

Clarifications to the queries raised by one of the Consultants on the RFP for Selection of Consultant for the preparation of turn around strategies of HLL

RFP No.: HLL/CHO/SP/RFP/2017-18/01 dated 19th July 2017

1. Are following subsidiaries included in the analysis?

- a. **HLL Biotech limited**
- b. **HLFPPT: Not-for-profit social enterprise**

Clarification: No. HLL Biotech Limited and HLFPPT will not be a part of the consultancy exercise.

2. Would HLL have an underlying problem statement that needs to be addressed and an envisioned to-be state for HLL the consultant needs to work towards?

Clarification: HLL's topline has been growing at a steady rate during the last decade by expanding its core business and also by venturing into new business namely Infrastructure and procurement consultancy, Diagnostic Services & Retail Pharmacies. The bottom-line also has been increasing in absolute terms during this decade, though in %age terms it has been stagnant. However, during the year 2016-17 the company experienced major decline in the profitability due to margin pressures in its core business (manufacturing sectors) and liquidity constraints. The new businesses did not add up to the margins as planned. The consultant shall propose strategies, which shall facilitate the improvement of the overall business performance of the company.

3. Please share additional information with respect to the scope involved in financial re-organization?

Clarification: The Company had been following different financial models for business across various divisions. The consultant shall advise better/alternative financial models to suit the current/future business requirements so as to ensure sufficient liquidity in operations. The financial re-organization also needs to include capital and/or corporate reorganization.

4. Would disinvestment analysis of Business Division or Product/Service line be part of the scope?

Clarification: Disinvestment of HLL as such being a PSU will be dealt separately and is not part of the scope. The consultant shall analyze the performance of business divisions of HLL and identify those segments, which are not profitable now, can these

businesses be made profitable within a time frame and to recommend whether to continue or exit - close down these Businesses.

5. An assumption is to consider India as one market. Does the scope include designing geographical expansion at a State or National level?

Clarification: Yes we consider India as local, domestic market and by Global; we mean the export of our products to overseas markets. In depth market (state wise) expansion plan need not be prepared by the consultant. However, the design shall cover the expansion of north, east and west regions based on the market potential.

6. HLL has presence in 115 countries. Does the scope include analysis of HLL business in all of your international markets or only select corridors based on materiality?

Clarification: Selective analysis to be done based on the existing markets vis-à-vis markets that are potential for HLL.

7. The scope includes Cost Reduction. Does the scope mandate analysis at operating level (supply chain, inventory management, purchase, etc.) or only high level analysis of product profitability?

Clarification: Yes the scope shall include analysis at operating level which includes supply chain, inventory management, purchase, production, productivity & manpower rationalization, etc.

8. The RFP factors 4 weeks for the engagement, considering the scope of this engagement, could HLL consider revising the timelines to 6 - 8 weeks

Clarification: The time period for completion of the scope of work shall remain unchanged. i.e. 4 weeks from the date of issue of LOA to the consultant.

9. The engagement fee is payable on completion and acceptance of deliverables by HLL. This will lead to a working capital lock up at our end. Could HLL consider a staggered milestone based payment intervals?

Clarification: The study envisages a short period of duration: 4 weeks. Upon acceptance of the final report, HLL will make the payment.