

HINDUSTAN PAPER CORPORATION LIMITED

(A Govt. of India Enterprise)

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Website: www.hindpaper.in

BID NO. HPC/SS/HNL/TA/2017/04 DATED 13TH APRIL, 2017

Hindustan Paper Corporation Limited (HPC) intends to engage a reputed professional consulting firm, an investment banker or a merchant banker or a financial institution or a bank as a “**Transaction Advisor**” for providing Advisory Services and managing the process of disinvesting its stake of shareholding in Hindustan Newsprint Limited (HNL), Kerala.

For details, interested parties may visit our website: www.hindpaper.in and www.hnlonline.com. The proposals are invited in sealed covers by **05TH May, 2017**. Corrigendum or clarifications, if any, shall be hosted on the above mentioned websites only.

DGM (Production), HPC

BID NO. HPC/SS/HNL/TA/2017/04 DATED 13th APRIL, 2017

HINDUSTAN PAPER CORPORATION LIMITED
(A Govt. of India Enterprise)
75-C, PARK STREET, KOLKATA – 700 016.
Website: www.hindpaper.in

Engagement of an Advisor for disinvestment of share holding of Hindustan Paper Corporation Limited (HPC) in Hindustan Newsprint Limited (HNL) - Request for Proposal

1. INTRODUCTION

- 1.1 Hindustan Newsprint Limited (HNL), a wholly owned subsidiary of Hindustan Paper Corporation (HPC), is a Mini Ratna Public Sector Enterprise under the administrative control of Ministry of Heavy Industries & Public Enterprises (HI&PE), Department of Heavy Industry (DHI). HNL was incorporated on June 7, 1983 with the main objective of taking over the business of erstwhile Kerala Newsprint Project (KNP), a unit of HPC. Registered Office of HNL is at Newsprint Nagar, District Kottayam, Kerala
- 1.2 HNL located at Newsprint Nagar, Dist. Kottayam, Kerala is one of the largest integrated newsprint mills in India with an installed capacity of 1,00,000 ton per annum (**TPA**) of newsprint. The core competence of HNL lies in its highly skilled technical manpower, which is rated as the best in the domestic newsprint industry. HNL produces standard Newsprint grades of 42 GSM, 45 GSM and 48.8 GSM of quality, which is at par with the best available in the market.
- 1.3 HNL meets a major portion of its requirement of fibrous raw material from the State Government Forest sources and always committed to ecological, social and economic sustainability. Uninterrupted supply of Wood, Reed and Bamboo is ensured by means of a long term contract entered into between HNL and Government of Kerala (GoK). The company also enjoys a concessional pricing for the forest based raw materials supplied by the State government. To supplement the requirement of forest based raw materials, HNL has forayed into its own Captive Plantation. As on date HNL has about 2,670 hectares of leasehold land for Captive Plantation of various species of pulpwood trees

covering several districts of the State. The Company has 282 hectares of freehold land for Plant operations and housing.

- 1.4 Kerala State Pollution Control Board has awarded the company with first place among large scale industries in the year 2005 and second place in the years 2006, 2009, 2010 and 2011 in making substantial and sustained efforts in pollution control.
- 1.5 At present, paid up capital of HNL is Rs. 99.99 crore (9,99,99,900 Equity Shares of Rs. 10/- each) and the authorized capital is Rs. 100 crore (10,00,00,000 Equity Shares of Rs. 10/- each). Manpower as on 31.3.2016 of the company is 563 and annual wage bill is Rs.54 crore at 2007 pay scales.
- 1.6 HNL was a profit making company till 2008-09. Since then it has been suffering marginal losses. HNL was making profit since FY 1988-89 except Financial Year 2002-03, 2009-10, 2012-13, 2013-14, 2014-15 and 2015-16. The sales turnover of the mill during the year 2015-16 is Rs. 331.16 crore.
- 1.7 The Website of the Company is <http://www.hnlonline.com>.

2. PROPOSAL

The Hindustan Paper Corporation Limited (HPC) has 'in-principle' decided to disinvest its share holding in Hindustan Newsprint Limited (HNL) to a strategic buyer by two stage auction process based on the Government of India directions. The HPC proposes to engage an advisor from a reputed professional consulting firm, an investment banker or a merchant banker or a financial institution or a bank as a "**Transaction Advisor**" for providing Advisory services and managing entire process of disinvesting its stake of HPC in Hindustan Newsprint Limited (HNL).

3. SCOPE OF WORK OF THE ADVISOR

The Advisor will be required to undertake tasks relating to all aspects of the proposed strategic disinvestment culminating into successful completion of the transaction and will, inter alia, include:

- (i) To render advice and assistance to HPC on modalities of disinvestment and the timing;

- (ii) To recommend the need for intermediaries required for the process of disinvestment;
- (iii) To help in identification and selection of the intermediaries with proper Terms of Reference, preparation of all documents like Preliminary Information Memorandum (PIM), Confidential Information Memorandum (CIM), Request for Proposal (RFP), Confidentiality Agreement etc.;
- (iv) To structure the transaction;
- (v) To suggest measures to fetch optimum value;
- (vi) Positioning of the strategic sale;
- (vii) Inviting and evaluating the bids;
- (viii) To assist and professionally guide during the negotiations with prospective buyers;
- (ix) Drawing up of the transaction agreements; and
- (x) To advise on post-sale matters on a continuous basis.

3.2 The Terms of Reference include the following:

- (i) To advise HPC on the modalities and the timing of the strategic disinvestment of HNL and to prepare and submit a detailed operational scheme to successfully implement the strategic disinvestment process, indicating tentative timelines for each activity.
- (ii) To prepare the deal collateral for the transaction, including but not limited to:
 - (a) Preliminary Information Memorandum ("PIM") with intent to providing prospective buyers information about HNL and its business, to enable them to send in their Expression of Interest.
 - (b) Confidential Information Memorandum ("CIM") covering detailed information about HNL Ltd and its business.
- (iii) To advise and assist HPC in identifying and selecting specialized professional intermediaries required for the transaction to be appointed by HPC and coordinate their work.
- (iv) To facilitate execution of Non-Disclosure Agreements ("NDA") and subsequent communication and providing the bidders with information on the assets and the transaction.

- (v) To finalize the process of strategic disinvestment through bidding/auction etc.
- (vi) To support the Company in setting up of the e-data room and assisting in the smooth conduct of the due diligence process.
- (vii) To position the divestment of HPC equity in the Company to generate interest among the prospective buyers/purchasers/investors.
- (viii) To manage a transparent process of bidding/interest solicitation from potential buyers including:
 - (a) Preparation and issuance of advertisement/RFP etc; and organizing pre-bid meeting(s) and site visit(s);
 - (b) Analysis of and framing/drafting replies to queries of prospective bidders and making necessary modifications, if required, in the bid documents;
 - (c) Invitation and evaluation of bids from prospective purchasers/investors and preparation of requisite documents leading to short listing of bidders for negotiations.
- (ix) To assist HPC in negotiations with shortlisted bidders.
- (x) To assist HPC in fixing the range of the fair reserve price considering the valuation of HNL based on the discounted cash flow, relative valuation, and asset based methods of valuation and highlighting the pros and cons of various methods and also highlighting the fact that many variations of these three valuations exist. While assisting in fixing the reserve price, the report of the Asset Valuer will also be taken into consideration. The HPC will also have the option of getting valuation done from any other agency.
- (xi) Preparation and execution of requisite agreements (share purchase agreement, shareholders' agreement etc) and all legal documentation required for execution of the transaction on behalf of HPC, on mutually acceptable terms with the successful bidder.
- (xii) To ensure compliance of applicable regulatory requirements including obtaining statutory approvals and clearances, wherever necessary, and coordinating and monitoring the progress of the transaction until its completion.

- (xiii) To assist in closure of the transaction.
- (xiv) To advise on post-sale matters, if any.
- (xv) To provide any other analytical and transactional support required by HPC for successful completion of the transaction.

The ToR mentioned above are indicative and non-restrictive in nature. There might be some other relevant services not expressly captured in the aforesaid Scope of Work, which upon being brought to the notice of the Advisor by HPC, will also form an integral and mandatory part of the ToR.

4. ELIGIBILITY

- 4.1 The Bidder should be a reputed professional consulting firm/investment banker/merchant banker/financial institution/bank having experience of at least 5 years for providing advisory services for strategic disinvestment/strategic sale/M&A activities/private equity investment transactions.
- 4.2 Bidders should have advised, handled and successfully completed at least one transaction of strategic disinvestment/ strategic sale/M&A activities/private equity investment transaction of the size of Rs.200 crore or USD 30 Million or more during the period 1st April, 2014 to 31st January, 2017.
- 4.3. The interested parties are required to furnish an Affidavit-cum-Undertaking in the format as in **Annexure-1** regarding 'no conviction' and 'no conflict of interest'.

5. PRE-BID MEETING:

A pre-bid meeting will be held on **25th April, 2017** at **11.00 AM** at the conference Hall, Hindustan Paper Corporation Limited (HPC), 75-C, Park Street, Kolkata -700 016.

6. SUBMISSION OF PROPOSAL

- 6.1 The Proposals are required to be submitted in 3 envelopes in sequence and and, as per the given directions as under. Each document is to be page numbered.

(i) Envelope 1:

Kindly superscribe on the envelope the BID No. HPC/SS/HNL/TA/04 dated 13th April, 2017, "Engagement of an Advisor for disinvestment of share

holding of Hindustan Paper Corporation Limited (HPC) in Hindustan Newsprint Limited (HNL) - Request for Proposal" – **General Information**, Last Date for submission of BID: **5th May, 2017, 3.00 PM.**

Envelope 1 will contain the general information:

- (a) Covering letter on the Letterhead of Company/Firm submitting the Bid by the enlisting the documents attached indicating the page number. Profile of the organization with full particulars of the constitution, ownership and business activities; together with unabridged Annual Reports or audited financial accounts for the last three years.
- (b) Authority letter authorizing the person of the bidder to sign the proposal and other documents.
- (c) Certificate, duly signed by the authorized signatory of the bidder, as per paragraph 4.3.
- (d) Certificate, duly signed by the authorized signatory of the bidder certifying that in case of appointment, the agreement as per model attached at **Annexure-2** of this RFP would be signed by the bidder.
- (e) Certificate that in case any of the members of the deal team indicated in EoI is not available for any reason like resignation etc. a person of equal qualification and experience would be made available with the approval of HPC.
- (f) A certificate that the team assigned for the transaction would have one expert in strategic disinvestment; one expert in valuation and one expert in drafting of transaction documents. The format of the certificate is given at **Annexure-3.**
- (g) The bank draft/pay order of Rs.1 lakh payable at KOLKATA in favour of HINDUSTAN PAPER CORPORATION LIMITED, as non-refundable fee. In case of digital payment (to be credited to Hindustan Paper Corporation Limited Bank Account No.000605028363, IFSC: ICIC0000006, ICICI Bank, RASOI COURT, 20 SIR R.N. MUKERJEE ROAD Branch, KOLKATA - 700001)
- (h) A certificate that Performance Guarantee of 10% of contract value by way of bank guarantee valid for a period of 2 years from the date of the appointment letter would be provided.
- (i) A certificate, that the Performance Guarantee would be extended by one more year if the transaction is not completed within a period of 2 years.

(ii) Envelope 2 (sealed)

Kindly superscribe on the envelope the **BID No. HPC/SS/HNL/TA/2017/04 dated 13th April, 2017**, "Engagement of an Advisor for disinvestment of share holding of Hindustan Paper Corporation Limited (HPC) in Hindustan Newsprint Limited (HNL) - Request for Proposal" – **Technical BID** , Last Date for submission of BID: **05th May, 2017, 3.00 PM.**

Envelope 2 will contain the following:

- (a) The Technical bid alongwith all schedules, certificates & Annexures, duly filled in, page numbered & signed by authorized signatory of Bidder.
- (b) A Certificate on unconditional bid in the format at **Annexure-4.**

(iii) Cover 3 will contain (sealed):

Kindly superscribe on the envelope the BID No. HPC/SS/HNL/TA/2017/04 dated **13th April, 2017**, "Engagement of an Advisor for disinvestment of share holding of Hindustan Paper Corporation Limited (HPC) in Hindustan Newsprint Limited (HNL) - Request for Proposal" – **Financial BID**, Last Date for submission of BID: **05th May 2017, 3.00 PM.**

The envelope 3 will contain the **Financial bid**, in the format at **Annexure -5.**

Note: Bids with any conditionality shall stand summarily rejected.

- 6.2.1 The Proposal should be sent by **3.00 PM (IST)** on **05th May, 2017** to Shri. Rajesh Srivastava, Deputy General Manager (Production), Hindustan Paper Corporation Limited, 75-C, Park Street, Kolkata – 700 016.
- 6.2.2 The Proposal must be sent in hard copies only. The Proposals received after the appointed day and time will be summarily rejected. For any clarifications or details, the parties are advised to contact Shri. Rajesh Srivastava, Deputy General Manager (Production), Hindustan Paper Corporation Limited, 75-C, Park Street, Kolkata – 700 016 (Tel. 033-22296901, E-Mail: rajeshsrivastava2356@gmail.com).
- 6.2.3 HPC reserves the sole right to accept or reject any or all proposals thus received, without assigning any reasons thereof.

6.2.4 Financial Bid will be opened only in respect of those parties, who qualify in the technical evaluation.

7. Format of the Technical Bid:

Section (A) Strategic Sale Experience in India including merger & acquisition (weightage 15/100)

- Nature of the Transaction handled & which side was represented – buyer or seller
- Was the transaction for Government or quasi Government or private sector?
- The role played in the transaction
- Intricacies experienced in the transactions
- Innovative work done on the transactions

Section (B) Strategic Sale Experience outside India including merger & acquisition (weightage 5/100)

- Overall number of transactions handled
- Experience of Transactions in similar sector

Section (C) Sector Expertise & Understanding of the Co. (weightage 15/100)

- Indicate work done in the sector - like studies or research undertaken.
- Exhibit strength/expertise in the sector, if any.
- The understanding of the company.

Section (D) Capital Market Experience (weightage 5/100)

- Overall understanding of Indian capital market
- The work done related to capital market
- Is capital market experience relevant in the present case, if yes, how and how the same is proposed to be handled.

Section (E) Local Presence (weightage 10/100)

- Commitments in India, fund deployed, period of operations
- Manpower
- Office & other Infrastructure
- Deal Team
- Who in the Deal Team has executed transactions mentioned in 7.1 (A) above.

Section (F) Valuation Methodology (weightage 15/100)

- Understanding of the Valuation Methodologies
- To suggest Which one is most suitable for the present transaction, with reasons.

Section (G) Marketing Strength (weightage 10/100)

- Exhibit marketing strength
- How the marketing strength is going to help in the present case
- Proposed strategy for the present case.

Section (H) Transaction Structure (weightage 15/100)

- Proposed structure
- The advantages of the proposed structure
- The deliverables
- The strength in the proposed structure

Section (I) Deal Team and Manpower Commitment (weightage 10/100)

- Details of the core team that would work on the transaction.
- Details of other professionals who would provide back up support

7.2 An undertaking to be given that if during the process, any of the core team members is not available due to resignation, leave of absence, etc., another person of the same qualification and experience would be made available with the concurrence of HPC.

8.0 BID EVALUATION

8.1 The short listed bidders would be required to demonstrate their credentials before HPC through a presentation, covering the areas / criteria listed above, and to bring along 15 copies of the presentation, at the time of presentation. The date, time and venue for the presentation will be intimated in due course and same shall be hosted in the website of HNL/HPC (website: www.hindpaper.in and www.hnlonline.com).

8.2 The HPC would evaluate the Bidders on the criteria mentioned in paragraph 7 above based on their presentation and Proposals received and shortlist them for the purpose of opening of their Financial Bids. Only the parties scoring **75** marks

out of 100, which will be announced before presentation, will be technically short-listed.

- 8.3 After the short-listing of Bidders based on their presentations, the HPC would open the Financial Bids of only the short-listed Bidders. The short-listed bidders, if so desire, may remain present at the time of opening of the financial bids. The marks scored by the short-listed bidders will be announced before opening of the financial bids.
- 8.4 The marks scored by the short-listed bidders in the technical evaluation will then be given a weightage of 70. Similarly, the financial bids of the short listed bidders will be given a weightage of 30. The combined score of technical and financial bids will determine the H1, H2, H3 and so on.
- 8.5 The party scoring the highest points/marks (H1) based on the above principles would be appointed for the transaction.
- 8.6 Consortium bids will not be allowed.
- 8.7 Sub-contracting of the assignment will not be allowed. The appointed Advisor shall be solely responsible for all the required final deliverables.

9. REQUIREMENT FOR FINANCIAL BIDS:

- 9.1 The Bidders are required to quote a Transaction Fee as a percentage of the disinvestment proceeds i.e. the amount to be received in HPC bank account. The fee quoted should be restricted upto two decimal points. The fee quoted by the Bidder should include all the applicable taxes, cess, duties etc. The fee will be payable in Indian rupees after successful completion of the transaction.
- 9.2 The Fee quoted by the bidder shall remain **FIRM** till successful completion of transaction.
- 9.3 The fee quoted should be unconditional. The travel related expenses and all the other expenses including those related to due diligence would have to be borne by the Advisor.
- 9.4 Expenditure on account of fees to legal/accounting or any other consultant, if appointed by HPC should not be included in the financial bid. The travel related expenses of HPC and HNL employees will be borne by the HPC.
- 9.5 A **drop-dead fee of Rs.5 lakhs** would be payable to the appointed Advisor in case the transaction is called off. The payment of the drop-dead fee would be made as under:

- a) 10% if the transaction is called off before issue of RFP for inviting EOIs from the prospective buyers.
- b) 50% if the transaction is called off after the data room has been set up and the due diligence by the prospective buyers completed.
- c) 100% if the transaction is called off after the documents based on which the financial bids are to be invited have been frozen by the Government.

9.6 The Bidders will be liable to pay taxes/duties/cess etc. applicable as per prevailing law at their end.

10. CONTRACT AGREEMENT:

The successful Bidder shall be required to enter into a Contract Agreement with the HPC on Non-Judicial Stamp Paper as per norms on the model form of agreement enclosed at **Annexure-2**.

11. COMPLETION PERIOD:

The successful bidder is required to complete the foresaid services/work within a period of six month from the date of issue of Letter of Intent (LoI)

12. DISCLAIMER:

- a) The HPC reserves the sole right to accept or reject any or all proposals thus received without assigning any reason thereof.
- b) The HPC will not be responsible for any delay on account of late submission of Bid.

13. DISPUTE:

In case of dispute, the decision of the Secretary, Department of Heavy Industry, Government of India, will be final.

14. JURISDICTION:

The jurisdiction of Court will be at New Delhi only.

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AFFIDAVIT CUM UNDERTAKING

We, the undersigned("Bidder") are submitting our bid in respect of the Request for Proposal No. **HPC/SS/HNL/TA/2017/04**, dated **13th April, 2017**, "**Engagement of an Advisor for disinvestment of share holding of Hindustan Paper Corporation Limited (HPC) in Hindustan Newsprint Limited (HNL)**" issued by the Hindustan Paper Corporation Limited (HPC) in relation to Strategic Disinvestment of HNL and in this connection we hereby solemnly affirm, declare and undertake as follows:

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

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

Definitions

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

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

3. **Company** means Hindustan Newsprint Limited
4. **Competitor** of the Company means an Entity in India that is engaged in the business substantially similar to the business of the Company. Business of an Entity shall be deemed to be substantially similar to the business of the Company if turnover or profit of such Entity from the business activity (ies) in which the Company is engaged, exceeds 33% of its total turnover or profit (in any of the last three years).
5. **Entity** shall mean and include an individual, proprietorship, HUF, an association of person/body of Individuals, a partnership firm, limited liability partnership, company or any other persons.
6. **Grave Offence** means offences of such nature that it materially affects the reputation, business or operations adversely or outrages the moral sense of the community and such other offences which may be considered by the HPC as grave on a case to case basis after considering the facts and relevant legal principles.
7. **Proposed Transaction** means the transaction to be undertaken by the HPC as described in bid no.HPC/SS/HNL/TA/2017/04 dated **13th April, 2017** issued by the HPC.
8. **Senior Managerial Personnel's** means Chairman-cum-Managing Director, Company Secretary, Chief Executive Officer, Chief Financial Officer or persons having equivalent positions and all such other employees of the Entity who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors and include the functional heads.
9. **Sister Concern** in relation to the Advisor, means any Entity in which the Advisor has a significant influence or which has "significant influence" over the Advisor and includes a group and a joint venture company. Significant influence" means holding of at least twenty percent or more of total voting rights or the power to participate in and influence the management, financial or operating policy decisions of that Entity, or of business decisions under an agreement or has twenty percent profit sharing in such Entity.

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

Appendix-A

BID NO.HPC/SS/HNL/TA/2017/04 DATED 13th April, 2017

BIDDER DETAILS

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

Appendix-B

BID NO.HPC/SS/HNL/TA/2017/04 DATED 13th April, 2017

DETAILS OF PENDING ENQUIRY/INVESTIGATIONS

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

Appendix-C

BID NO.HPC/SS/HNL/TA/2017/04 DATED 13th April, 2017

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

S. No	Name of the Entity, in which interests Conflicts exists/may arise	Relationship of the Bidder with the Entity	Nature/reason of conflict/potenti al conflict	Duration of the subsistence of conflict, if any	Such other information as may be relevant and material in deciding whether there is a conflict/potential conflict of interest

Annexure-2

BID NO.HPC/SS/HNL/TA/2017/04 DATED 13th April, 2017

Agreement for Advisory Services

THIS AGREEMENT (hereinafter referred to as 'Agreement') is made at on this ----- day of ----- BY AND BETWEEN Hindustan Paper Corporation Limited acting through the Chairman-cum-Managing Director (hereinafter referred to as "HPC" which expression shall mean and include its successors and assigns) of the ONE PART AND ABC incorporated under the Companies Act, 1956/Companies Act, 2013 and having its registered office at ----- and having its offices at (hereinafter referred to as "ABC" which expression shall mean and include its successors and permitted assigns of the OTHER PART.

WHEREAS

- (I) Hindustan Newsprint Limited (hereinafter referred to as "HNL"), a subsidiary of Hindustan Paper Corporation (HPC), a Public Sector Enterprise, under the Ministry of Heavy Industries & Public Enterprises having its registered office at Kottayam, Kerala engaged in manufacturing of newsprint.
- (II) HPC which presently holds 100% of the paid up equity of HNL intends to disinvest its share holding in HNL through strategic sale/ESOP/other means, with transfer of management control to a strategic partner. Pursuant to HPC having issued an advertisement in newspapers and on the official website of HPC/HNL inviting submission of Expression of Interest from reputed professional consulting firms, merchant bankers, investment bankers, financial institutions, banks etc. to act as Advisor; ABC submitted an Expression of Interest.
- (III) Further to the presentation made by ABC to the HPC/DHI/Inter Ministerial Group on ----- and the financial bid submitted for the assignment,

HPC appointed ABC as its Advisor for the proposed strategic disinvestment of HNL vide letter No-----dated -----.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, THE DETAILED REQUEST FOR PROPOSAL CONTAINING THE TERMS AND CONDITIONS, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT ADEQUACY AND SUFFICIENCY OF WHICH HEREBY ACKNOWLEDGE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. General Provisions

1.1 Definitions

1.1.1 Unless the context requires otherwise, the following terms, wherever used in this Agreement shall have the following meanings:

- a) 'Agreement' means this Agreement and any subsequent amendments hereto between HPC and ABC;
- b) 'Business Day' means a day other than one on which either the Central Government Offices, Banks or ABC's Offices are required to close in New Delhi;
- c) 'Effective Date' means the date on which this Agreement comes into force and effect pursuant to Clause 2.1;
- d) 'Local Currency' means Indian Rupee or any other lawful currency of the Republic of India;
- e) 'Party or Parties' means HPC and ABC or both, as the case may be;
- f) 'Personnel ' means persons hired by ABC as employees and assigned to the performance of the Services or any part of the Services;
- g) 'Services' means the services to be performed by ABC as the Advisor for this transaction and as described in Clause 3.1.

1.2 Relationship between the Parties

1.2.1 This Agreement shall be construed as establishing a relationship of principal and Advisor and not of principal and agent, between HPC on the one part and ABC on the other part.

1.2.2 This agreement shall be binding upon and shall inure to the benefit of HPC and ABC and their respective successors and permitted assignees. Neither HPC nor ABC shall assign this Agreement or their respective rights or obligations as the case may be under this Agreement without the consent of the other party.

1.3 Governing Law

1.3.1 This Agreement, its meaning and interpretation and the relation between the Parties shall in all respects be governed by and construed in accordance with the laws of the Republic of India.

1.3.2 The parties irrevocably agree that the Indian Courts at New Delhi shall, subject to provisions of Clause 6 have jurisdiction to hear and determine any action or proceedings, and to settle any dispute, which may arise out of or in connection with this Agreement and, for such purpose irrevocably submit to the jurisdiction of such courts.

1.3.3 This Parties irrevocably waive any objection which they might at any time have to the courts referred to above being nominated as the forum to hear and determine any action or proceedings, and to settle any dispute, which may arise out of or in connection with this Agreement and agree not to claim and any such court is not a convenient or appropriate forum.

1.4 Headings

1.4.1 The headings shall not limit, alter or affect the meaning of this Agreement.

1.5 Notices

1.5.1 Subject to the provisions of clause 1.5.5, any notice request or consent required or permitted to be given or made pursuant to this Agreement shall be in writing and shall be deemed to have been given or made when sent by registered mail or air courier or facsimile to such Party at the following address and facsimile numbers:

For HPC Shri Shashi Kanth Jain, Chairman-cum-Managing Director,
Hindustan Paper Corporation Limited, 75-C, Park Street,
KOLKATA – 700 016.

For ABC ABC

1.5.2 Notice will be deemed to be effective as follows:

- In case of registered mail or air courier, on delivery; and
- In case of facsimile, two Business Days following confirmed transmission.

1.5.3 Facsimile transmissions shall require to be re-transmitted in the event the Receiving Party communicates illegible transmission and notice in such an event will be deemed to be effective upon receipt of legible transmission.

1.5.4 A Party may change its address and facsimile numbers for notice under this Agreement by giving the other Party notice pursuant to this Clause

1.5.5 Any action required and permitted to be taken, any document required or permitted to be executed under this Agreement may be taken or executed as follows.

On behalf of HPC by the Shri Shashi Kanth Jain, Chairman-cum-Managing
Director, Hindustan Paper Corporation Limited, 75-C,
Park Street, KOLKATA – 700 016.

For ABC ABC

2. General Provisions

2.1 Effective date

2.1.1 This Agreement shall come into force and effect on the Effective Date being -----
-----.

2.2 Entire Agreement

2.2.1 This agreement contains all covenants, stipulations and provisions agreed to by the Parties. No agent or representative of either of the parties has authority to make and the parties shall not be bound by or liable for any statement, representation, promise or agreement made prior to the date hereof but not set forth in this Agreement.

2.3 Modification

2.3.1 Modification of the terms of the Agreement including any modification of the scope of the services may only be made by written agreement between the parties. Each party shall give due consideration, and not unreasonably delay a considered response to any proposal for modification made by a Party.

2.4 Force Majeure

Definition

2.4.1 For the purpose of this Agreement, 'Force Majeure' means an event or circumstance which is beyond the reasonable control of the affected Party and which makes affected Party's performance of its obligation under this Agreement impossible or so impractical as reasonably to be considered impossible in the circumstance and includes but is not limited to war, riots, civil disorder, earthquake, fire, explosion, storm, cyclone flood, drought or other adverse weather or other conditions and situations including breakage of equipment of facilities, structural collapse, air crash, shipwreck etc.

2.4.2 Force Majeure shall not include:

- a) Strikes, lockouts or other industrial action, confiscation or any other action in and/ or by the parties or their employees:
- b) Any event which is caused by the negligence or willful action of a party;

- c) Any event which is in control of a party;
- d) Any event which a diligent party could reasonably have been expected both (a) to have taken into account on the Effective Date of this Agreement and/or thereafter during the terms of the Agreement and (b) to have avoided or overcome in the course of carrying out obligations under this agreement; and
- e) Insufficiency of funds or failure to make any payments.

No Breach of Agreement

- 2.4.3 The failure of a party to fulfill any of its obligations under this Agreement shall not be considered to be a breach of or a default under this Agreement in so far as the inability arises from an event of Force Majeure, provided the party affected by that event has complied with its obligations under para 2.4.4 in respect of such event.

Measure to be taken

- 2.4.4 A party affected by an event of Force Majeure shall take all reasonable measure to remove its inability to fulfill its obligations under this Agreement with a minimum of delay and shall notify the other Party in writing of the event concerned as soon as possible and in any event not later than ten days following the occurrence of the event concerned and shall similarly give notice of the restoration of normal conditions as soon as possible. Parties shall together take all reasonable measure to minimize the consequences of any event of Force Majeure.

Extensions of time

- 2.4.5 Subject to the above provisions of this Clause 2.4, any period within which a Party shall, pursuant to this Agreement complete any action or task shall be extended for a period equal to the time during which that Party was unable to perform such action as a result of Force Majeure.

Consultation

- 2.4.6 Not later than ten days after ABC has served a notice to HPC as per Paragraph 2.4.4 notifying its inability to perform a portion of the services as a result of an event of Force Majeure, the Parties shall consult between themselves with a view to agreeing on appropriate measure to be taken in the circumstances.

2.5 **Earlier Termination**

Termination by HPC

2.5.1 HPC may by not less than ten days written notice of termination to ABC terminate this agreement if:

- a) ABC is in breach of its obligations under this Agreement and the terms and conditions mentioned in the RFP dated 3rd February, 2017 and the Affidavit-cum-Undertaking submitted by you at RFP stage and has not remedied the same within thirty days (or such longer period as HPC may have subsequently approved in writing) following the receipt by ABC of notice from HPC specifying the breach. Provided that ABC shall not be held to be in breach of any obligation under this Agreement if breach arises as a result of failure on the part of HPC to meet HPC's obligations under this agreement;
- b) ABC fails to comply with any final decision reached as a result of arbitration proceedings pursuant to Clause 6;
- c) ABC is unable as a result of Force Majeure to perform a material portion of the services for a period of not less than sixty days;
- d) ABC becomes insolvent or bankrupt or goes into liquidation or receivership whether compulsory or voluntary;
- e) HPC decided at any time to abandon the project;
- f) A suitable strategic partner willing to purchase share holding of HPC in HNL is not found and HPC wishes to appoint another Advisor for the sale of HPC's holding in HNL;
- g) ABC is found guilty of any criminal offence in any court of law or of violation of regulations of a statutory body that material adversely affects its ability to carry out the engagement;
- h) In case the event of a conflict of interest during the engagement that materially adversely affects the ability of ABC to carry out the engagement and not remedied within 15 days of arising due to handling of the transaction by ABC as Advisor to the HPC for strategic disinvestment of HNL.

Termination by ABC

2.5.2 ABC may by not less than ten days written notice to HPC terminate the Agreement if:

- a) HPC fails to pay any money to ABC pursuant to this Agreement, which is not subject to dispute pursuant to Clause 6, within thirty days or any further extended period of time as may be agreed between the Parties after receiving written notice from ABC that the payment concerned is due/overdue;
- b) HPC is in breach of its obligations under this Agreement and has not remedied the same within thirty days (or such period as ABC may have been subsequently approved in writing) following the receipt by HPC of ABC's written notice specifying the breach. Provided that HPC shall not be held to be in breach of any obligation under this Agreement if breach arises as a result of failure on the part of ABC to meet ABC's obligations under this agreement;
- c) HPC shall have failed to comply with any final decision reached as a result of arbitration pursuant to Clause 6
- d) HPC is unable as a result of Force Majeure to perform its obligations for a period of not less than sixty days.

2.6 Cessation of Rights and Obligations

2.6.1 On termination pursuant to any part of Clause 2.5 and / or expiration of this Agreement all rights and obligations of the Parties shall cease, except

- (i) rights and obligations that have accrued as of the date of termination or expiration.
- (ii) any right which a Party have under law and
- (iii) the obligations in Clauses 3.2, 3.3 and 4.3.

2.7 Cessation of Services

2.7.1 On the termination of this Agreement by notice of either Party to the other pursuant to Paragraphs 2.5.1 and 2.5.2 ABC will take all necessary steps to bring the services to a close within thirty days of the receipt of the notice of termination. Upon cessation of services either on expiry of termination (including

earlier termination) of the agreement hereunder ABC shall hand over to HPC such material documents and records prepared directly by ABC in connection with the services whether in final or draft form, complete or in the process of being completed, on paper and if applicable floppy diskettes together with material documents and records as provided by HPC to ABC save the copies thereof will be allowed to be retained by ABC for their files.

3. Obligations of ABC

3.1 Scope of Services

3.1.1 HPC proposes to divest its share holding in HNL to a prospective strategic partner, and for that purpose have appointed ABC as Advisor to advise and assist HPC in selection of the prospective strategic partner, to maximize realization from the sale of its shareholding.

3.1.2 ABC's scope of services as Advisor to HPC shall include the services as set out below to assist and advise HPC in identifying, negotiating and concluding the strategic sale with the most appropriate partner, keeping in view HPC's strategic objectives and evaluation criteria for the strategic partner, however it is clarified that the decision whether to proceed with and consummate the transaction lies solely with HPC and the work and findings of ABC shall not in any way constitute recommendation as to whether HPC should or should not consummate the transaction.

The ABC's service shall include the following:

Phase I: Transaction strategy

3.1.3 ABC shall, in consultation with HPC evolve a transaction strategy covering modalities, timing of disinvestment and the timeline for various activities. ABC will assist HPC and will not associate in any manner, directly or indirectly, any other party or the buyer in the present transaction, in analyzing possible transaction strategies from the perspective of HPC and the strategic partner. ABC would analyze the positive and negative financial aspect of each of these alternative strategies.

3.1.4 ABC shall advise and assist HPC in identifying and selecting specialized professional intermediaries required for the transaction to be appointed by HPC and their work to be coordinated by the ABC.

Phase II: Partner log

- 3.1.5 Working closely with HPC, and drawing upon knowledge of ABC or of prospective strategic partners, ABC will develop a list of potential strategic partners with sufficient interest and apparent resources to enter into a transaction with HNL/HPC. In doing so, ABC would:
- Use its international offices and network;
 - Use its contracts and industry knowledge; and
 - Include any other partners HPC would like to consider.
- 3.1.6 ABC will obtain and develop information on each of the potential strategic partners identified, so that together ABC&HPC can place in priority those strategic partners, which have the best potential for consummating the transaction with HPC. In doing so, ABC will use its global presence and long-standing relationships with potential strategic partners who may be ABC's global clients.

Phase III: Information Memorandum

- 3.1.7 The next phase is to incorporate the financial data and other relevant information of HNL into an Preliminary Information Memorandum/Confidential Information Memorandum. The purpose of this Memorandum is to provide prospective strategic partners with information on the business and the unique selling points of HNL so as to enable them to decide whether to provide initial indications of interest and initiate serious discussions.
- 3.1.8 This Memorandum would contain information relating to the following areas:
- Background of HNL and key features that differentiate it from its competitors;
 - Current activities;
 - Rationale for divestment and inviting a strategic partner;
 - Product profile;
 - Manufacturing facilities;
 - Financial performance;
 - Management;
 - Customers and suppliers;
 - Contracts;
 - Research and development activities;
 - Details of surplus real estate assets; and
 - Any other relevant details.

3.1.9 The Information Memorandum so prepared will be made available on a confidential basis to interested strategic partners. ABC will take approximately six weeks to prepare the Information Memorandum once ABC has been provided with all the necessary data.

Phase IV: Pricing Analysis

3.1.10 ABC will assist HNL/HPC in performing a pricing analysis of the Company. In performing the pricing analysis ABC proposes to use the 'discounted cash-flow' approach, the 'relative valuation' approach and the 'asset based valuation' approach to determine a range of fair values.

3.1.11 The pricing analysis will be based on illustrative profit projections and the information provided by HNL/HPC to ABC. The projections would show a possible outcome based on the assumptions as per the business plan prepared by the management of HNL ('the Management'). It is clarified ABC must emphasize that the realization of the projections would be dependent on the continuing validity of the assumptions on which they are based. ABC's review therefore shall not, and cannot be directed to providing any assurance about the achievability of the financial projections. Since the projections relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

3.1.12 ABC will present its findings in the form of a Pricing Analysis within three weeks of completing the Information Memorandum and receipt of any additional information of that it may require for this purpose. This will allow HPC & ABC to discuss a range of supportable asking prices. ABC's findings will be subject to the following conditions and limitations:

- The findings can serve as only one input to the process of negotiating a price, the actual terms will be set through direct negotiations;
- The findings are solely for the internal use;
- Events subsequent to the date of ABC's analysis may materially alter our estimate; and
- The findings are based upon the information provided to ABC by HNL/HPC.

Phase V: Partner Approach

3.1.13 ABC will initiate contacts with only prospective strategic partners on an agreed list. If the prospective strategic partner indicates a sufficient level of interest in

the businesses, and if HPC instructs, ABC will forward the Information Memorandum to them upon receipt of a signed Confidentiality Agreement.

3.1.14 ABC will control the release of any further information based on the level of interest evinced by the potential strategic partner and after obtaining HPC's approval.

Phase VI: Negotiations and deal support

3.1.15 ABC will assist and provide inputs to HPC during the negotiation process with the prospective partner by:

- Discussing the pricing analysis;
- Negotiating the financial terms;
- Outlining preferable terms;
- Briefly describe the tax and accounting implications of each proposal;
- Suggesting counterproposal alternatives;
- Communicating with interested parties;
- Reporting potential problems to HPC;
- Evaluating alternative financial structures;
- Assist in negotiating the terms and conditions of the shareholders agreement; and
- Assisting in negotiating sessions leading to a transaction.

3.1.16 ABC will be present at all meetings and handle all necessary arrangements during the negotiation process.

Phase VII: Facilitating due diligence review

3.1.17 ABC will assist HNL in the smooth conduct of the due diligence process.

Phase VIII: Completion of the transaction

3.1.18 If Parties express continuing interest, ABC will assist HPC in concluding the transaction. In doing so, ABC will work alongside HNL / HPC's legal counsel to incorporate the terms and conditions of the transaction into a joint venture agreement. However, on account of the peculiarities and complexities of this transaction, it will be crucial that the legal counsel take full responsibility of documentation and completion. The law firm will be appointed directly by HNL / HPC and any fee payable to them will be paid directly by HNL / HPC.

3.2 Confidentiality

- 3.2.1 ABC and Personnel of ABC shall not, during the term of this Agreement, and for a period of one year commencing from the date of terminating or expiry of this Agreement, disclose to any party other than HPC/HNL, other concerned consultants, valuers, lawyers or any information (other than publicly available information) relating to the services, this agreement, HNL's business or operations without the prior written consent of HPC, unless such disclosure is requested by any statutory or regulatory or judicial/ quasi – judicial authority constituted under the laws of India and having jurisdiction over a Party, or unless such disclosure is required in connection with any litigation affecting a party, or unless such disclosure is necessary to perform ABC's services or obligations under this Agreement or unless such information has entered the public domain other than by a breach of the Agreement.
- 3.2.2 Provided that no confidentiality is required to be maintained in respect of disclosure required and made on account of marketing strategy/ies agreed upon among the parties. External professionals appointed, if any will also be bound by such requirement/s of confidentiality as may be stipulated by HPC.

3.3 Indemnification of HPC by ABC

- 3.3.1 ABC agrees to indemnify and hold harmless HPC officers, employees and representatives of HPC (each, an "Indemnified Person") from and against any claim, loss or liability (including without limitation reasonable fees and expenses of solicitor and legal counsel) arising out of the negligence or willful misconduct of ABC or its personnel in providing the services.
- 3.3.2 In the event that ABC disputes an indemnity claim of an Indemnified Person, any amounts to be paid by ABC will be finally decided by the Arbitration Tribunal or courts of law. It is understood and agreed that an indemnified Person shall not press for any payments to be made on account of an indemnity claim, within the period of limitation prescribed for the preferment and / or filing of appeals or revision from awards/orders/judgments/decrees, if the Indemnified Person has notice from ABC that legal action and /or appeal is intended.
- 3.3.3 HPC will have to be given notice of a dispute of the claim by ABC within fifteen days of the receipt of Notice of Claim.

3.4 Limitation of liability

- 3.4.1 In the particular circumstance of this case, HPC agrees that the aggregate liability of ABC and directors, officers and employees and representatives of ABC

(Whether direct or indirect, in contract or tort or otherwise) to HPC arising out of this Agreement, including any indemnity liability as per clause 3.3 above, shall be limited to the aggregate fees actually payable to ABC under this Agreement by HPC.

3.5 Documents Prepared by ABC

3.5.1 HPC and ABC agree that the analysis provided to HPC is for the use and information of HPC for the strategic sale/disinvestment of HPC's stake in HNL. ABC shall own no responsibility to any action taken by any other person based on any advice given by ABC to HPC.

3.6 ABC's Personnel

3.6.1 For the services ABC shall deploy such personnel as are qualified and experienced in the opinion of ABC to carry out the services. Provided that in the event HPC, at any point in time while the services are being carried out, expressly communicates to ABC the opinion that any of the Personnel need to be substituted for ABC will take into account such opinion and will not unreasonably continue to deploy such personnel to carry out the services.

4. Obligation of HPC

4.1 Assistance

4.1.1 HPC/HNL shall provide to ABC all relevant information and particulars in the possession of HPC and which they have legal authority provide and all assistance required by ABC to enable ABC to perform it services.

4.1.2 Further, HPC shall issue to officials, agents and representatives of HPC/HNL such instructions as it is competent to issue as may be specified by ABC as being necessary or appropriate for the prompt and effective rendering of the services.

4.1.3 In the event that any such information and particulars are not in the possession of HPC and HNL or in the event that HPC and HNL do not have the legal authority to provide information and particulars to ABC or in the event that assistance sought by ABC cannot be provided or in the event that instructions as specified by ABC cannot be issued then HPC shall forthwith inform ABC of their inability.

4.1.4 HPC shall evolve a proper mechanism to take decisions and to communicate to ABC in writing regarding these decisions. HPC shall accept full responsibility for the contents of the document/s or announcement/s that it may require and authorize ABC to issue, sign or execute.

4.2 Access to information and decision

4.2.1 HPC shall keep ABC informed of any material developments or facts of proposals in relation to the business or operations of HNL and in particular where these may have any effect on the agreement or in execution of ABC's services.

4.2.2 HPC shall not require/insist on ABC to issue or approve, or to arrange for the issue or distribution of a particular document or announcement, if at any time ABC becomes aware of information which, in the opinion of ABC after due consultation with HPC, renders the document or announcement untrue, incomplete untrue, incomplete or misleading in any material respect.

4.3 indemnification of ABC by HPC

4.3.1 HPC agrees to indemnify and hold harmless ABC and directors, officers, employees and representatives of ABC (each an "Indemnified Person") from and against any claim, loss or liability (including without limitation reasonable fees and expenses of solicitor and legal counsel) arising out of ABC's engagement hereunder and / or directly or indirectly arising as a consequence of any statement, data, representation or other information, whether included in any information memorandum or advertisement or otherwise given in the performance of the services, which had been provided and/ or approved by HPC. Provided that the above mentioned indemnity to Indemnified Person(s) shall only be available in case of the liability or loss arising out of the negligence or willful misconduct of the HPC or its employees under this Agreement.

4.3.2 In the event that HPC disputes an indemnity claim of an Indemnified Person, any amounts to be paid by HPC will be as finally decided by the Arbitration Tribunal or by the court of law, It is understood and agreed that an Indemnified Person shall not press for any payments to be made on account of an indemnity claim, within the period of limitation prescribed for the preferment and / or filing of appeals or revision from awards/ orders/ judgment/ decree, if the Indemnified Person has notice from HPC that legal action and / or appeal is intended.

4.3.3 ABC will have to be given notice of a dispute of the claim by HPC within fifteen days of the receipt of Notice of Claim.

4.3.4. In the particular circumstances of this case, ABC agrees that the aggregate liability of HPC and its officers, employees and representatives of HPC (whether direct or indirect, in contract, tort or otherwise to ABC arising out of this Agreement, including any indemnity liability as per clause 4.3 above shall be limited to the aggregate fees actually payable by HPC to ABC under this Agreement.

4.3.5. The provisions of the clauses 3.3 and 4.3 above shall be operative in full force and effect regardless of any termination or expiration of this Agreement.

5. Payment of ABC

5.1 Currency of payment

5.1.1 Except as may be otherwise agreed in this agreement and/or other written agreement between the parties, all payments due to ABC under this agreement shall be made in Indian Rupees.

5.2 Payments

5.2.1 In consideration of the services performed by ABC under this agreement HPC shall pay to ABC the following:

Success fee:

5.2.2 HPC shall pay ABC point ----- percent (-----%) of the gross consideration to be paid by the strategic partner to HPC for purchase of HNL. The success fee shall be payable on the completion of the services as defined in Clause 3.1 signified by the signing of the shareholders agreement by the HPC and the strategic partner.

5.2.3 The Gross Consideration includes the consideration made available to HNL or the HPC. The Gross consideration also covers any staged payments or payments/investment through equity as long as it is a payment in lieu of the HPC's stake in HNL on the date of signing the shareholders' agreement.

Earlier Termination Fee:

5.2.4 In the event that the agreement is terminated as per Paragraph 2.5.1 (e), HPC shall pay to ABC a drop-dead fee as defined in the RFP. All payment to ABC shall be subject to deduction as per applicable laws in India.

5.3 Mode of Billing and Payment

5.3.1 As soon as practicable, after ABC is entitled to receive the amount under Clause 5.2 above, ABC shall send to HPC invoice for the amount due. The said fee/ payment shall be payable by HPC to ABC within 30 days of the date of entitlement and /or date of submission of claim of ABC whichever is later.

5.4 Changes in Scope of Work

5.4.1 If HPC requests a change in the scope of work beyond the definition of 'Services', payment for the additional work will be determined based on the agreed scope of effort to be employed by ABC subject to the agreement of the parties on all issue involved,

5.5 Expenses of Parties

5.5.1 In performing its services, ABC shall bear the following expenses:

- (a) All fees and expenses related to external professionals appointed by ABC; and
- (b) All out of pocket, travelling/hotel and other cost, charges and expenses incurred by ABC or its officers, employees or agents in connection with performing any services, save and except Clause 5.5.2 which shall be borne by HPC.

5.5.2 HPC shall bear the following expenses:

- (a) Fees and expenses related to external legal Advisors for drafting and providing shareholders agreement and such other related agreements related to the strategic sale;
- (b) Fees and expenses related to external professionals appointed by HPC and HNL, including fees and expenses, if any related to HNL's auditors and HPC's own legal Advisors;
- (c) Travelling/hotel and other cost incurred in connection with domestic or international travel of HPC/HNL's personnel, officers and employee;

- (d) All advertisement and printing expenses relating to the services under this agreement; and
- (e) Restructuring costs, if any, as per clause 5.4 hereof.

5.5.3 The parties shall bear the cost of their respective telephone calls, facsimile transmission, couriers, dispatches and postage.

6. Arbitration

6.1 Amicable Settlement

6.1.1 The Parties shall use their efforts to settle amicably all disputes/differences arising out of or in connection with this agreement or its interpretation.

6.2 Arbitration

6.2.1 Any dispute or difference between the Parties as to matters arising under this agreement which cannot be settled amicably within thirty days after receipt by a Party of the other party's request for amicable settlement may be submitted by a Party to arbitration in accordance with the provisions of Paragraph 6.2.2.

6.2.2 Subject to Paragraph 6.2.1 of this Clause 6.2, in the event of any dispute, controversy or claim arising between the Parties hereto out of or in connection with this agreement or interpretation of its terms, including without limitation, its validity, enforcement, breach, performance, termination or expiration, such dispute, controversy or claim shall be finally settled by arbitration. The arbitration shall be conducted at New Delhi in accordance time and rules framed there under.

- (a) The arbitration tribunal shall consist of three arbitrators to be selected and appointed by mutual agreement of the Parties. The language of the arbitration shall be English.
- (b) the arbitrators appointed under Paragraph 6.2.2 sub-clause (a) shall be legal and/or technical experts with extensive experience in relation to the matters in dispute.
- (c) Any arbitration tribunal established hereunder shall state the reasons for its decisions in writing and shall make such decisions entirely on the basis of the Governing law.

7. Representations

7.1 HPC represents and warranties of HPC

7.1.1 HPC represents and warrants that:

- (a) HPC has full power and authority to enter into this agreement and to execute, deliver and perform its obligations under this agreement, and to carry out the transaction contemplated hereby;
- (b) it has taken all necessary steps required for the authorization, execution, delivery and performance of this agreement;
- (c) This agreement constitutes legal, valid and binding obligations upon HPC enforceable against it in accordance with the terms hereof;
- (d) No representation or warranty by or information from it contained herein or in any other document furnished by it or on its behalf by HNL to ABC contains or will contain any untrue statement of material fact or omit to state a material fact necessary to make such representation or warranty or information not misleading;
- (e) The execution, delivery and performance of this agreement will not conflict with any covenant, agreement, understanding, decree or order to which it is a Party.

7.2 Representation and Warranties of ABC

7.2.1 ABC represents and warrants that:

- (a) ABC is duly organized. Validly existing and in good standing under the laws of jurisdiction of its incorporation;
- (b) ABC has full power and authority to execute, deliver and perform its obligation under this agreement and to undertake the services contemplated herein;
- (c) ABC has taken all necessary corporate and other action under relevant laws and its constitutional documents to authorize the execution, delivery and performance of this agreement;
- (d) This agreement constitutes legal, valid and binding obligations enforceable against ABC in accordance with the terms hereof;

- (e) ABC is subject to civil and commercial laws of India with respect to this agreement and it hereby expressly irrevocably waives any immunity in any jurisdiction in respect thereof;
- (f) ABC is not debarred from performing the services on account of any litigation;
- (g) The execution, delivery and performance of this agreement will not conflict with any of the terms of the ABC's memorandum and articles of association or any covenant, agreement, understanding, decree or order to which it is party or any onHPCng assignment;
- (h) No representation or warranty by or information from it contained herein or in any other document furnished by it to HPC contains or will contain any untrue statement of material fact or omits or will omit to state a material fact necessary to make such representation or warranty or information not misleading.

8. Other Terms of Agreement

8.1 Fairness and Good Faith

Good Faith

8.1.1 The parties undertake to act in good faith with respect to one and others rights under the agreement and to adopt all reasonable measures to ensure the realization of the objectives of this agreement.

8.1.2 Integrity and Ethics

The parties undertake to avoid all forms of corruption by following a system that is fair, transparent and free from influence and prejudice, prior to, during or subsequent to the currency of the contract.

The ABC commits itself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of its bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it.

The HPC undertakes that during the pre-contract stage, it shall treat all bidders alike and will provide to all bidders the same information and will not provide any such information to any particular bidder which could afford advantage to any particular bidder in comparison to other bidders.

Any breach of aforesaid provisions by ABC or its employees or authorized representatives, shall entitle HPC to take all or any one of the following actions, wherever required:-

- (i) forfeiture of performance guarantee;
- (ii) to immediately call-off the pre-contract negotiations without assigning any reason or providing any compensation to ABC;
- (iii) to debar ABC from participating in any bidding process in future for a minimum period of 5 years.
- (iv) to cancel all or any other contract signed with the ABC.
The HPC will be entitled to initiate the criminal liabilities as well.

Operation of the Agreement

8.1.3 The Parties recognize that it is impractical in this agreement to provide for every contingency and possibility which may arise during the life of the agreement (in respect of the services) and the Parties agree that it is their intention that this agreement shall operate fairly between them and without detriment to the interest of either of them and that if during the term of this agreement, a party believes that this agreement is operating unfairly, the parties will use their best efforts to agree on such action as may be necessary to remove the cause of causes of such unfairness, but no failure to agree on any action pursuant to this Clause shall give rise to a dispute to arbitration in accordance with Clause 6.

8.2 Publicity

8.2.1 The Parties shall consult each other on any publicity, press releases, advertisement and publications and public statements concerning the services and this agreement in advance, before release. If HPC completes the transaction, ABC reserves the right to publish an announcement of ABC's role. The text if any such advertisement will be subject to HPC's approval, which will not be unreasonably withheld.

8.3 Waivers

8.3.1 No failure or delay of a Party hereto in exercising any right of remedy hereunder shall operate as a waiver thereof nor will any single or partial exercise of any right or remedy preclude any other or future exercise, of any right and remedy. The right and remedies provided in this agreement are cumulative and not exclusive of any rights and remedies provided by law.

8.4 Waiver of Sovereign Immunity

8.4.1 HPC hereby waives any immunity from jurisdiction of any court of arbitration proceeding or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution of judgment or otherwise) in respect of itself and/or any of its property, save and except for military property, military assets, present and future premises and assets of the missions/ consulates and the constitutional authorities and their offices and assets required for scientific and technological activities of HPC.

8.5 Liability to pay stamp duty

8.5.1 The stamp duty, if any, payable on this agreement and its counterparts shall be paid by HPC.

8.6 This agreement has been prepared and signed in two originals, one to be retained by each party.

IN WITNESS WHEREOF of Parties have caused this agreement to be signed as of the day and year first above written.

Annexure-3

FORMAT FOR THE DEAL TEAM

Certified that the deal team would comprise of the following:

S.No.	Name	Expert in the field of	Qualification	Experience	Remarks
1	Shri	strategic disinvestment			
2	Shri	Valuation			
3	Shri	documentation of strategic disinvestment			
4	Shri				

Seal with Signature of the authorized signatory of the bidder

Annexure-4

BID NO.HPC/SS/HNL/TA/2017/04 DATED 13th April, 2017

FORMAT OF UNCONDITIONAL BID ON THE LETTERHEAD OF THE BIDDER

This is to certify that the fee quoted by us for engagement as Advisor for disinvestment through strategic sale of ABC is in accordance with the terms and conditions laid down in the Request for Proposal displayed on the website of the Department of Heavy Industry and is unconditional.

Seal with signatures of authorized signatory of the Bidder

Annexure-5

Format of Financial Bid on the Letterhead of the Bidder

Sl. No.	Description of work	Fee (all inclusive) in INR
1.	Transaction Fee as a percentage of the disinvestment net proceeds i.e. the amount to be received in HPC Bank Account. All other expenses will be borne by _____ (Name of the bidder)	(In Numbers)
2.		(In Words)

Note:

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

Seal with signatures of authorized signatory of the Bidder