

Government of India
Ministry of Defence
D(Proc-I)

Sub: **Business dealing with M/s Denel, South Africa – regarding –**

Ref: MoD ID Nos. i) 19(1)/2005/D(GS-IV) dated 20.4.2005
ii) 10(1)/2005/D(GS-IV) dated 21.4.2005
iii) 33(1)/2005/D(GS-IV) dated 16.6.2005

Vide the above referred communications, instructions were issued by D(GS-IV), MoD regarding 'Putting on Hold' all dealings with M/s Denel, South Africa and that no further payments be made to the concerned firm.

2. These instructions were issued in the context of press reports appearing in two South African newspapers 'Cape Argus' and 'the Independent' alleging payment of money by M/s Denel, South Africa for the contract signed with Indian Government on 7.3.2005.
3. A case was also registered by CBI on 6.6.2005. The CBI in its Final Closure Report had recommended closure of the case. The Hon'ble Special Judge (PC Act), CBI-03, Patiala House Court, New Delhi vide its order dated 30.4.2014 accepted the Final Closure Report of CBI.
4. Subsequently, in pursuance of Guidelines of MoD for Penalties in Business dealing with entities issued on 21.11.2016 & 30.12.2016, action to review the case of M/s Denel was initiated and a Committee was constituted for the purpose. The said Committee, in its report, inter alia, recommended that the dealings with M/s Denel may continue to be put on hold till the resolution of litigation issues with M/s Denel.
5. In the meantime, in view of protracted litigations pending in different courts in the country, the attempts were being made through Indian High Commission, Pretoria, South Africa to resolve the issue in an out of court settlement to bring the case to its conclusion.
6. The South African side had also proposed to keep litigation in abeyance till possible amicable settlement is arrived at in the matter. Accordingly, directions were issued to all wings of MoD to further issue instructions to their lawyers to move applications before the respective Hon'ble Courts to seek three months' time for making an attempt to arrive at out of court settlement. Accordingly, all the concerned wings were advised on 16.4.2018 to issue such instructions to their lawyers and IHC, Pretoria were informed to seek proposal for out of court settlement from South African side.
7. The South African delegation had visited MoD during 16-19 July, 2018 and negotiated on the draft Settlement Agreement. The final Settlement Agreement has been signed on 19.7.2018 by MoD with the South African side.

8. In pursuance to para-5 of the said Settlement Agreement and the fact that the closure report filed by CBI in the Ld. Court of Special Judge, Patiala House, New Delhi in the CBI case has been accepted by the Ld. Court of Special Judge on 30.4.2014, the extant instructions dated 20th, 21st April, 2005 and 16th June, 2005 whereby the business dealing with M/s Denel were 'Put on Hold' have been reviewed and it has been decided to remove the restrictions in dealing with procurement cases involving M/s Denel, South Africa with immediate effect.

9. These instructions will be applicable to all the future procurement cases involving M/s Denel, South Africa.

10. This issues with the approval of the Raksha Mantri.


(Rajender Kalwani)
Deputy Secretary(Proc.)

SA to RM	Secretary(DP)	FA(DS)	Secretary(R&D) & DG, DRDO
VCOAS	VCNS	VCAS	CISC
DG(Acq)	AS(SC)	AS(JN)	AS(DP)
DG(CG)	AS&FA(Acq)	CGDA	DG(WE)
JS&AM(LS)	JS&AM(MS)	JS&AM(Air)	MGO
JS(Air)	JS(Army)	JS(Trg & CVO)	JS(LS), DDP
JS(Navy)	FM(LS)	FM(MS)	FM(Air)
JS(PIC)	TM(MS)	TM(Air)	DDG(PPO), MGO
TM(LS)	PS to RM	PS to RRM	SO to Defence Secretary

MoD ID No. 5(2)/2010/D(GS-IV)/Proc-I dated: 5th September, 2018

Copy also to : i) Dir(Vig.) for removing the name of M/s Denel from the list of vendors with whom business dealings have been suspended or put on hold.
ii) US, D(IT) for uploading on the webpage of the Ministry.