.

3.4 Markets and Marketing Arrangements

- The Company's products are sold in India.
- HFL does not have an elaborate distribution network and markets its products directly to customers.
- For CFM-22, HFL does not have long term contracts with customers and typically work on 1-2 month contracts.
- For PTFE, the markets are very small and sales take place as and when customers approach HFL. HFL typically keeps 2-3 months of inventory.

3.5 Research & Development

- HFL has successfully developed the process for manufacture of TFE Ether.
- HFL has entered into an agreement with Indian Institute of Chemical Technology and Vikram Sarabhai Space Centre to develop process for FEP resin.
- HFL has also developed Benzotrifluoride (BTF) on lab scale which is a fluoro chemical that can be used as a drug intermediate.
- HFL is actively involved in partial conversion of Telomer.

3.6 Strengths

- Development of superior grades of PTFE and Fluoro Speciality Chemicals
- More than 3 decades of operational experience in manufacturing of PTFE and CFM-22

3.7 Opportunities

- Opportunity in civil end-user industries- chemical, mechanical & electronics
- Focus on development of Fluoro Specialty Chemicals, where margins are better than PTFE
- Ready availability of land which can be used to expand facilities and diversify into new products.

4. Asset Details

HFL holds 60 acres of land at Rudraram, Patancheru Mandal, Sangareddy district, Telangana state including 30 acres for its existing manufacturing unit.

In addition to above, HFL has 66.13 acres of land at the site which is not being offered as part of the disinvestment process. The map delineating the land details is attached at Annexure 13.

The registered office at 303, Babukhan Estate, Basheerbagh, Hyderabad – 500 001 is taken on lease for a period of 10 years commencing from August 1, 2012.

4.1 Brief details of Assets

A brief description of the assets is as below:

The total non-current assets as on March 31, 2017 and March 31, 2016 are Rs. 2,389.23 Lacs and Rs. 2,532.89 Lacs respectively.

Table 12: Details of Assets as on December 31, 2017

Asset Details	Gross block (Rs. Lacs)	Net block (Rs. Lacs)
Tangible Assets		
Land	59.06	59.06
Buildings	306.32	155.68
Plant and Machinery	7,386.99	1,777.92
Furniture and Fixtures	85.54	8.37
Computers	42.80	1.43
Total	7,880.71	2,002.46
Intangible Assets		
Computer Software	14.60	6.61
M-PTFE	219.25	191.48
Total	233.85	198.09

Source: HFL Annual Report FY16 and FY17

5. Industry Overview

5.1 Summary of Indian Chemical Industry

- Seventh largest producer of chemicals worldwide and third largest producer in Asia. (by output)
- The estimated size of Indian chemicals sector stands at approximately USD 139 billion.
- Fourth largest global producer of agro chemicals.
- Total production of the major chemicals including petrochemicals was 23.9 million tons during 2015-16 while production of polymers stood at around 9 million tons.

5.2 Growth Drivers

- A large population, huge domestic market dependence on agriculture and strong exports are the key growth drivers for the industry.
- A global shift towards Asia as the World's chemicals manufacturing hub.
- India's per capita consumption of chemicals is lower as compared to western countries, which provides immense scope and opportunities for new investments.
- Rise in GDP and purchasing power generates huge growth potential for the domestic market.
- A focus on new segments such as specialty and knowledge chemicals.
- Globally cost competitive manufacturing.
- Availability of Skilled professionals with requisite technical knowledge including World-class engineering and strong R&D facilities.

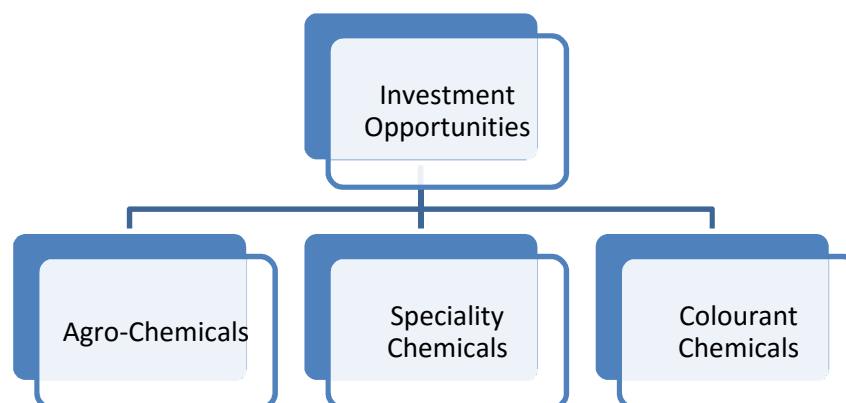
5.3 FDI Policy

- 100% Foreign Direct Investment (FDI) is allowed under the automatic route in the chemicals sector, subject to all the applicable regulations and laws.

FDI Inflows

- The FDI equity inflows in the sector increased by 107% (twice) to USD 2.2 billion during the two year period from April 2014-March 2016 as compared to USD 1.1 billion during same period in 2012-14.

5.4 Investment Opportunities



Agro-Chemicals:

- India exports about 50% of its current production and exports are likely to remain a key component of the industry.

Speciality Chemicals:

- The specialty chemicals market has witnessed a growth of 14% in the last five years; the market size is expected to reach USD 70 Billion by 2020.
- India is currently the world's third largest consumer of polymers and growth in plastic demand will drive up consumption further.
- Growth drivers include a growing construction industry and adoption of advanced coating, ceiling and polymer-based reinforcing material in construction as well as plastics, paints and coating for the automotive sector.

Colourant Chemicals:

- The Indian colorant industry is valued at USD 6.8 Billion, with exports accounting for nearly 75%.
- India accounts for 15% of global industry share and this figure is expected to further increase.
- Other segments include petrochemicals, bio-pharma, bio-agri, and bio-industrial products.

Source: www.makeinindia.com

6. Company Financials

A summary of the financial information as per the annual reports of the Company from FY 2013 to FY 2016 are given below. Financial information for FY 2017 has been reproduced from Audited Financial Statements of HFL as disclosed to BSE.

6.1 Profit and Loss Statement

Table 13: Extract of Profit and Loss statement for the years FY 2013 to FY 2017

(Rs in Lacs)

Particulars	For the Financial year				
	2013	2014	2015	2016	2017
Revenue from Operations	4,447.51	3,134.45	3,274.79	3,963.28	3,806.36
Less: Excise Duty	367.20	345.53	359.72	435.91	422.85
Total Income	4,080.31	2,788.92	2,915.07	3,527.37	3,383.51
- Other Income	375.74	36.70	55.08	60.93	47.87
Total Income	4,456.05	2,825.62	2,970.15	3,588.30	3,431.38
Expenditure:					
Cost of raw materials consumed	1,383.87	1,138.12	1,530.55	1,700.91	1,279.86
Changes in inventories of finished goods, Work in Progress and Stock in trade	(428.24)	351.64	(194.48)	251.47	134.58
Employee Benefit Expenses	1,748.85	2,415.05	1,333.96	1,396.43	1,245.04
Finance Costs	105.81	143.89	209.56	345.36	325.95
Depreciation and amortization expenses	167.88	114.68	110.24	136.57	152.25
Other Expenses	1,381.67	1,130.47	1,038.22	868.86	680.91
Total Expenses	4,359.84	5,293.85	4,028.05	4,699.60	3,818.60
Deduct: Prior period items (net)	1.32	14.23	10.21	0.08	101.34
Profit before exceptional items and tax	94.89	(2,482.46)	(1,068.11)	(1,111.38)	(488.55)
Exceptional item (Sale of Land)	-	-	-	-	-
Profit before extraordinary items and tax	94.89	(2,482.46)	(377.46)	(1,111.38)	(488.55)
Tax Expense	-	-	-	-	-
Profit/(Loss) for the year from continuing operations	94.89	(2,482.46)	(377.46)	(1,111.38)	(488.55)
Earnings per equity share					
Basic (Rs.)	0.48	(12.67)	(1.93)	(5.67)	(2.49)
Diluted (Rs.)	0.48	(12.67)	(1.93)	(5.67)	(2.49)

Source: Annual Report, 2013, 2014, 2015, 2016 2017

The summary financial information only contains selected and limited information and does not represent the complete financial condition of the Company. IBs may refer to the website of the Company www.hfl.co.in for further details in relation to the financial statements of the Company.

6.2 Statement of Assets and Liabilities

Table 14: Extract of Assets and Liabilities as on March 31, 2013 to March 31, 2017

(Rs. In Lacs)

Particulars	As on March 31,				
	2013	2014	2015	2016	2017
Equity and Liabilities					
<i>Shareholders' Fund</i>					
Share capital	1,961.46	1,961.46	1,961.46	1,961.46	1,961.46
Reserves and surplus	(4,329.68)	(6,812.15)	(7,216.00)	(8,328.29)	(8,816.84)
<i>Non - Current Liabilities</i>					
Long-term borrowings	1,327.31	935.80	2,032.88	1,028.19	672.00
Long-term provisions	199.58	405.11	482.86	635.43	611.40
<i>Current Liabilities</i>					
Short-term borrowings	297.20	508.65	473.04	446.83	337.29
Trade payables	417.93	366.70	509.79	435.93	290.16
Other current liabilities*	3,502.45	5,280.08	6,025.13	7,105.85	8,014.29
Short-term provisions	214.41	449.27	477.63	546.83	452.58
Total	3,590.66	3,094.73	4,745.88	3,831.73	3,522.35
Assets					
<i>Non-Current Assets</i>					
<i>Fixed Assets</i>					
Tangible assets	1,888.08	1,779.69	1,894.80	2,212.59	2,079.73
Intangible assets	5.61	4.70	162.17	212.35	207.64
Capital work-in-progress	-	121.74	62.19	8.99	2.95
Long term loans and advances	98.95	98.95	98.95	98.96	98.91
Other Non-Current Assets	-	-	-	-	-
<i>Current Assets</i>					
Inventories	1,057.87	697.07	932.31	741.24	536.43
Trade receivables	382.55	274.45	299.23	228.91	406.51
Cash and bank balances	1.47	45.13	1,123.80	240.95	134.34
Short-term loans and advances	156.14	73.00	172.43	87.74	55.84
Total	3,590.66	3,094.73	4,745.88	3,831.73	3,522.35

Source: Annual Report 2013, 2014, 2015, 2016, 2017

*HFL is in the process of settling part of its liabilities and to that extent the position of assets and liabilities may vary.

The summary financial information only contains selected and limited information and does not represent the complete financial condition of the Company. IBs may refer to the website of the Company, www.hfl.co.in for further details in relation to the financial statements of the Company.

7. Proposed Transaction

Broad Terms of the Transaction

- 1) Strategic disinvestment of Hindustan Fluorocarbons Limited by Hindustan Organic Chemicals Limited (“HOCL”) of its Equity Shares aggregating to 56.43% in HFL. (“Proposed Transaction”).
- 2) The process for the proposed Transaction has been divided into two stages, namely, Stage I and Stage II.

Stage I:

- i. Through this PIM, GoI is providing the Interested Bidder (IB) with instructions for submitting their EoI, which would be used for prequalifying the IB in accordance with the criteria specified to proceed with the proposed Transaction.
- ii. The EoIs will be evaluated based on the eligibility criteria and the disqualification conditions detailed in this PIM.
- iii. Only shortlisted IBs, will be allowed to participate in Stage II subject to the IB entering into the Confidentiality Undertaking.

Stage II:

- i. Based on an evaluation of the EoIs submitted, the shortlisted IBs will be provided with Request for Proposal (“RFP”), 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 Interested Bidder entering into a Confidentiality Undertaking (**Annexure 4**). The EoIs will be evaluated based on the Eligibility Criteria and Disqualification conditions detailed in this PIM. The format and formalities related to the RFP will be communicated in due-course.
- ii. The IB may be required to deposit earnest money at stage II, if so required by GoI.
- iii. If the H1 bidder’s (highest bidder) investment is classified as FDI, then it shall undergo a security clearance process based on SOP No.1/8/2016-FC-I dated 29.6.2017 and as amended from time to time. Refer Annexure 12 for SOP No.1/8/2016-FC-I dated 29.6.2017 or any other applicable law.

- iv. In case the H1 bidder fails in obtaining the security clearance, next highest bidder will be offered an option to match the bid of the H1 bidder and a similar procedure as above will be adopted.
- 3) 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 5**.
 - 4) This PIM contains the following:
 - a. Company Overview
 - b. Summary of Company Financials for the period FY 2013 till FY 2017.
 - c. Eligibility Criteria for IB
 - d. Instructions for Submission of EoI
 - e. Conditions/ Circumstances which may lead to Disqualification of IBs
 - f. Format of EoI for a Sole IB
 - g. Format of EoI for a Consortium of IBs
 - h. Format of Statement of Legal Capacity for Sole IB
 - i. Format of Statement of Legal Capacity for Consortium of IB
 - j. Request for Qualification
 - k. Format of Confidentiality Undertaking
 - l. Advertisement inviting EoI
 - m. Office Order of DIPAM guidelines
 - n. Format of Power of Attorney
 - o. Format of Declaration with respect to statement of legal proceedings
 - p. Format of declaration with respect to security clearance
 - q. Format for the Consortium Agreement
 - r. Guidelines For Management-Employee Bids in Strategic Sale
 - s. Standard Operating Procedure (SOP) for Processing FDI Proposals (No.1/8/2016-FC-I) dated 29.6.2017.
 - 5) 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 Chemicals and Fertilizers at www.chemicals.nic.in and of the Company at www.hfl.co.in and www.hocl.gov.in. 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. 5,00,000 (Rupees Five Lacs only) towards a non-refundable fee , in favour of account “**SBI Capital Markets Limited - Fee for EoI**” payable at New Delhi.
 - 6) The shortlisted IBs proceeding to Stage II will be, subject to such IB entering into the Confidentiality Undertaking in accordance with this PIM and the RFP, given access to the data room to review the documents pertaining to the Company for conducting due diligence on the Company.

- 7) All costs associated with conducting the due diligence will be borne by the respective Interested Bidders and no cost incurred by the IBs in this regard shall be borne by the Company, GOI and Advisor.
- 8) Interested Bidders shall have satisfied themselves of their queries before participating in the proposed Transaction.
- 9) Subsequently, a site visit (cost of which will be borne by the IB) may be scheduled to facilitate the shortlisted IB in their assessment of the Company at the discretion of the GoI/HOCL. The modalities related to the visit and due diligence will be communicated to the shortlisted IB in due course.
- 10) Details regarding the process post short-listing based on the EoIs submitted will be subsequently shared with the shortlisted IBs in the RFP.
- 11) EoIs are liable to be rejected by GOI/HOCL if IBs fail to meet the 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 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.
- 12) The shortlisted IBs shall carry out their own due diligence, independent assessment and appraisal of the Company and the Transaction. The GOI/HOCL or their respective consultants, agents, officials, advisors and employees make no representations, in relation thereto shall not be liable in any manner whatsoever.
- 13) The IB , if selected shall be required to give an option to the existing employees to opt for VRS as per the existing terms and conditions of the Company. However in case, if the employee/s chooses not to opt for VRS, the IB shall be compulsorily required to retain such employee/s.
- 14) GOI/HOCL reserves the right to modify/postpone/cancel or call off the proposed Transaction or the process specified herein without communicating any reason whatsoever. In such an event no financial obligation whatsoever shall accrue to GoI, the Company, HOCL and TA or any of their respective officers, employees, advisors or agents.
- 15) The GOI/HOCL 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/ HOCL.

- 16) The GOI, HOCL, 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 Transaction Advisor.
- 17) GOI /HOCL and HFL reserve the right not to respond to questions raised or provide clarifications sought, in their sole discretion. Nothing in this document shall be taken or read as compelling or requiring the GOI/HOCL to respond to any question or to 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/HOCL has not responded to any question/ provided any clarification.
- 18) The IB acknowledges that this PIM is not legally binding document. 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 referred to the President of India and he shall adjudicate and decide the disputes, if any, between the parties and his decision shall be final, conclusive and binding on both the parties. The laws of the Republic of India shall govern all matters relating to the proposed Transaction. All disputes will be subject to jurisdiction of the courts at New Delhi (with exclusion of all other courts).

8. 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, body corporate whether registered or incorporated in India or outside or Alternate Investment Funds (AIFs), registered with SEBI, which are eligible to invest under the laws of India (subject to such parties obtaining all statutory approvals by themselves from the GoI, RBI, relevant ministry etc. as applicable) either as a sole bidder or as part of a Consortium (“Interested Bidder” / “IB”).
- b. Bids by management/employees of HFL 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 11A (“Guidelines”) if the legal entity so formed is qualified as per the criteria laid down in the PIM. Also refer to Annexure 11B and Annexure 11C for further details.

However 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 or as defined and classified by Department of Public Enterprises/Government from time to time shall not be allowed to bid.

2) 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:

a. Net worth Criteria:

- i. **In case of entities other than AIFs and employees:** A Minimum Net Worth (“Minimum Net Worth”) of Rs. 50 crores as per the latest audited annual consolidated financial statements which shall not be older than 12 months from the date of the PIM;
- ii. **In case of an AIF:** The Net Worth shall be substituted by the Maximum Permissible Investment Limit for that particular AIF (as per SEBI (Alternative Investment Funds) Regulations, 2012 as amended) in a single investee entity).

An AIF IB shall provide an independent chartered accountant/ statutory auditor’s certificate not older than 3 months from the date of PIM to certify the Maximum Permissible Investment Limit.

- iii. **In case of bids by management/employees:** Bids by Management/Employee of HFL shall satisfy the Minimum Net Worth criteria of Rs. 50 Cr. The combined Net Worth of the participating employees and bank/VC/FI as may be applicable shall be taken to account for calculating the Minimum Net Worth requirement of Rs. 50 Cr.

Practicing / Independent Chartered Accountant's certificate not older than 3 months from the date of PIM, certifying Net-worth of employees must be submitted.

- b. **Profitability Criteria:** The "profit after tax" of the IB must be 'positive' in at least three of the immediately five preceding financial years based on the annual audited consolidated financial statements which shall not be older than 12 months from the date of the PIM.

- 3) **Technical Criteria:** For submitting the EoI, the IB shall satisfy the following operational experience criteria:

- a. In case of sole IB: The IB must have operational experience of at least 3 financial years (immediately preceding the date of this PIM) in the manufacturing sector.
- b. In case of a bid by Consortium: The Lead Member must have an operational experience of at least 3 financial years (immediately preceding the date of this PIM) in the manufacturing sector.

- 4) **Conditions for bidding by Consortium:**

IBs are permitted to form a Consortium of IBs ("Consortium") and may participate in the Transaction.

- a. **Lead Member:**

The Consortium shall not have more than one (1) Lead Member.

- b. **Minimum stake requirement:**

Each member of the Consortium shall hold at least 20% in the equity share capital of the SPV/company promoted to be promoted by the members of the Consortium for acquiring the 56.43% equity share capital in HFL being disinvested pursuant to the Transaction and the Lead Member shall hold at least 51.00% in the Consortium with the same shareholding in the equity share capital of the SPV/company promoted as in the Consortium.

- c. **Net Worth requirement:**

- i. The combined Net Worth of all the members of the Consortium should meet the Net Worth Criteria as mentioned in 2(a) above.

Combined Net worth in case of a consortium should be calculated as:

Net worth of member 1*% equity shareholding in consortium + Net worth of member 2*% equity shareholding in consortium + net worth of member 3*% equity shareholding in consortium (in case the Consortium has more than 2 members)

- ii. The Lead Member of the Consortium shall have a Net Worth contribution, which is at least in proportion to its shareholding in the entire consortium, towards the calculation of Minimum Net Worth and each of the members of the Consortium must be an IB and satisfy the Profitability Criteria as mentioned in the Financial Criteria.
 - iii. Each of the members of the Consortium shall have a positive Net Worth.
- d. Profitability Criteria:
- The Profitability Criteria as provided in 2(b) above shall be met by the members of the Consortium and by each of the members individually. The Profitability Criteria is not applicable to AIFs.
- e. Restriction on change in composition of Consortium:
- i. No change either by way of withdrawal/substitution/addition of any member of any Consortium or any change affecting the composition of the Consortium may be permitted post last date for submission of EoI.
 - ii. Formation of SPV: In case of EOI by a Consortium, the Consortium shall incorporate a Special Purpose Vehicle (in the form of a company) in India/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.

- 5) An IB can submit only one EoI, i.e., either as a sole bidder or as a member of a Consortium. In case, more than one EoI is submitted by an IB, all such EoIs shall be disqualified.

The Shortlisted IB shall provide an undertaking to lock-in its entire shareholding in the Company that it may acquire pursuant to the Transaction for a period of five (5) years from the date of completion of the Transaction. In case of the Consortium, all members shall provide an additional undertaking that they shall not change their stake in the Consortium for a period of 5 years from the date of the completion of the Transaction. This will however, not prohibit the IB from investing and diversifying into newer products/technologies.

- 6) The Shortlisted IB shall provide an undertaking that it shall continue the business of the Company as on the completion of the Transaction on a going concern basis in the manufacturing sector as mentioned in the technical criterion.
- 7) Where the financial statements are expressed in currency other than Indian Rupees, the eligible amount as described above shall be computed by taking the equivalent amount at the exchange rates prevailing on the date(s) of such financial statements as stipulated by the Reserve Bank of India. All financial information required for satisfying the eligibility criteria shall be represented in Indian Rupees.
- 8) Net worth will be calculated as follows:

Net worth = As defined under Section 2(57) of the Companies Act, 2013, less Intangible Assets, less redemption reserves, less reserves made for any specific purpose and less cross holding of investments amongst the consortium members.
- 9) Net worth shall be calculated on the basis of the latest audited consolidated financial statements of the IB which shall not be older than 12 months from the date of publication of this PIM.
- 10) Bids by management/employees of HFL 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. Net Worth of employees shall be assessed on the basis of a Practising Chartered Accountant's certificate not older than 3 months from the date of PIM. The TA reserves the right to ask for any additional documents as required to verify and assess the eligibility.
- 11) The GOI/HOCL/TA reserves the right to seek any additional indemnities, warranties, representations or performance obligations to their satisfaction from the IB or any of their related entities.
- 12) In shortlisting IBs, Gol will keep in mind the integrity and interests of the country.
- 13) The IBs shall ensure that they are permitted to invest under applicable laws to the extent they propose to participate.
- 14) Additionally, bids by management/employees of the Company directly and independently either by forming a Joint Venture or a Special Purpose Vehicle (SPV) or in Consortium shall adhere to the guidelines issued by Ministry of Disinvestment on "Management –Employee bids in strategic sale", annexed herewith as **Annexure 11** ("Guidelines") if the legal entity so formed is qualified as per the criteria laid down in the PIM.

9. Instruction For Submission of EOI

- a) The Interested Bidders should submit, the 'Eoi Package' comprising of the Expression of Interest ("Eoi") along with all the "Annexures" and the supporting documents in physical form as mentioned in 9.d and must be duly signed by authorized representatives of the Interested Bidders and verified as per the instructions provided in this PIM.
- b) The EOI Package must be in English and should be in hard copy by mentioning the page number on each document and to be submitted in sequence in a sealed, covering envelope super scribed "Private and Confidential - Expression of Interest for the Strategic Sale of HFL". The EOI duly completed along with the details accompanied by a Non- refundable fee payable by demand draft of Rs.5,00,000 (Rupees Five Lacs only) drawn in favour of account "SBI Capital Markets Limited - Fee for Eoi" payable at New Delhi as non-refundable fee. The demand draft should be submitted not later than 18:45 Hrs. (Indian Standard Time) on 14 of June 2018 at the following address:

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

The Eoi must be sent in hard copies only. The Eois received after the appointed day and time will be summarily rejected. For any clarifications or details, Interested Bidders the [parties] are advised to contact the above-mentioned officer on

Tel. 022-2217 8300
Email: hfl@sbicaps.com

- c) Submission of the aforesaid documents by fax, email or any other electronic means will not be considered for the bidding process and such Eois shall automatically stand rejected.
- d) Eoi Package: The Expression of Interest has to be submitted by mentioning the page number on each document and to be submitted in sequence as per the following directions:
1. The demand draft of Rs. 5,00,000/- (Rupees five lacs only) is to be drawn in favour of "SBI Capital Markets Limited - Fee for EOI" payable at New Delhi as non-refundable fee.

2. EoI Letter duly signed by the authorized representative of a sole IB and all members of the consortium in the format specified: For a sole IB or for a Consortium IB (as per **Annexure 1**)
3. Statement of Legal Capacity (for a sole IB or for a Consortium IB as per **Annexure 2**).
4. Duly filled in format of Request for Qualification as provided in **Annexure 3** by the IB and each member in case of Consortium IB along with the supporting documents, including the following major documents:
 - a. Executive summary providing brief description of the company on its current business, profile and products, and (where appropriate) of each 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), the Effective Place of Management of business of the potential bidder 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 company / Consortium, as demonstrated, inter alia, in its past track record, to run its own business.
 - b. Contact information of the IB/ Consortium members 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 IB is also to be provided.
 - c. Basic information pertaining to incorporation and commencement of business.
 - d. A copy of Memorandum of Association, Articles of Association, Certificate of Incorporation, Certificate of Commencement of Business, Charter Documents, Constitution Documents, Partnership Deed, etc. and SEBI Registration certificate for AIFs as may be applicable.
 - e. A certificate for list of Promoters, Board of Directors, principal shareholders and key management personnel duly signed by the respective Company Secretary of IBs/ each member of the Consortium and also counter signed by its authorized signatory.

- f. A certificate by an independent chartered account/statutory auditor/Company Secretary or any other office in-charge of secretarial for the shareholding pattern of the IB/ each member of Consortium.
 - g. A certificate duly signed by Company Secretary/ any other officer in charge of legal affairs, for eligibility to participate in the proposed Transaction.
 - h. An independent chartered account/ statutory auditor certificate certifying the Net Worth / Profit after Tax / Maximum Permissible Investment Limit as defined in the Eligibility criteria.
 - i. Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous three financial years.
 - j. Extract of the charter documents and 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.
 - k. Management Organization: An overview of IBs/ each member of the Consortium's senior management and organization structure certified by the company secretary of the IB/ each member of the Consortium.
 - l. International Operations/ Joint Venture/Alliances: Brief note of IBs/ each 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, if applicable, copies of the audited financial statements for the immediately preceding financial year for such companies.
 - m. Details of those companies and professional firms, if any, who are (or will be) advising the IB/Consortium for the Proposed Transaction, together with the names of the principal individual advisors at those companies and firms.
 - n. Details of all contingent liabilities and outstanding litigations.
 - o. If the interested party is a foreign company/ 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 applied for/ to be obtained/ awaited.
5. Duly executed Confidentiality Undertaking on the stamp paper (as per **Annexure 4**).

6. Executed Power of Attorney duly notarized / apostilled if executed outside India authorizing the signatory of the EOI to commit the IB / Consortium IB (as per **Annexure 7**).
 7. In case of a Consortium IB, a Consortium Agreement duly executed amongst the Consortium members (as per **Annexure 8**).
 8. A Declaration in relation to statement of legal proceedings as per format given in **Annexure 9**.
 9. Duly filled in declaration in relation to security clearance to be filled in by bidders falling under the purview of SOP No.1/8/2016-FC-I dated 29.6.2017 and as amended from time to time or requiring security clearance under applicable law (as per **Annexure 10**).
- e) All the bid(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.
 - f) Preliminary Information Memorandum (PIM) will be available for downloading from the websites of the Transaction Advisor at www.sbicaps.com, DIPAM at www.dipam.gov.in, Ministry of Chemicals and Fertilizers at www.chemicals.nic.in and of the company at www.hfl.co.in and www.hocl.gov.in.
 - g) The IBs may note that the files containing information about HFL 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 to have suitable facilities at their end to download the uploaded files.
 - h) Unless otherwise specified, a certified true copy (duly verified by a notary) of the supporting documents shall be submitted.
 - i) All financial statements or data to be derived therefrom referred herein shall mean on a consolidated basis and where consolidated financial statements are not required to be prepared by the entity, such financial statements or data derived therefrom shall mean on a standalone basis.
 - j) No IB shall submit more than one EOI. An IB 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 consortium, as the case may be.
 - k) The IBs are expected to carry out their own surveys, investigations and other detailed examination in relation to the Transaction before submitting their EOIs.

- l) 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 hereunder shall continue to have effect in addition to its obligations under the definitive agreements.
- m) Any condition or qualification or any other stipulation contained in the EOI shall render the EOI liable to rejection as a non-responsive EOI.
- n) The EOI and all related correspondence and documents in relation to the EOI shall be in English language.
- o) The documents including this PIM and all attached documents are and shall remain or become the properties of the GOI/HOCL 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.
- p) Eois shall be submitted during the working hours (Monday to Friday 10:00 hrs to 18.45 hrs) on or before scheduled date & time and shall be opened only after the due date for the submission of Eoi.
- q) TA/GOI/HOCL shall bear no responsibility for non-receipt of documents sent by post/courier.
- r) The IBs shall bear all costs associated with the preparation and submission of the Eoi. The TA/GOI/HOCL shall not, under any circumstances be responsible or liable for any such costs, whether direct, incidental or consequential.
- s) Enquiry: GOI/HOCL 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 /HOCL 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 /HOCL has not responded to any question or provided any clarification.
- t) Governing Law / Jurisdiction: The Transaction and all matters incidental thereto shall be governed by the laws of India. All disputes arising out of the Transaction shall be subject to the exclusive jurisdiction of the courts at New Delhi.
- u) Amendment to Eoi: At any time prior to the Due Date for submission of Eoi, GOI/HOCL may, for any reason, whether at its own initiative or in response to clarifications requested by any Bidder, modify the Eoi by the issuance of addendum.

Any addendum/clarification issued shall be uploaded on websites of the Transaction Advisor at www.sbicaps.com, DIPAM at www.dipam.gov.in, Ministry of Chemicals and Fertilizers at www.chemicals.nic.in and of the company at www.hfl.co.in and www.hocl.gov.in and an advertisement shall be published in the newspapers in which the initial advertisement was published.

In order to afford the Interested Bidders a reasonable time for taking an addendum into account, or for any other reason, GOI/HOCL may, in their sole discretion, extend the Due Date for submission of EoI.

- v) Any additional information supplied subsequent to the Due Date of submission of EoI, unless the same has been expressly sought for by GOI/HOCL/TA, shall be disregarded.
- w) The IBs shall be expected to provide certificates, undertakings, bank guarantees or such similar documents for such amounts and on such terms and conditions prior to submission of the financial bid in Stage II as may be informed by the GOI/HOCL/TA.
- x) Notwithstanding anything contained in this PIM, GOI/ Company through SBICAP 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.
- y) The GOI/HOCL/HFL/TA 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.
- z) The GOI reserves the right to verify all statements, information and documents submitted by the IB in response to the PIM, or the EOI process and the IB shall, when so required by the GOI/HOCL, 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/HOCL shall not relieve the IB of its obligations or liabilities hereunder nor will it affect any rights of the GOI/HOCL thereunder.
- aa) Where the financial statements are expressed in currency other than Indian Rupees, the eligible amount as described above shall be computed by taking the equivalent amount at the exchange rates prevailing on the date(s) of such financial statements as stipulated by the Reserve Bank of India. All financial information required for satisfying the eligibility criteria shall be represented in Indian Rupees.

- bb) The IBs shall evaluate and submit a confirmation as to whether there are permitted to invest under applicable laws to the extent they propose to participate.
- cc) Only IBs which are permitted under applicable laws shall participate (to the extent of their participation) and shall only be permitted to bid.
- dd) The IB shall be responsible for obtaining all the applicable approvals to complete the transaction.

10. Disqualifications

- 1) GOI/HOCL 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, the GoI /TA reserves the right to, disqualify any IB and exclude its EoI from further consideration for any of the following reasons (including without limitation) listed below:
 - a. Misrepresentation/false statement made by an IB or any member of a Consortium in the EoI, at any stage in the bidding 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 is in any respect inconsistent with, or demonstrate any failure to comply with, the provisions of the PIM, including not being accompanied by non-refundable fee.
 - c. Failure by IB to provide the necessary and sufficient information required to be provided in the EoI in accordance with this PIM.
 - d. Submission of more than one (1) EoI by any IB either as a sole bidder or as a member of Consortium in which case, all such EoIs shall be rejected.
 - e. The IB not satisfying the eligibility criteria including the Incorporation Criteria and the Financial Criteria specified in this PIM.
 - f. Failure to comply with any reasonable request of GOI/TA in relation to the Transaction.
 - g. If it is discovered at any time that the IB and/or its promoters are subjected to any winding up/insolvency proceedings or other proceedings of a similar nature.
 - h. Any information regarding or in connection with the IB which becomes known that is detrimental to the national security and/or national interest and/or Transaction and/or the interests of the GOI/HOCL/ Company.
 - i. Initiation or existence of any legal proceedings, by or against the IB in respect of the Company, which proceeding may be prejudiced by the participation of the IB in the selection process or the Transaction.
 - j. Non fulfilment of any condition by the IB as specified in the PIM.

- k. Any of the outstanding indebtedness of the IB availed from either banks or financial institutions being classified as 'non-performing asset' or any equivalent classification in the respective jurisdiction of the IB, and includes all such indebtedness availed by parent company, if any and any of the entities where the IB holds more than [50] % in the share capital of such entity.
- l. In regard to matters relating to the national security and national integrity, any IB has a proven criminal record or IB has been charge-sheeted by any Governmental Authority/ conviction by a court of law for an offence committed by the IB or any of the members of the IB in case of a 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, 2009, 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, 2009, 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).

- m. Any condition or qualification or any other stipulation inserted by the IB contained in the EoI shall render the EoI liable to rejection.
 - n. Breach of Confidentiality Undertaking executed by the IB.
 - o. IB/ member of Consortium is a 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 or as defined and classified by Department of Public Enterprises/Government with time to time.
- 3) All entities that have been debarred/ banned/ blacklisted by the MoCF, from time to time.

- 4) Ineligible Entities shall also include all such IBs whose Ultimate Beneficial Owners of such IB is held by persons whose entities that have been debarred/ banned/ blacklisted by the MoCF.

“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.

- 5) IBs or promoters or promoter group or directors of such IBs which are:

(i) debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by any Governmental Authority /SEBI;

(ii) 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.

- 6) IBs which are:

(i) Erstwhile OCBs which are 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.

(ii) Prohibited or restricted from investing in HFL on the basis of their status / sectors in which HFL operates under the Foreign Exchange Management Act, 1999 or any regulations made thereunder and including the provisions of the Consolidated FDI Policy. It being clarified that sectors where government approval is required will not be considered as ‘restricted’ from investing.

- 7) 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/HOCL to reject the EOI of relevant IB, GOI/HOCL , reserves the right to reject the IB at the time such information/ disqualification becomes known to/ discovered by GOI/HOCL .
- 8) If any of the members of the Consortium are disqualified, all the members of the Consortium shall automatically stand disqualified.
- 9) 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.
- 10) GOI/HOCL's determination that one or more of the events specified in this section titled "Disqualification" has occurred shall be final and conclusive.
- 11) 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 Government of India vide DIPAM OM No.3/9/2016-DoD-II-B dated 28th September, 2017 (as enclosed in Annexure 6) and as amended from time to time.
- 12) If an IB does not satisfy any of the requirements as may be issued by the GOI/HOCL 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 such IB shall be disqualified.
- 13) 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.
- 14) Notwithstanding anything contained in this PIM, the GOI/HOCL reserves the right to reject all the EOIs and to annul the EOI process at any time without any liability or any obligation for such acceptance, rejection or annulment, and without assigning any reasons thereof. In the event that the GOI/HOCL rejects or annuls all the EOIs, it may, in its discretion, invite fresh EOIs hereunder.

11. Annexures

Annexure 1: Expression of Interest

(To be forwarded on the letterhead of the interested party/lead bidder/member of the consortium submitting the EOI)

Reference No.:

Date:

To,

ADVISOR NAME

**Sub: GLOBAL INVITATION OF EXPRESSIONS OF INTEREST
FOR DISINVESTMENT OF 56.43% STAKE IN HINDUSTAN FLUOROCARBONS LIMITED**

Sir,

This is with reference to the advertisement dated April 19, 2018 inviting Expression of Interest for Hindustan Fluorocarbons Limited

As specified in the advertisement, we have read and understood the contents of the Preliminary Information Memorandum (PIM) and are desirous of participating in the above disinvestment process, and for this purpose.

We propose to submit our EOI in individual capacity as _____ (insert name of party)

OR

We have formed/propose to form a consortium comprising of ___ members as follows:

1. _____ (Insert name)
2. _____ (Insert name)
3. _____ (Insert name)

We understand that 56.43% equity stake of HFL is proposed to be divested and we are interested in bidding for the same. We believe that we/our consortium/proposed consortium satisfies the eligibility criteria set out in relevant sections of the PIM including the guidelines for qualification of bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment issued by the Government of India vide DIPAM OM No.3/9/2016-DoD-II-B dated 28th September, 2017. We certify that in regard to matters other than security and integrity of the country, we have

not been convicted by a Court of law or indicted or adverse orders passed by a regulatory authority which would cast a doubt on our ability to manage the public sector unit when it is disinvested or which relates to a grave offence that outrages the moral sense of the community.

We further certify that in regard to matters relating to security and integrity of the country, we have not been charge-sheeted by any agency of the Government or convicted by a Court of Law for any offence committed by us or by any of our sister concerns.

We further certify that no investigation by a regulatory authority is pending either against us or against our sister concerns or against our CEO or any of our Directors/Managers/ employees.

We undertake that in case due to any change in facts or circumstances during the pendency of the disinvestment process, we are attracted by the provisions of disqualification in terms of the subject guidelines, we would intimate the GOI of the same immediately.

The Statement of Legal Capacity and Request for Qualification as per formats indicated hereinafter, duly signed by us/respective members, who jointly satisfy the eligibility criteria, are enclosed.

We shall be glad to receive further communication on the subject.

Yours faithfully,

Authorised Signatory For and on behalf of the party/consortium

Enclosure:

1.Statement of Legal Capacity

2.Request for Qualification

Annexure 2: Statement of Legal Capacity

(To be forwarded on the letterhead of the interested party / each member of the consortium submitting the EOI).

Reference No.:

Date:

To,

ADVISOR NAME

Sub: GLOBAL INVITATION OF EXPRESSIONS OF INTEREST
FOR DISINVESTMENT OF 56.43% STAKE IN HINDUSTAN FLUOROCARBONS LIMITED

Sir,

This is with reference to the advertisement dated April 19, 2018 inviting Expression of Interest for Hindustan Fluorocarbons Limited. We have read and understood the contents of the PIM and the advertisement and pursuant to this hereby confirm that:

We satisfy the eligibility criteria laid out in the PIM and the advertisement.

We are a member of the consortium (constitution of which has been described in the Expression of Interest), which jointly satisfies the eligibility criteria as detailed in the PIM.*

We have agreed that _____ (insert member's name) will act as the lead member of our consortium.*

We have agreed that _____ (insert individual's name) will act as our representative on our behalf and has been duly authorized to submit the EOI. Further, the authorized signatory is vested with requisite powers to furnish such letter and Request for Qualification and authenticate the same.*

We have agreed that _____ (insert the name of the individual) chosen as representative of our consortium and on our behalf and has been duly authorized to submit the EOI. Further, the authorized signatory is vested with requisite powers to furnish such letter and Request for Qualification and authenticate the same.*

Yours faithfully,

Authorized Signatory For and on behalf of (party/member)

*Strike off whichever clause is not applicable

Annexure 3: Request for Qualification

(To be submitted in respect of interested party/each member of the consortium)

Name of the Interested Party(ies)/Member(s) _____

1. Constitution (Tick, wherever applicable)
 - i. Public Limited Company
 - ii. Private Limited Company
 - iii. Others, if any (Please specify)

If the interested party is a foreign company/OCB, specify list of statutory approvals from GoI/RFI/FIPB applied for/obtained/awaiting:

2. Sector (Tick, wherever applicable)
 - i. Public Sector
 - ii. Joint Sector
 - iii. Others, If any (Please specify)
3. Details of Shareholding
4. Role/Interest of each Member in the Consortium (if applicable)
5. Nature of business/products dealt with
6. Date & Place of incorporation
7. Date of commencement of business
8. Full address including phone No/fax No
 - i. Registered Office
 - ii. Head Office
9. Address for correspondence
10. Salient features of financial performance for the last years
11. Basis of eligibility for participation in the process (Please mention details of your eligibility) as under:

Please attach most recent Audited Statement of Accounts/Annual Report. Additionally, please provide a chartered account/auditor certificate certifying the Turnover and New Worth as defined in the Eligibility criteria.

12. Please provide details of all contingent liabilities that, if materialized, that have or would reasonably be expected to have a material adverse affect on the business, operations (or results of operations), assets, liabilities and/or financial condition of the Company, or other similar business combination or transaction.
13. Contact Person(s)

Hindustan Fluorocarbons Limited
Draft Preliminary Information Memorandum

- i. Name
- ii. Designation
- iii. Phone No
- iv. Mobile No
- v. Fax No
- vi. Email

Yours faithfully,

Authorised Signatory
For and on behalf of consortium

Authorised Signatory for and on behalf of (party/member)

Place:

Date:

Note: *Please follow the order adopted in the Format provided. If the interested party is unable to respond to a particular question/request, the relevant number must be nonetheless be set out with the words "No response given" against it.*

Annexure 4: Confidentiality Undertaking

[ON RS. 1000 STAMP PAPER]

DEED OF CONFIDENTIALITY UNDERTAKING

This DEED OF CONFIDENTIALITY UNDERTAKING ("Undertaking") is made on this [●] day of [●], 2018.

BY

[●], a company incorporated under the Companies Act, [1956/2013] bearing corporate identity number [●] and having its registered office at [●] (the "Bidder");

IN FAVOUR OF:

Hindustan Organic Chemicals Limited, a company incorporated under the Companies Act, 1956 bearing corporate identification number L99999MH1960GOI011895 and having its registered office at Post Rasayani, Raigad - 410207 (the "HOCL");

Hindustan Fluorocarbons Limited, a company incorporated under the Companies Act, 1956 bearing corporate identification number L25206AP1983PLC004037 and having its registered office at 303, Babukhan Estates, Basheerbagh, Hyderabad-500001(the "Company") and

The Entities whose names and particulars listed in Schedule 1 (hereinafter referred to as "Advisors").

WHEREAS:

- A. The Bidder along with Consortium Members (as defined hereinafter) has submitted an expression of interest for participation in the proposed sale by HOCL of 56.43 percent of the equity shares of the Company held by HoCL (the "Transaction") and has been shortlisted as a "Qualified Interested Party"; and
- B. In the context of the Bidder's interest in the Transaction, the Disclosing Party (as defined hereinafter) may disclose Confidential Information (as defined hereinafter) to the Receiving Party (as defined hereinafter) to enable the Bidder to evaluate the Transaction.

NOW, THEREFORE, in consideration for receiving the Confidential Information, the Bidder 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);

"Advisors" means, collectively, SBI Capital Markets Limited, G A Advisory Private Limited and M/s. Crawford Bayley & Co.

"Confidential Information" means and includes any and all facts, knowledge, investigation, 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 in connection with due diligence, 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 offer document, request for proposal, drafts of shareholders and share purchase agreements or other materials prepared in connection with the Transaction, howsoever documented, that has been or may hereafter be provided or shown to the Receiving Party by the Disclosing Party or is otherwise obtained from 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 the Consortium, formed by the Bidder for purposes of the Transaction and shall include members (i) who have submitted the Statement of Legal Capacity in the form specified in the "EoI Package" as described in the "Request for Expression of Interest" announcement by the Administrative Ministry for participation in disinvestment of the Company in respect of the Transaction as part of any existing consortium, or (ii) of a future consortium previously approved in writing by the Administrative Ministry; in each case formed by the Bidder for purposes of the 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.

"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.

"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).

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 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 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.
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 (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 and (b) to satisfy itself that each such Consortium Member and/or Representative of the Bidder and/or Representative 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 Bidder, before disclosing any of the Confidential Information to any Consortium Member(s), shall ensure that such Consortium Member(s), has already executed and furnished to the Advisors, a written undertaking identical in form and content as this

Confidentiality Undertaking in favour of the Government, the Company and the Advisors. 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.

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 a definitive 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 executing a 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 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, or after the decision of the Bidder to not proceed with the Transaction as specified in Clause 8 above, (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 and summaries thereof in the possession or under the control of the Receiving Party, and (b) 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 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 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.

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 an executed shareholders' agreement 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, 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 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 (one) year] from the date of this Undertaking or till the completion of the Transaction, whichever is later, the Receiving Party 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 Transaction or as the case may be, till the time the Bidder and/or Consortium Members decide not to proceed with the Transaction, whether pursuant to Clauses 8 or 9 or 11, 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, or take any action or make any statement or announcement that may affect the price of the shares

- of the Company on any stock exchange or elsewhere or which may affect the existing shareholding structure 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 solely based on the terms of the definitive agreements as well as on its own investigation, analysis and assessment of its investment. 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 any 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. 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 or cable as follows.

If the notice is to the Government:

Kind Attention: Mr Ram Prabhakar (Under Secretary)

Ministry of Chemicals and Fertilizers

R.No.313, B Wing,

Shastri Bhavan,

Rajendra Prasad Road,

New Delhi,

Contact No: 011 23388635

Email id: ram.prabhakar@nic.in

If the notice is to the Advisors

Transaction Advisors:

Kind Attention: Mr Ramnish Kochgave (Vice President – Investment Banking)

SBI Capital Markets Limited,

202, Maker Tower E,

Cuffe Parade,

Mumbai 400005

Contact No: 022 2217 8523

Email id: hfl@sbicaps.com

Asset Valuer:

Hindustan Fluorocarbons Limited
Draft Preliminary Information Memorandum

Kind Attention: Mr Sachin Garg
G A Advisory Private Limited
B-5, Oriental House,
Commercial Complex,
Gulmohar Enclave,
New Delhi – 110049
Contact No: +91 11 2685 3881, +91 11 2696 0167
Email id: sachin.garg@iGAA.in

Legal Advisor:

Kind Attention: Mr Sanjay Asher
M/s. Crawford Bayley & Co
State Bank Buildings,
N.G.N. Vaidya Marg,
Fort, Mumbai, 400023
India.
Contact No: +91 22 2266 8000
Email id: sanjay.asher@crawfordbayley.com

If the notice is to the Company:

Kind Attention: Mr T S Gaikwad
Hindustan Fluorocarbons Limited
303 Babukhan Estate,
Basheerbagh,
Hyderabad 500001
Contact No: +91 40 2323 7125
Email id: tsgaikwad@rediffmail.com

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:

Schedule 1

1. SBI Capital Markets Limited, whose registered office is 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005, India.
2. Crawford Bayley & Co., whose registered office is State Bank Building, 4th Floor, N.G.N. Vaidya Marg, Fort, Mumbai 400023, India.
3. GA Advisory Private Limited, whose registered office is B-5, Oriental House, Commercial Complex, Gulmohar Enclave, New Delhi – 110049 India.

Annexure 5: Advertisement

GLOBAL INVITATION FOR EXPRESSION OF INTEREST FOR THE PROPOSED STRATEGIC DISINVESTMENT OF 56.43% OF EQUITY IN HINDUSTAN FLUOROCARBONS LIMITED (“HFL” OR “COMPANY”) BY HINDUSTAN ORGANIC CHEMICALS LIMITED

Hindustan Fluorocarbons Limited (the “Company”) is a public sector undertaking, under the administrative control of the Department of Chemicals and Petrochemicals. The Company was incorporated on July 14, 1983 and is engaged in the manufacture of Poly Tetra Fluoro Ethylene (PTFE) and of Chloro Di Fluoro Methane (CFM-22).

The Government of India (GoI) has ‘in-principle’ decided to disinvest 56.43% of equity shareholding of Hindustan Organic Chemicals Limited (“HOCL”) in Hindustan Fluorocarbons Limited through strategic sale with transfer of management control (“Strategic Sale”). The GoI, through the Ministry of Chemicals and Fertilizers has appointed SBI Capital Markets Limited (“SBICAP”) as its Advisor to advise and manage the strategic sale of HFL (“Transaction”).

This disinvestment process is to be implemented through open competitive bidding route. Accordingly, Expression of Interest (EoI) is invited to be submitted from Interested Bidders at the address mentioned below upto June 14, 2018 and 6.45 PM. The details of EoI can be downloaded from websites of DIPAM at www.dipam.gov.in, Ministry of Chemicals and Fertilizers at www.chemicals.nic.in, Company at www.hfl.co.in and www.hocl.gov.in and of the Transaction Advisor at www.sbicaps.com. In future any amendments/ extension in EoI will uploaded on the above websites only.

Address for submission of EOI:
Mr. Ramnish Kochgave
Vice President
Investment Banking
SBI Capital Markets Limited
202, Maker Tower E,
Cuffe Parade, Mumbai, Pin-400005.

Annexure 6: Department of Investment and Public Asset Management (DIPAM) Guidelines

No.3/9/2016-DoD-II-B
Government of India
Ministry of Disinvestment
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:

- a) 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.

- b) 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 interse 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.

- c) In both (a) and (b), disqualification shall continue for a period that Government deems appropriate.
- d) 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.
- e) 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.
- f) 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.
- g) 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

Annexure 7: Power of Attorney

Power of Attorney for signing of EoI

To all to whom these presents shall come, We[o (name of the entity) having our registered office at [(na(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 [an, who is presently employed with us/ the Lead Member of our Consortium and holding the position of [w, 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 for qualification for the proposed strategic sale of shares held by the Government of India through Hindustan Organic Chemicals Limited in Hindustan Fluorocarbons Limited including but not limited to signing and submission of all applications, participate in Pre-Bid and other conferences and providing information/ responses to Gol/Transaction Advisor and generally dealing with Gol/Transaction 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 April 19, 2018 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 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 defined shall have the meaning ascribed to such terms in the EoI.

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

.....

(Signature, name, designation and address)

In the presence of:

- 1.
- 2.

Accepted

Name, Title and Address of the Attorney)

(To be duly notarized)

Notes: 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

Strictly Privileged & Confidential

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. § 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. § For a Power of Attorney executed and issued overseas, the document will also have to be legalized by the Indian Embassy and notarized in the jurisdiction where the Power of Attorney is being issued. However, the Power of Attorney provided by Bidders from countries that have signed the Hague Legislation Convention 1961 are not required to be legalized by the Indian Embassy if it carries a conforming Apostille certificate.

Annexure 8: Format for Consortium Agreement (In case of Consortium of IBs)

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

THIS Consortium Agreement ("Agreement") executed on this [●] day of [●] Two thousand [●] between

1. M/s [insert name of Lead Member] _____ a partnership firm or Company 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 partnership firm or Company 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); and
3. M/s _____ a partnership firm or Company 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),

for the purpose of submitting response to Advertisement dated April 19, 2018] inviting Expression of Interest for strategic disinvestment of entire HOCL equity stake of 56.43% in HFL 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, Gol had invited EoI via advertisement dated April 19, 2018];

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 Gol.

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, [●] , 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 acknowledge that after the submission of the EoI, the composition of the Consortium shall be maintained for a period of 5 (five) years, if it is shortlisted as the successful bidder.
 6. The Lead Member, on behalf of the Consortium, shall inter alia undertake full responsibility for liaising with any authority or persons as required.
 7. In case of any breach of commitment by any of the Consortium Members, the Lead Member shall be liable for the consequences thereof.
 8. 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.
 9. The Lead Member shall be liable irrespective of its scope of work or financial commitments.
 10. 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.
 11. 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 Gol.

12. 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.
13. 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 Gol.
14. 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 Gol.

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 dated[●])

Witnesses:

(i) Signature _____
Name:
Address:

(ii) Signature _____
Name:
Address:

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

Annexure 9: Declaration in relation to statement of legal proceedings

(To be forwarded 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 casting doubt on the ability of the IB 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 chargesheet 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 RFQ and/or Statement of Legal Capacity.

(Bidders name)
(Bidders Address)

In case any IB 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.

Annexure 10: Format for the Security Clearance

Declaration for Security Clearance

(To be forwarded on the letterhead of the sole IB /each member of the Consortium submitting the EOI - duly verified by a notary)

DECLARATION

A. Details in respect of Company/ Firm (Indian/Foreign):

S.No.	Full Name of the company and its foreign collaborator, if any	Date of registration of the company	Address of Head Office, Regional Offices and Registered Office	Previous name of the company, if any	Details of earlier approvals, if any (Reference no. & date)
1					
2					

B. Details in respect of Directors:

S. No.	Full Name of Board of Directors	Present position held with date (since when)	Date of Birth	Parentage Father/ Mother	Present & Permanent Address	Nationality	Passport Nos. and issue date, if any	Contact Address & Telephone no.
1								
2								

C. Details of Shareholders of applicant company (all firms/ companies/ entities/ individuals having shareholding more than 10%):

S.No.	Full Name	Parentage Father/ Mother	Date of Birth	Permanent Address	Present Address	Present position held in the company, if any	Nationality (if holding dual nationality, both must be clearly)	% of shares held in the company

							mentioned)	
1								
2								

D. Details of criminal cases, if any, against the Company/ Director(s) as per the following format:

- a) Name, address and registration number of the company:
- b) Name & address of owners, promoters and directors of the company:
 - 1)
 - 2)
 - 3)
 - 4)
- c) Is the company, owners, promoters or directors listed above, the subject of any of the following:
 - 1) Preventive detention proceedings (PSA/NSA etc.)(Yes/No)
 - 2) Criminal proceedings.....(Yes/No)
- d) If Yes, please provide following details:
 - 1) Detention/Case/FIR/warrant number
 - 2) Police station/District/Agency
 - 3) Section of law
 - 4) Name and place of the court
- e) The above mentioned details are in respect of both India and any other foreign country.

Note: The above self-declaration is required to be filled and signed by the authorized signatory of the company

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

Signature: (Authorised Representative and Signatory)

Hindustan Fluorocarbons Limited
Draft Preliminary Information Memorandum

Name of the Person: [●]

Designation: [●]

Annexure 11A: 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.
2. 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 July 13, 2001** or as amended subsequently along with other qualification criterion as generally applicable and not specifically excluded herein

Annexure 11B: Employee Participation Details

EMPLOYEE PARTICIPATION

As per the Circular No. 4/38/2002/DD-II dated April 25, 2003 (“**Employee Guidelines**”) which is annexed as **Annexure 11.A**, employees of Hindustan Fluorocarbons 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 in 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 shall be provided in the following format :

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

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 as Annexure 11.C.

Annexure 11C: Special 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 and presently employed with HFL, 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 Hindustan Organic Chemicals Limited in HFL including but not limited to signing and submission of all applications, participate in conferences, if any and providing information/responses to Gol/Advisor and generally dealing with Gol/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 April 19, 2018 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 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 defined shall have the meaning ascribed to such terms in the 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)

Notes: 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.

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.

For a Power of Attorney executed and issued overseas, the document will also have to be legalized by the Indian Embassy and notarized in the jurisdiction where the Power of Attorney is being issued. However, the Power of Attorney provided by Bidders from countries that have signed the Hague Legislation Convention 1961 are not required to be legalized by the Indian Embassy if it carries a conforming Apostile certificate.

Annexure 12: Standard Operating Procedure (SOP) for Processing FDI Proposals

No. 1/8/2016-FC-1

Government of India Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

29th of June, 2017

Standard Operating Procedure (SOP) for Processing FDI Proposals

I. Online Filing of Application

1. Proposals for foreign investment in sectors/activities requiring Government approval as per the Consolidated FDI Policy Circular of 2016, as amended from time to time, would be filed online on the revamped FIPB portal, rechristened as Foreign Investment Facilitation Portal.
2. The applicant would be required to submit the proposal for foreign investment in the format as available on the portal and upload documents as per the list at **Annexure-12b**.
3. After the proposals are filed online, DIPP will identify the concerned Administrative Ministry/Department and e-transfer the proposal to the concerned Administrative Ministry/Department (Competent Authority) within 2 days.
 - 3.1 In case of digitally signed applications, the applicant is not required to submit any physical copy with the competent authority. For applications which are not digitally signed, DIPP would inform the applicant through online communication to submit one signed physical copy of the proposal to the Competent Authority. Applicant would be required to submit the signed physical copy of the application within 5 days of such communication from DIPP.

Calculation of time limits for disposal of applications would be with reference to the date of filing of online application. However, if the signed physical copy is not filed with the Competent Authority within 7 days of the communication from DIPP, the date of filing of the physical application would be reckoned as the reference date for calculation of time limits.

II. Competent Authorities for Approval of Foreign Investment

1. Following are the Competent Authorities for grant of approval for foreign investment for sectors/activities requiring Government approval:

S. No.	Activity/ sector	Administrative Ministry/ Department
(i)	Mining	Ministry of Mines
(ii)	Defence	
	a) Items requiring Industrial Licence under the Industries (Development & Regulation) Act, 1951, and/or Arms Act, 1959 for which the powers have been delegated by Ministry of Home Affairs to DIPP	Department of Defence Production, Ministry of Defence
	b) Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959	Ministry of Home Affairs
(iii)	Broadcasting	Ministry of Information & Broadcasting
(iv)	Print Media	
(v)	Civil Aviation	Ministry of Civil Aviation
(vi)	Satellites	Department of Space
(vii)	Telecommunication	Department of Telecommunications
(viii)	Private Security Agencies	Ministry of Home Affairs
(ix)	Applications involving investments from <i>Countries of Concern</i> which presently include Pakistan and Bangladesh, requiring security clearance as per the extant FEMA 20, FDI Policy and security guidelines, amended from time to time	
(x)	Trading (Single, Multi brand and Food Product Retail Trading)	Department of Industrial Policy & Promotion
(xi)	FDI proposals by Non-Resident Indians (NRIs)/ Export Oriented Units (EOUs) requiring approval of the Government	

(xii)	Application relating to issue of equity shares under the FDI policy under the Government route for import of capital goods/machinery/equipment (excluding second-hand machinery)	Department of Industrial Policy & Promotion
(xiii)	Applications relating to issue of equity shares for pre-operative/pre-incorporation expenses (including payments of rent etc.)	
(xiv)	Financial services which are not regulated by any Financial Sector Regulator or where only part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight	Department of Economic Affairs
(xv)	Applications for foreign investment into a Core Investment Company or an Indian company engaged only in the activity of investing in the capital of other Indian Company/ies	
(xvi)	Banking (Public and Private)	Department of Financial Services
(xvii)	Pharmaceuticals	Department of Pharmaceuticals

2. In respect of sectors/activities which are presently under automatic route but required Government approval earlier as per the extant policy during the relevant period, concerned administrative Ministry/Department would be the Competent Authorities for the grant of post-facto approval for foreign investment.
3. In respect of applications in which there is a doubt as to which is the concerned Administrative Ministry/Department, DIPP shall identify the Administrative Ministry/Department where the application will be processed for decision.

III. Procedure for Processing of Applications Seeking Approval for Foreign Investment

1. Competent Authorities shall not replicate an inter-Ministerial body in respective Ministries/Departments to grant approval for foreign investment. New regime for

- foreign investment needs to be simpler in execution and expeditious indisposal.
2. Once the proposal is received, same shall be circulated online within 2 days by DIPP to Reserve Bank of India for comments from FEMA perspective. Proposals for foreign investment in sectors requiring security clearance would additionally be referred to Ministry of Home Affairs for comments. Further, all proposals would be forwarded to Ministry of External Affairs (MEA) and Department of Revenue (DoR) for information. MEA and DoR may give their comments within the stipulated time period, wherever necessary. All comments will be given directly to the concerned Administrative Ministry/Department.
 3. Following proposals will require security clearance from Ministry of Home Affairs:
 - i. Investments in Broadcasting, Telecommunication, Satellites - establishment and operation, Private Security Agencies, Defence, Civil Aviation and Mining & mineral separation of titanium bearing minerals and ores, its value addition and integrated activities.
 - ii. Investments from Pakistan and Bangladesh.
 4. Specific issues of proposals requiring clarification from the point of view of FDI policy may be referred to DIPP for clarification. Consultation with DIPP will hence be need based and not routine and regular. DIPP will provide clarification within 15 days on specific issues of FDI policy as may be referred by the Competent Authority.
 5. Consultation with any other Ministry/Department will require full justification and approval of the Secretary concerned.
 6. Ministries/Departments consulted on the proposal shall upload their comments on the portal within 4 weeks from the online receipt of the proposal. In case comments of consulted Ministries/Departments/Regulatory Bodies are not received within the stipulated time, it would be presumed that they have no comments to offer. Comments by Ministry of Home Affairs on proposals for investment in sectors requiring security clearance would be provided to the Competent Authority within 6 weeks from the online receipt of such proposals. In cases where MHA is not in a position to provide its comments with 6 weeks, it will intimate the concerned administrative Ministry/Department of the expected time frame within which MHA would be able to give its comments.

7. The Competent Authority shall, within 1 week, scrutinize the proposal and documents attached therewith and ask the applicant for relevant additional information/documents, if so required. All such queries shall be made online/emailed to the applicant so as to avoid delay. If no clarifications to the queries are received within 1 week, the applicants shall be reminded to expedite their clarifications. To the extent possible, all queries to the applicant shall be raised by the competent authority in the initial communication itself. Time taken by the applicant in addressing the queries raised by the Competent Authority will be excluded from the time limits for disposal of proposal.
8. While examining the proposals, adequate care has to be exercised keeping in view the extant FDI Policy, Press Notes, FEMA/RBI Notifications/Guidelines issued from time to time. The Competent Authority should take into consideration the sectoral requirements and the sectoral policies vis-à-vis the proposals.
9. Once the proposal is complete in all respects, which should not be later than six weeks/eight weeks (in cases where comments of Ministry of Home Affairs have been sought from security clearance point of view) from the receipt of the proposal, the Competent Authority shall, within the next two weeks, process the proposal for decision and convey the same to the applicant. Approval/rejection letters will be sent online by the Competent Authority to the applicant, consulted Ministries/Departments and DIPP.
10. In case of proposals involving total foreign equity inflow of more than Rs 5000 crore, Competent Authority shall place the same for consideration of Cabinet Committee on Economic Affairs within the above timelines. After the receipt of the decision of Cabinet Committee on Economic Affairs, approval letter shall be issued within 1 week.
11. In respect of proposals where the Competent Authority proposes to reject the proposals or in cases where conditions for approval are stipulated in addition to the conditions laid down in the FDI policy or sectoral laws/regulations, concurrence of DIPP shall compulsorily be sought by the Competent Authority within 8 weeks/10 weeks (in cases where comments of Ministry of Home Affairs have been sought from security clearance point of view) from the receipt of the proposal.
12. Approval letters have to be issued by the Competent Authority in the format prescribed at **Annexure-12b**.

13. DIPP and each of the Competent Authorities shall maintain a database on the proposals received along with details such as date of receipt, investor and investee company details, volume of foreign investment involved, and date of grant of approval/rejection letter.

IV. Time Limits

S.No.	Action Points	Time Period	Cumulative Time Period	
(i)	Dissemination of Investment Proposal by DIPP to Concerned Ministry/Department	2 days	One Week	
(ii)	Time for submission of signed physical copy of the proposal by applicant to the Competent Authority, if needed	5 days		
(iii)	Initial scrutiny of the proposal and documents attached therewith, and seeking relevant additional information/documents from the applicant	One Week	Two Weeks	
(iv)	Time limit for submission of clarification by DIPP on specific issues of FDI policy	Two Weeks	Four Weeks	
(v)	Time limit for Submission of Comments by Consulted Ministry/ Department/ RBI/ Any Other Stakeholder	Four Weeks	Six Weeks	
(vi)	Time limit for submission of Comments by Ministry of Home Affairs on proposals requiring security clearance	Six Weeks	Eight Weeks	
(vii)	Time limit for approval on proposals by Competent Authority for grant of approval	Two Weeks		
	Proposals not requiring security clearance			Eight Weeks
	Proposal Requiring security clearance			Ten Weeks

Note:

- (i) Additional time of 2 weeks will be given to DIPP for consideration of those proposals which are proposed for rejection or where additional conditions which are not provided in the FDI policy are proposed to be imposed by the Competent Authority.
- (ii) Time limits allocated exclude the time taken by applicants in removing

deficiencies in the proposals/supplying additional information as may be required by the Competent Authority.

V. Monitoring & Review

1. Competent Authorities will hold a regular monthly review on the foreign investment proposals pending with them.
2. Joint quarterly review meeting, convened by DIPP, will be held under the co-chairmanship of Secretary, DIPP and Secretary, DEA on pendency of proposals with Government. The Secretary of the concerned Administrative Ministry/Department may also attend the meeting.

Annexure-12A - List of Documents

S.No.	Document
1.	Certificate of Incorporation of the Investee & Investor Companies/Entities* (Investee company may be a proposed entity and may not be incorporated)
2.	Memorandum of Association (MOA) of the Investee & Investor Companies/Entities*
3.	Board Resolution of the Investee & Investor Companies/Entities*
4.	Audited Financial Statement of Last Financial Year of the Investee & Investor Companies/Entities*
5.	Article of Association of the Investee & Investor Companies/Entities*
6.	List of Names and addresses of all foreign collaborators along with Passport Copy/ Identification Proof of the Investor Company/Entity*
7.	Diagrammatic representation of the flow and funds from the original investor to the investee company and Pre and Post shareholding pattern of the Investee Company*
8.	Affidavit stating that all information provided in hard copy and online are the same and correct*
9.	Signed copy of the JV agreement/shareholders agreement/ technology transfer/trademark/brand assignment agreement (as applicable), in case there are existing ventures
10.	Board resolution of any joint venture company
11.	Certificates of Incorporation and charter documents of any joint venture/company which is a party to the proposed transaction
12.	Copy of Downstream Intimation
13.	Copy of relevant past FIPB/SIA/RBI approvals, connected with the current proposal (in case of amendment proposal)
14.	Foreign Inward Remittance Certificate (FIRC) in case investment has already come in and in case of post-facto approval
15.	In the cases of investments by entities which themselves are pooled investment funds, the details such as names and addresses of promoters, investment managers as

	well as all the contributors to the investment fund
16.	List of the downstream companies of the Indian company and the details of the equity held by the Indian Company along with the details of the activities of the companies
17.	High Court order in case of a scheme of arrangement
18.	Valuation certificate as approved by a Chartered Accountant
19.	Non-compete clause certificate of the investor and investee company in case of investment in pharmaceutical sector (As per Annexure 10 of Consolidated FDI Policy Circular of 2016), and as amended from time to time
20.	Certificate of statutory auditors as mandated in the FDI policy, as applicable

* denotes mandatory documents

2. Item(s) of Existing:
manufacture/ activity Proposed:
covered by the foreign
collaboration
3. Location:
4. Foreign Investment: The total foreign investment is upto X%. XYZ Pte Ltd, , will hold ...% of shares and ABC will hold ...% of shares.
5. The above approval is subject to the following conditions:
- (i) FDI policy conditionalities and other Sectoral Regulations/Guidelines.
 - (ii) Claim of any tax relief under the Income-tax Act, 1961 or the relevant DTAA will be examined independently by the tax authorities to determine the eligibility and extent of such relief and the approval of ABC Deptt. by itself will not amount to any recognition of eligibility for giving such relief.
 - (iii) ABC Deptt approval by itself does not provide any immunity from tax investigations to determine whether specific or general anti-avoidance Rules apply.
 - (iv) The fair market value of various payments, services, assets, shares etc., determined in accordance with ABC Deptt guidelines shall be examined by the tax authorities under the tax laws and rules in force and may be varied accordingly for tax purposes; and
 - (v) The taxation of dividend, future capital gains on alienation of shares by the foreign investor, interest income and income of any other nature shall be examined by the field formation in accordance with the provisions of Income-tax Act, 1961 and DTAA applicable to the facts of the case.
6. Taxation of capital gains arising out of the proposed transaction shall be examined by the field formation.
7. The pricing of shares shall be in accordance with the RBI/SEBI guidelines.
8. The above approval is subject to condition that, for opening the outlets, the company should register its outlets with the concerned authorities in the concerned States/UTs and shall have to comply with prevailing regulations in every State/UT for setting up its outlets.
9. There would be no need for obtaining prior approval of ABC Deptt for increase in the amount of foreign equity, provided there is no change in the percentage of foreign/NRI equity already approved and the total foreign equity is upto Rs..... The company will

notify such increase to the ABC Deptt within thirty days of receipt of funds as also allotment of shares to the non-resident shareholders.

10. In case the proposed activity is not exempted from the provisions of Industrial (Development & Regulation) Act, 1951 and the Foreign Exchange Management Act, 1999, it will be your responsibility to obtain such clearances, as may be required under the said Acts.
11. The location of the industrial project will be subject to Central or State Environmental laws or regulations, including local zoning and land use laws and regulations. In case the unit is to be setup in NCT of Delhi, it shall also conform to the locational policy of NCT of Delhi and directions of the Hon'ble Supreme Court in the matter.
12. Adequate steps shall be taken to the satisfaction of the Government to prevent air, water and soil pollution. The anti-pollution measures to be installed should conform to the effluent and emission standards prescribed by the State Government in which the factory or the industrial undertaking is located.
13. Import of capital equipments, components and raw materials will be allowed as per the import policy prevailing from time to time.
14. This approval letter is made a part of the foreign collaboration agreement to be executed between you and the foreign collaborator and only those provisions of the agreement which are covered by this letter or which are not at variance with the provisions of this letter shall be binding on the Government of India or Reserve Bank of India.
15. The agreement between the foreign investor(s) and the investee entity(ies) shall be subject to compliance of Indian Laws.
16. You shall ensure that your proposed investment approved vide this letter is in compliance with Prevention of Money Laundering Act, 2002, as amended from time to time.
17. All remittances to the foreign collaborator shall be made as per the exchange rates prevailing on the day of remittance.
18. The Administrative Ministry for this project is ABC Deptt.
19. You are requested to acknowledge and confirm acceptance of the above terms and conditions to ABC Section of this Department.

20. A copy of the collaboration agreement, signed by both parties may be furnished to the following authorities:
- a. Administrative Ministry(s) / Department(s) as mentioned above.
 - b., Department of ...Ministry,, New Delhi –Pin Code.
21. All future correspondence for amendments/changes in terms and conditions of the approval letter if required, etc. may be addressed to the ... Section of the Department, New Delhi –Pin Code
Email:

Your faithfully

Annexure-13 – Land details

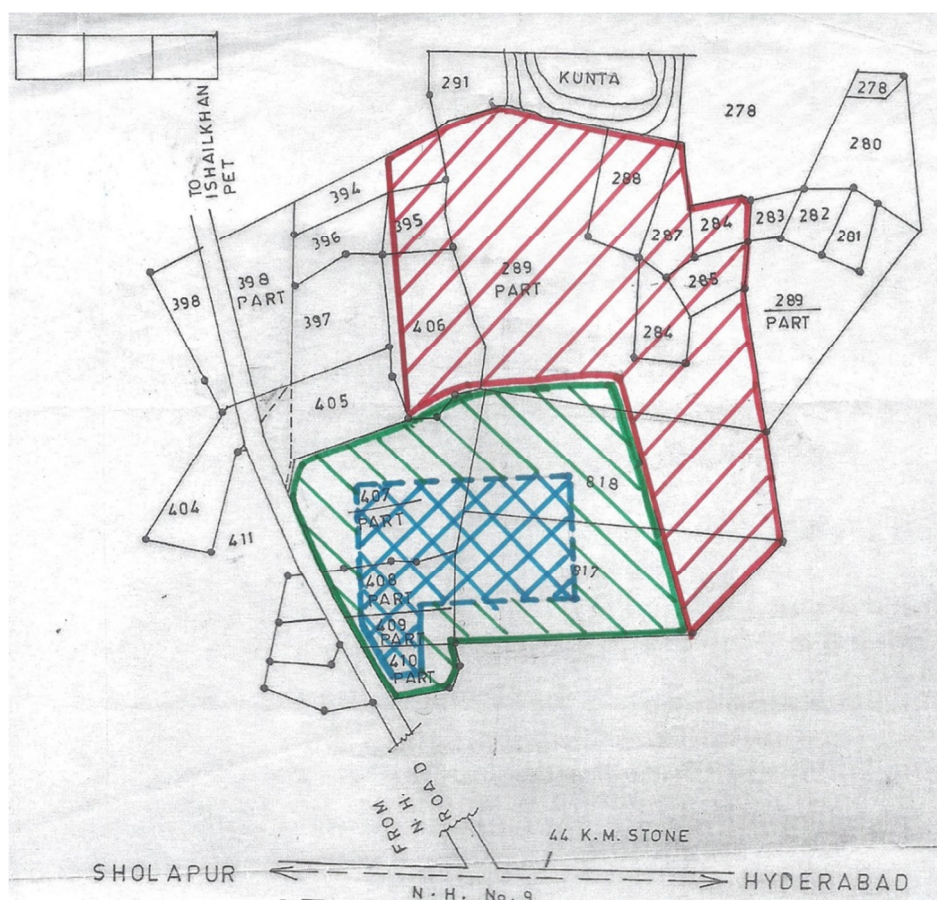





Table 15: Land Demarcation

Key	Particulars	Area (acres)
	Operational Plant Area (Survey Nos. 817 part, 818 part, 407 part, 408 part, 409 part & 410 part)	30.00
	Vacant Land around the plant (Survey Nos. 817 part, 818 part, 407 part, 408 part, 409 part & 410 part)	30.00
	Vacant Land (Not part of the disinvestment process) (Survey Nos. 817 part, 818 part, 394 part, 395 part, 406 part, 284, 285, 286, 287, 288 & 299 part)	66.13
	Total Land	126.13