

## **ANNEXURE-A**

### **Scope of work : Operation of BEML SEZ Warehouse**

BEML acquired 25 acres of land on lease from KIADB at Devenahalli, SEZ Aero Space Karnataka and obtained a Letter of Approval from the Development Commissioner, Cochin SEZ, for the manufacturing activity. Subsequently in the month of May, 2024 BEML under broad banding obtained an approval for inclusion of additional services to conduct Warehousing Storage and allied support services.

BEML SEZ Warehouse OperationArea :At first stage the warehouse of 5000Sq feet is planned to be operational from Dec'24 which will further be expanded with another warehouse of area 50000 Sq Feet.

BEML Limited is exploring to find a suitable service partner to handle all the operations and administrative work at the BEML SEZ Warehouse and also to assist in the development of warehouse business operations by marketing warehouse space in the capacity of a SERVICE PARTNER.

### **1. SCOPE OF WORK FOR SEZ WAREHOUSING OPERATIONS**

- ❖ Inbound process in Warehouse
- ❖ Outbound process in Warehouse
- ❖ Communication
- ❖ Documentation
- ❖ Inbound Process at Seaport and Airport
- ❖ Transshipment to SEZ
- ❖ Coordination (In India and overseas for all Inbound activities)
- ❖ Safety Norms

#### **In-bound Modes:**

- ❖ Port to SEZ Warehouse
- ❖ ICD (Bangalore) to SEZ Warehouse
- ❖ CFS to SEZ Warehouse

- ❖ DTA to SEZ warehouse (Deemed Export)
- ❖ Airport to SEZ Warehouse
- ❖ Other Zones (FTWZ, SEZ WAREHOUSE, EOU) to SEZ Warehouse
- ❖ Return of Material from DTA

### **Out-bound Modes**

- ❖ SEZ Warehouse to DTA
- ❖ SEZ Warehouse to PORT (FCL EXPORT)
- ❖ SEZ Warehouse to AIRPORT/CFS (LCL EXPORT)
- ❖ SEZ Warehouse to SEZ
- ❖ SEZ Warehouse to EXHIBITIONS (Temporary removal)

### **Operations Process**

- ❖ Inbound Planning
- ❖ Laden Container (Truck) Gate-in
- ❖ Customs Yard Operations
- ❖ Inbound
- ❖ De-vanning and put away at location
- ❖ Empty Container (Truck) Gate-Out
- ❖ Inbound Job card

### **Co-ordination**

- ❖ Inbound Co-ordination
- ❖ Out bound Co-ordination
- ❖ Regulatory agencies
- ❖ Internal Audit
- ❖ Customs complaint redressal

### **LIST OF VALUE OPTIMIZATION SERVICES (VOS) IN SEZ WAREHOUSE**

- ❖ Common process for all Value Optimisations (VOS) activities
- ❖ Costing & Quotation
- ❖ Pre VOS-Activities at SEZ WAREHOUSE Warehouse/s
- ❖ Physical Movement of Stock
- ❖ Physical VOS activity
- ❖ Post-VOS activities

### **Process flow for key VOS Activities**

- ❖ Sorting
- ❖ Picking

- ❖ Quality Check
- ❖ Labelling
- ❖ Re-packing in Carton
- ❖ Kitting
- ❖ Others

### **Process Rules**

- ❖ Reporting
- ❖ Record Keeping
- ❖ VOS Process Flow

## **2. Marketing of Warehousing Space**

- ❖ Explore business opportunities with various Customers across India & Abroad
- ❖ Sales promotion. Offering quotes. Participation in tenders and converting into contracts.
- ❖ Ensure maximum utilization / Selling of warehousing space.
- ❖ Conduct periodical sales reviews. Submit quarterly, half yearly and Annual sales projection / plans.

## **3. Advisory Services**

Service Partner will provide business development as well as regulatory advisory for the growth and smooth functioning of the operations. This includes regulatory advisory related to SEZ authority, KIADB authority and Customs authority.

## **4. BUSINESS PROPOSITION FOR REVENUE SHARING**

Business can be generated by BEML alone or Service Partner alone or jointly by BEML and Service Partner. In all these three cases where the business is generated by Service Partner or BEML or jointly it should be taken as a combined effort so as to avoid any mis-understanding or competition between BEML and Service Partner.

Charges from service partner will be based on the operating services provided in managing the warehousing and the marketing for the growth of the business venture.

List of services which will be provided by the service partner as part of warehouse operation and allied service are listed under Annexure-C (Price Bid format) . Invoice for these service catered shall be submitted on monthly basis to BEML.

The revenue sharing annually is proposed at 70:30 ratio (BEML: Service Partner) on the net annual profits arrived. The ratio can be mutually discussed and agreed upon during finalization of contract.

**Note 1:** BEML is setting up a warehouse in Bangalore -SEZ and thereby incur a cost for purchasing fixed assets and current assets. The depreciation will be loaded on fixed assets and shall be deducted from the Profit and loss account. The net figure arrived after deducting the depreciation and taxes will be taken up for calculating the profit margins.

## 5. Work Share Matrix:

Stages of work, manpower deployment, scope of payment proposed are given below:

SI No	PARTICULARS	Scope of Service Partner	Scope of BEML
1	<b>OPERATION</b>	✓	
	- Documentation	✓	
	- Inward transportation	✓	
	- Unloading	✓	
	- Stacking	✓	
	- Packing	✓	
	- Re-packing	✓	
	- De-Stacking	✓	
	- Loading	✓	
	- Outward transportation	✓	
	- Administration	✓	✓
	- Finance & Accounts	✓	✓
	- Commercial	✓	✓
	- Marketing	✓	✓

	-Security		✓
	-House keeping	✓	
3	<b>MACHINERY &amp; EQUIPMENT</b>		✓
	- Rental charges		
	- Lease Charges		
	- Maintenance charges		
	- Repair charges		
	-Purchase of Machinery & equipment		
4	<b>UTILITY</b>		✓
	- Electricity charges		
	- Genset fuel		
	- Telephone bills		
	- Water charges		
	- Packing charges		
	- Books and stationery		
5	<b>SAFETY &amp; SECURITY</b>		✓
	Security Equipment (CCTV)		
	Fire alarm, extinguishers, sprinklers		
6	<b>STATUTORY</b>		✓
	- Government fee		
7	<b>CONSULTING</b>		✓
	- Consultant fees		
	- Third party opinions		
	- Project reports charges		
8	<b>MARKETING &amp; ADVERTISING</b>	✓	✓
	- Print media and Social media		
	- Flyers and pamphlets		
9	<b>SUNDRY</b>		✓
	- General office expenses		
	- Staff welfare		
	- Office equipments		
10	Logistic	✓	

**NOTE 2:** With respect to freight and other cost; Service Partner shall be transparent in furnishing the sell rates and buy rates. All cost aspect will be brought to the notice of BEML while fixing up the rates.

**NOTE 3 :** For all the services rendered for operation of warehouse, it will be billed to BEML SEZ on monthly basis. Payment towards all these payment will be booked as expenditure for final annual accounting. Expenditure towards marketing by BEML and manpower of BEML deputed at BEML SEZ Warehouse will also be booked as expenditure. Expenditure towards marketing by Service Partner will not be booked as expenditure, as there is no capital invest from service partner and there is share of profit/loss at the end of financial year (Apr-Mar). All expenditure associated to provide the services listed under Annexure-C (price bid format) such as : manpower cost (salary), personal transport, food, PF, personal insurance etc will be borne by the service partner.

**NOTE 4:** All expenditure will be monitored and controlled by Expenditure committee consisting member of Service Partner and BEML. The committee will be headed by the chief of BEML SEZ Unit.

**NOTE 5:** Since BEML SEZ unit is mandated to realize its revenue in foreign currency from customers. Therefore, service provider should endeavor to onboard said clients only.

Additionally, Ministry of Commerce and Industry have issued Instruction No. 117 dated: 24.09.2024 regarding Guidelines for Operational Framework of FTWZ and warehousing Units in SEZs needs to be adhered to for onboarding any client and any violation will be considered seriously.

## **6. Timeline to start business**

Commencement of business will be from the month of **December 2024**. The initial contract period may be for a **five year** period and renewal of the same from time to time based on the performance.

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