

RESPONSES TO QUERIES OF INTERESTED BIDDERS

Queries – BEML Limited			
S.No.	Description	Query/Clarification	Responses
	Company specific – Part A of PIM		
1.	Projects	Please describe the main Mining and Construction Equipment projects delivered in the last 5 years	This will be considered in Stage II of the transaction.
2.	Projects	Please describe the main Defence and Aerospace projects delivered in the last 5 years	This will be considered in Stage II of the transaction.
3.	Projects	Please describe the main Rail & Metro projects delivered in the last 5 years	This will be considered in Stage II of the transaction.
4.	Orders	With government stake reducing post the strategic disinvestment, how will it impact the company's ability to bag orders, especially from PSUs? Does the company enjoy any preferential treatment currently (getting orders by nomination, etc.)	This will be considered in Stage II of the transaction.
5.	Tenders	Post the strategic sale, will there be any restrictions on participation of tenders in the mentioned business areas	This will be considered in Stage II of the transaction.
6.	Tenders	Will the new entity continue to enjoy the favourable status when it comes to procurement/ tenders (especially in Defence sector)	This will be considered in Stage II of the transaction.
7.	Tenders	a) Numbers of tenders participated in last 3 years and their success ratio b) How many tenders issued in each year for each segment /product c) What is the lead time for delivery of orders in each segment	This will be considered in Stage II of the transaction.
8.	Capex	What are the capex plans of the company over the next 2-3 years? Details of the capex (segment and location) and funding plan? Any further capital raising plans for the company	This will be considered in Stage II of the transaction.

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S.No.	Description	Query/Clarification	Responses
	Company specific – Part A of PIM		
9.	Capacity Utilization	What are the current and past capacity utilization levels across the 3 business divisions? Please provide details of key metrics for assessing the capacity utilization? Linkage of CAPEX plan with capacity utilization	This will be considered in Stage II of the transaction.
10.	Plant	Can BEML Plant assemble passenger cars, vans & trucks	Please refer to the Product portfolio in the PIM.
11.	Production Facility	a) Is land is owned or leased b) Is lease agreement long term? How many years? Lease amount per year c) Current capacity of each plant and its utilization d) Number of shifts e) Plant shut down days	This will be considered in Stage II of the transaction.
12.	Volume	a) Product wise units produced and sold from FY18 till FY20 (domestic & exports) for following segments - i) Mining & Construction ii) Defense & Aerospace iii) Metro & Railway b) Details of order book - product wise/ segment wise c) Local content for each product d) Supplier base - numbers, relationship, origin, payment term	This will be considered in Stage II of the transaction.
13.	Customer	a) Share of business of each customer as per product/segment b) Number of years association for each customer c) New customers added during last three years - product wise/ segment wise d) Methodology of development and assets cost shared by each customer e) Warranty terms for each customer - product wise/ segment wise	This will be considered in Stage II of the transaction.

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S.No.	Description	Query/Clarification	Responses
	Company specific – Part A of PIM		
		f) AMC terms for each customer, if applicable g) Payment term of each customer h) Name of each customer for Cement/ Private power generation/ Private institutional and personal contractor	
14.	Technology Tie-up	With regard to Technology Tie-up: M/s. Lockheed Martin, Yakovlev Design Bureau, Wipro Infrastructure Engineers, Hitachi & Bharat Forge Limited etc. - kindly provide details of the Technology tie ups (terms and conditions) with the players mentioned above for better understanding of the relationship	This will be considered in Stage II of the transaction.
15.	Technology	a) Any technology agreement with any partners in India or abroad? b) For which business segment? c) Duration of the technology agreement? d) Any Royalty or technical fees paid for using the IPR? e) Can patents be licensed to third party under technology agreement?	This will be considered in Stage II of the transaction.
16.	Research & Development	R&D developed products account for 65% of products as per PIM; can we get details of these products? What are these products and when were these launched? What is the typical product development cycle? What advantage does it give in bagging client contracts? What are the key sources of competitive advantage for the company	This will be considered in Stage II of the transaction.
17.	Research & Development	a) Core competence of R&D across segments (M&C, D&R, M&R)	This will be considered in Stage II of the transaction.

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	Company specific – Part A of PIM		
		b) R&D facilities and equipment c) Breakup of R&D personnel - qualifications, skill, experience d) Software, AI & Industry 4.0 details are required e) Any plan to diversify diesel powertrain to CNG and Electric f) Lead time from design to SOP for each product	
18.	Research & Development	Engineering and R&D capabilities - Please provide further details of the setup of the engineering and R&D capabilities of BEML. Are they centralized or distributed by business unit? Are they located in the KGF Complex or distributed depending on the business unit	Please refer to Clause 2.1.18 of the PIM. Further details may be provided in Stage II of the transaction.
19.	Patents	Number of patents held by inhouse R&D division of BEML, since 65% of sales is through R&D developed products.	This will be considered in Stage II of the transaction.
20.	Financials	Provide segment wise order book, client wise, product wise revenues for the past 5 years	This will be considered in Stage II of the transaction.
21.	Financials	Provide Profitability – segment wise, client wise, product wise for the past 5 years	This will be considered in Stage II of the transaction.
22.	Financials	Provide EBITDA, assets and liabilities – segment wise	This will be considered in Stage II of the transaction.
23.	Financials	With reference to Section 3.1.6, kindly let us know the borrowing details of the company for the period ended 30th September 2020	Please refer to the audited financials of BEML on the website of the company and the stock exchanges.
24.	Financials	We request SBICAP to kindly provide additional information for the latest quarterly figures (Quarter ended 31st December 2020)	Please refer to the audited financials of BEML on the website of the company and the stock exchanges.
25.	Borrowing	With reference to Section 3.1.4, the NCD issued by BEML is secured by certain Land & Building. Will this specific land and building be part of the disinvestment or not? We request SBICAP to kindly	The NCD issued by BEML is secured by operational land. This specific land will form part of the strategic disinvestment process.

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S.No.	Description	Query/Clarification	Responses
	Company specific – Part A of PIM		
		clarify	
26.	Assets	With reference to Section 3.1.3, we request SBICAP to kindly furnish a list of specific assets and its value by each of the 3 major Business Divisions	This will be considered in Stage II of the transaction.
27.	Debtors	Debtor details (client and segment) as of March 2019, March 2020, and September/December 2020 and period for which each debtor is on the books (to check on ageing of debtors). Client wise and segment wise write off details (if any) for the last 3 years ending FY20	This will be considered in Stage II of the transaction.
28.	Inventory	With reference to Section 3.1.2, we request SBICAP to provide details about the Changes in Inventory for Year to Date figures for period ended 30th September 2020	Please refer to the audited/limited review financials of BEML on the website of the company and the stock exchanges.
29.	Financials	<ul style="list-style-type: none"> a) Definition of calculation of net worth b) Details of non-current liabilities c) Details of subsidiary companies and their financials -% holding d) Banker wise outstanding debt and terms including rate of interest e) Tax benefits / incentives if any will continue after change of shareholding f) Average account receivable and payable days 	Please refer to the PIM and the company website for the financial statements.
30.	CAG Remarks	Any adverse remarks passed by government or CAG in the last 3 years	Please refer to the audited balance sheets of BEML available on its website.
31.	Competitors	Who are the main players BEML competes with in each product category? What is the company's market share across product categories for the last five years ending FY20 and YTD for FY21	This will be considered in Stage II of the transaction.
32.	Exports	Why are exports such a small part	BEML has been making efforts to fetch

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	Company specific – Part A of PIM		
		of the overall business	orders from the international markets.
33.	Impact of Covid	How has Covid-19 impacted the business of the BEML, the operations at plants and the ability to execute orders	Please refer to the audited/limited review financials of BEML on the website of the company and the stock exchanges.
34.	Automation	How will increased focus on automation, AI and robotics enabled systems impact the business of the company	This will be considered in Stage II of the transaction.
35.	Organizational Structure	What is the current organization & legal structure of the company	Please refer to Clause 2.1.23 to 2.1.25 of the PIM.
36.	Organizational Structure	Is change in constitution of directors possible after disinvestment? if so, to what extent	This will be considered in Stage II of the transaction.
37.	Employees	Please provide a breakdown of employees by business unit: FTE and main functions	Please refer to Clause 2.1.25 of the PIM.
38.	Employees	What is the Contractual period for 6267 employees in the company	These employees are permanent employees on the rolls of the company.
39.	Workforce	a) Segment wise and department wise manpower b) Average salary per employee c) Wage agreement with union d) Any productivity impact due to strike in last three years	Division wise manpower has been provided in Clause 2.1.25 of the PIM. Other details may be provided in Stage II of the transaction.
40.	Labour	Have there been any issues with labour at the plants of BEML over the last decade? How are the unions likely to react to the strategic stake sale? What are the restrictions in dealing with the labour post acquisition?	There have been no major issues with the labour over the last decade. Further details may be provided in Stage II of the transaction.
41.	Litigation	Any major litigation or legal disputes with customers, vendors or any other parties? Any whistle blower complaints with details	This will be considered in Stage II of the transaction.
42.	Legal issues	Brief details of Pending legal issues if any	These are mentioned in the audited financial statements of the company. The audited financial statements can be downloaded from the company's website. Further details may be provided in Stage II of the transaction.

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Company specific – Part A of PIM			
43.	Land	Please provide details of Land availability post the transaction for capacity expansion plans across the 3 business divisions	Please refer to Clause 2.1.20 of the PIM.
44.	After Sales Support	Please explain the aftersales activity by business unit. Is it carried out in customer or BEML's facilities? What is the weight of the aftersales activity out of the current business volume (overhaul, maintenance and spare parts) for the three businesses	The aftersales activity for the Mining & Construction business are carried out at the customers facilities. Further details may be provided in Stage II of the transaction.
45.	Tendering	Origination: bidding and tendering. Please describe the setup of the commercial department for bidding and tendering processes. Is it centralized or distributed by business unit	Tendering is done by the business units independently. Further details may be provided in Stage II of the transaction.
46.	Testing	Testing facilities - are they located in the main manufacturing facilities by business unit or centralized	Testing facilities are located in the business units.
47.	Procurement	Procurement capabilities: are they centralized or divided by business unit	Procurement is normally done by business units.
48.	Sale Agreements	Long term sale agreements if any with foreign/ Indian companies in hand	This will be considered in Stage II of the transaction.
49.	MoUs / Tie ups	List of the MOUs / Tie-ups for long term supplying or buying, having any limitations w.r.t. forming them as a consortium partner	This will be considered in Stage II of the transaction.
50.	ERP	What is the ERP system used	SAP
51.	Power Projects	BEML installed 23 MW windmill projects and 250 KWp solar power – is this also part of disinvestment process	Yes
52.	Subsidiaries	Subsidiaries: please classify them by business unit	Please refer to Clause 2.1.19 of the PIM.
53.	MAMC Consortium	MAMC Consortium- Is the JV Share holding equity of 48%	Yes

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	Company specific – Part A of PIM		
		(BEML) also part of disinvestment	
54.	Vignyan Industries Ltd (VIL)	Status of Vignyan industries limited (VIL) as of date. Closure status	Please refer to Clause 2.1.19 of the PIM. Further details shall be provided in Stage II of the transaction.
55.	VIL	Status of employees of subsidiary VIL & recognized employees union on closure of VIL	This will be considered in Stage II of the transaction.
56.	BEML Brazil Industrial Ltd (BBIL)	BBIL - Current status of closure of Unique identification Number (UIN) issued in respect of BBIL	This is under process.
57.	BEML Midwest Ltd (BMWV)	BMWV- Status of closure of JV and litigation cases liability after disinvestment process.	This will be considered in Stage II of the transaction.
58.	Statutory Requirements	Status of compliance with statutory requirements	Please refer to the audited financials of BEML on the website of the company and the stock exchanges.
59.	Audit observations	Status of audit observations	Please refer to the audited financials of BEML on the website of the company and the stock exchanges. Internal Audit Reports will be provided in Stage II of the transaction.
60.	Major Incidents	Details of Major incidents occurred in 2020 and remedial measures taken	Any major incident occurred in BEML is reported in the quarterly / annual accounts available on the website of the company and the stock exchanges.

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S.No.	Description	Query/Clarification	Responses
	EOI – Part B of PIM		
1.	Eligibility	Can a newly formed company (less than 12 months old) be the sole Bidder if it qualifies on the basis of Net-Worth Criterion?	Please refer to Clause 7. 3) b) of the PIM. IB should have positive Profit after Tax (PAT) in atleast three completed financial years to be considered eligible. In the event IB is a Sole Bidder and has come into existence as a result of a merger / demerger / amalgamation of 2 (two) or more entities, the sum of the Profit after Tax of such entities should be positive in atleast 3 (three) out of the last 5 (five) financial years.
2.	Eligibility	Can a company which is for existence for less than 3 years and	Please refer to Clause 7. 3) b) of the PIM. IB should have positive Profit

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	EOI – Part B of PIM		
		qualifies on the Net-Worth basis satisfy the profitability criterion on the basis of its Parent?	<p>after Tax (PAT) in atleast three completed financial years to be considered eligible. In the event IB is a Sole Bidder and has come into existence as a result of a merger / demerger / amalgamation of 2 (two) or more entities, the sum of the Profit after Tax of such entities should be positive in atleast 3 (three) out of the last 5 (five) financial years.</p> <p>The Net Worth criteria may be satisfied either by the IB or by the entity into which the accounts of the IB are consolidated. The profitability criteria needs to be satisfied by the IB.</p>
3.	Eligibility	In case, a company fulfils the profitability criteria but does not satisfy Net Worth criteria as on March 31, 2020 and satisfies such criteria during FY 2020-21 be eligible to submit the EOI? In such case, what will be the supporting documents to be submitted for satisfying such Net-Worth criterion?	<p>Please refer to Clause 7. 7) a) of the PIM. The financial statements on the basis of which the Financial Criteria shall be assessed shall correspond to accounting periods completed (each of not less than 12 months duration) and shall not be based on partial periods.</p> <p>The Net Worth criteria may be satisfied either by the IB or by the entity into which the accounts of the IB are consolidated.</p>
4.	Non-Core Assets	Will there be an option to buy non-core assets for an additional price?	Sale of non-core assets does not form a part of this transaction.
5.	Management Control	How will be the management control be transferred as part of this disinvestment (for instance will they get to appoint a CMD, number of board positions etc.	This shall be provided to the shortlisted bidders in Stage II of the transaction.
6.	Stake dilution	Can the bidder dilute their stake by inviting a new investor into the company at a later stage? Are there any restrictions from a time or quantum with reference to dilution of stake in the future	This shall be provided to the shortlisted bidders in Stage II of the transaction.
7.	Transaction Structure	How will be the transaction structure for divestment of core	Structure for divestment of non-core assets shall be provided to the

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	EOI – Part B of PIM		
		and non-core Assets? Will there be two different entities (for eg: BEML - A and BEML - B)	shortlisted bidders in Stage II of the transaction.
8.	Employees	Can we layoff the current employees	This shall be provided to the shortlisted bidders in Stage II of the transaction.
9.	Carve out assets	Ability to carve out assets into another company (or sell the same), if and when required: What flexibility and freedom will bidders have for carving out the assets of BEML? This would be especially important in case of a consortium, where two partners are interested in two separate businesses of BEML. What is the proposed timeframe for which restrictions, if any, are proposed	This shall be provided to the shortlisted bidders in Stage II of the transaction.
10.	Corporate re-organization	If required, would the Govt permit the merger of the target into an SPV formed by the bidder for this purpose	This shall be provided to the shortlisted bidders in Stage II of the transaction.
11.	Veto Rights	Since the Govt will continue to have approx. 28% shareholding, post divestment, what are the veto rights it will enjoy for the same? Will the company be able to freely raise capital (equity/debt) as and when required	This shall be provided to the shortlisted bidders in Stage II of the transaction.
12.	Shareholding / Rights	As per the currently SEBI regulations, the bidders are required to make an open offer to retail shareholders, once the 26% is acquired from the Govt. In an event where the public response to the public offer is poor, will the Govt be open to sell additional shares to enable the bidder to have a minimum 51% shareholding	Currently, GoI approval is to sell 26% of the equity share capital of BEML.
13.	Employees	Restrictions, if any, on retrenchment of employees: Please provide as much information as possible, clarifying the specific restrictions which are being proposed in this regard. What	This shall be provided to the shortlisted bidders in Stage II of the transaction.

Queries – BEML Limited			
S.No.	Description	Query/Clarification	Responses
	EOI – Part B of PIM		
		restrictions will bidders be bound by? What is the proposed timeframe for which such restrictions are proposed	
14.	Strategic Disinvestment	We understand from the PIM document that one of the objectives of this strategic disinvestment is financial. Therefore, keeping this objective in mind, is the Government of India (GoI) open and flexible to consider divesting a higher equity thus lowering their shareholding below 25% so as to facilitate effective and efficient management control of the strategic investor	Currently, GoI approval is to sell 26% of the equity share capital of BEML.
15.	Shareholding	As the disinvestment is of strategic nature, is GoI open to seeking an exemption from SEBI so that GOI as the shareholder could be classified as “public” in order that strategic investor has flexibility to increase its shareholding upto and over 51% so as to facilitate effective and efficient management control for strategic investments	This shall be provided to the shortlisted bidders in Stage II of the transaction.
16.	Other Obligations and Timelines	With respect to section 5.1 (6), is there any possibility to share information on guidelines referred to in this section in terms of volume and timelines at this stage? We request SBICAP to kindly clarify and furnish the same	Other Obligations and Timelines for Stage II will be shared with the shortlisted bidders.
17.	Disinvestment	Timeline for deal closure	Timelines for Stage II will be shared with the shortlisted bidders.
18.	Disinvestment Process	a) Can we bid for any particular segment only or any two segments out of three segments (M&C, D&R, M&R) b) Any technical criteria defined for the interested bidder /	Strategic Disinvestment is for 26% GoI stake and not any particular segment (s). No technical criteria has been prescribed for eligibility.

Queries – BEML Limited			
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	EOI – Part B of PIM		
		<p>consortium/ SPV</p> <p>c) Is any change in consortium member permissible after EOI?</p> <p>d) Is there any restriction on having consortium with a foreign party including China or any other country?</p> <p>e) In case the foreign member of consortium is not registered/ not applied for registration with government agencies, will it be allowed?</p> <p>f) Limitations w.r.t. FDI, if any.</p>	<p>Please refer to Clause 7, 8) of the PIM.</p> <p>In shortlisting interested parties, GOI will pay due attention, inter-alia to the security requirements of the country. Necessary security clearance shall be taken as per the details and requirements communicated to the Shortlisted Bidder before Data Room access is given to the Shortlisted Bidder. The relevant formats will be shared with the shortlisted bidder at the appropriate time.</p> <p>In case of foreign investor, please refer to the FDI Policy 2020 and the FEMA (Non Debt Instruments) Rules, 2019</p> <p>Please refer to the FDI Policy 2020, w.r.t. investment in sector in which the company carries out its business.</p>