



इण्डियनओवरसीज़बैंक

Indian Overseas Bank

तनावग्रस्त आस्ति प्रबंधन विभाग

Stressed Assets Management Department

केंद्रीय कार्यालय, चेन्नै

Central Office, Chennai

NOTIFICATION

Date: 29.08.2022

TRANSFER OF NPA LOAN EXPOSURES

LOT 2 DURING Q2 OF THE FY 2022-23

INVITATION OF BIDS FROM ARCs/ SCBs/ NBFCs/ AIFIs/ SFBs

IOB invites bids from ARCs/ SCBs/ NBFCs/ AIFIs/ SFBs for transfer of Portfolio of NPA accounts under **Open Auction / Swiss Challenge** method in lot 2 during Q2 of the FY 2022-23.

Loans showcased for transfer are as under:

(a) Under Open Auction:

(Amount Rupees in Crores)

| S No. | Title of A/c | No. of A/cs | Aggregate book O/s As on 30.06.2022 | Reserve Price on 25%cash :75%SR basis | Cash Portion (25%) | SR Portion (75%) | Data Centre |
|-------|--|-------------|-------------------------------------|---|--------------------|------------------|---|
| 1. | Portfolio of Unsecured Education Loan NPAs | 12793 | 364.57 | 182.285 (50% of book O/s on 25:75 basis) | 45.57 | 136.715 | Details of data centres for conducting sample due diligence will be shared through email based on request received from ARCs submitting EOIs. |

Note: The Reserve Price is based on the Book O/s as on 30.06.2022, the Reserve Price/ Sale Price shall be proportionately revised to the extent of any part or full recovery and also subject to modification based on the actual no. of accounts subsequent to 30.06.2022, till the cut-off date i.e. date of assignment. Any accounts settled under OTS/ Lok adalat or closed subsequent to 30.06.2022 till the date of auction will be excluded from the list. Final list as on date of auction will be shared with the ARCs submitting EOI.

Terms of transfer on Cash : SR basis

Transfer on Cash cum SR basis will be governed by the following terms & conditions:

- i. The bids shall be given for the portfolio of the accounts on Cash 25% plus SR 75 % basis, preference will be given to Bid with higher cash portion.
- ii. Management fee would be 1.5% per annum of Net Assets Value at the lower end of the range of the NAV specified by the Credit Rating Agency for first 3 years, 1.25% for the 4th& 5th years and 0.75% from 6th year onwards, provided that the same is not more than the acquisition price of the underlying asset. However, management fees would be reckoned as a percentage of the actual outstanding value of SRs, before the availability of NAV of SRs.
- iii. Reimbursable cost and expenses including collection/recovery cost to be charged at 17.5% of gross collection.
- iv. Reimbursement of cost for registration & Stamp duty towards registration of assignment agreement at actuals from Trust account.
- v. Security Receipt will have Pari-passu redemption.
- vi. Excess recovery after redemption of Security Receipts i.e. upside, if any, will be shared by Bank and ARC on 75:25 basis.
- vii. **The ARC to open the related Trust account with IOB only.**
- viii. Bank will engage concurrent auditor for review of operations and transactions of the Trust. ARC should cooperate and submit relevant particulars/ disclosures for audit purpose.

(b) Under Swiss Challenge:

(Amount Rupees in Crores)

| S no. | Title of the A/c | No. of A/cs | Aggregate book O/s as on 16.08.2022 | Reserve Price/ Binding Offer at 45% of book O/s on 28%cash :72%SR basis | Starting Price for counter bid with 5% mark-up (47.25% of book O/s on 28%cash :72%SR basis) | Data Centre |
|-------|------------------------|-------------|-------------------------------------|--|---|--|
| 2 | Portfolio of MSME NPAs | 288 | 90.98 | Cash portion (28%)- 11.46 SRs portion (72%)- 29.48 Total – 40.94 (45% of Book O/s) | Cash portion (28%)- 12.04 SRs portion (72%)- 30.95 Total – 42.99 (47.25% of Book O/s) | Details of data centres for conducting sample due diligence will be shared through email based on request received from ARCs submitting EOIs |

Note: The Reserve Price is based on the Book O/s as on 16.08.2022, the Reserve Price/ Sale Price shall be proportionately revised to the extent of any part or full recovery and also subject to modification based on the actual no. of accounts subsequent to 16.08.2022, till the cut-off date i.e. date of assignment. Any accounts settled under OTS/ Lok adalat or closed subsequent to 16.08.2022 till the date of auction will be excluded from the list. Final list as on date of auction will be shared with the ARCs submitting EOI.

Terms of transfer on Cash : SR basis

Transfer on Cash cum SR basis will be governed by the following terms & conditions:

- (i) The bids shall be given for the portfolio of the accounts on Cash 28% plus SR 72 % basis, preference will be given to Bid / offer with higher cash portion.
- (ii) Management fee would be 1.5% per annum of Net Assets Value (NAV) at the lower end of the range of the NAV specified by the Credit Rating Agency for first 3 years, 1.25% for the 4th & 5th years and 0.75% from 6th year onwards, provided that the same is not more than the acquisition price of the underlying asset. However, management fees would be reckoned as a percentage of the actual outstanding value of SRs, before the availability of NAV of SRs.
- (iii) Reimbursable cost and expenses including collection/recovery cost to be charged at 18% of gross collection.
- (iv) Reimbursement of cost for registration & Stamp duty towards registration of assignment agreement at actuals from Trust account.
- (v) Security Receipt will have Pari-passu redemption.
- (vi) Excess recovery after redemption of Security Receipts i.e. upside, if any, will be shared by Bank and ARC on 72:28 basis.
- (vii) **The ARC to open the related Trust account with IOB only and route all the recovery through this account.**
- (viii) Bank will engage concurrent auditor for review of operations and transactions of the Trust. ARC should cooperate and submit relevant particulars/ disclosures for audit purpose.

Time schedule for completion of the process is given below, which may be taken note and strictly adhered to since no further extension will be made in the schedule: -

| | Particulars | Relevant Date |
|---|--|---------------|
| 1 | Commencement of due diligence | 30.08.2022 |
| 2 | Last date for submission of Expression of Interest in the account to the email id □ saletoarc@jobnet.co.in | 05.09.2022 |
| 3 | Last date for Submission of Non-Disclosure Agreement (if not already executed) | 06.09.2022 |
| 4 | Completion of Due Diligence Exercise | 12.09.2022 |
| 5 | Last date for informing names of the Authorized Official(s) along with their contact details (mobile number, e-mail id etc.) to enable us to issue passwords and explaining them the procedure to bid through e-Auction portal of e-procurement Technologies Ltd (Service Provider). | 12.09.2022 |

| | | |
|---|---|---|
| 6 | Allotment of User ID & password for e-Bidding | 13.09.2022 |
| 7 | Process of e-Bidding * | 14.09.2022 |
| 8 | Re-auction* In case sole bid is received for the portfolio of unsecured education loan NPAs under open auction method, as per CVC guidelines the portfolio will be put up for e-auction once again under Swiss Challenge Method considering the bid amount as base price | 19.09.2022 |
| 9 | Completion of documentation formalities and payment to be made | Within 7 working days from date of letter of acceptance to successful bidder. |

***The e-bidding timing will be from 11.30 am to 12.30 pm, with unlimited extension of 5 minutes at an incremental amount (Bid Multiplier) of Rs.20 lacs in case of Inter-se bidding.**

For the portfolio of MSME NPAs at S no.2 under Swiss Challenge Method, starting price for counter bid will be at 47.25% of book O/s on 28% cash : 72% SR basis (which is 5% mark-up on binding offer at 45% of book O/s on 28% cash : 72% SR basis)

Other terms and conditions for transfers are as under:

- 1. The auctions for the accounts are under Open Auction/ Swiss Challenge method as mentioned above.**
2. The NPA accounts will be transferred/ assigned along with underlying securities on **“as is where is” and “as is what is” basis without any recourse to the Bank.** Bank will not assume any operational, legal or any other type of risks relating to the transfer of loan exposure.
- 3. The bids shall be given on cash : SR basis as detailed above, **preference will be given to bid with higher cash portion.****
4. IOB will be assigning the outstanding as on the date of execution of Assignment Agreement (cut-off date) with the successful bidder.
- 5. Due Diligence**
 - o The Interested bidder shall enter into a Non – disclosure agreement with IOB before conducting due diligence, if not already executed.
 - o The process of due diligence will commence from 30.08.2022 and will be completed by 12.09.2022.

- All costs and expenses incurred to carry out the due diligence study or any other process in furtherance of their interest to purchase of NPAs from IOB shall be borne by the intending buyers only.
 - While IOB will make available the information to the intending buyers which have come on record and it assumes no responsibility either on the part of IOB or its officers, if found later that the information on record with IOB is not updated with reference to loan documents/ outstanding balance/ mortgage/ security/ legal proceedings / ROC charge creation etc. and the lack of it or inadequacy of it lead to realizing of lower value or facing litigations in the course of realization in the borrowal account.
6. Further excel sheet containing details of the accounts of the portfolios will be sent on execution of NDA, if not already executed, on the email IDs provided with the Expression of Interest (EOI). Intending bidders who have confirmed their participation in bidding process along with proper authorization will be provided with user id and password by the service provider which should be used in the e-auction proceedings including submission of Bids. The user id and password will be provided in the email id from which Expression of Interest is received which will be treated as registered email id of the Bidder.
7. The intending bidders will be allowed to submit bids for:
- (i) The portfolio of unsecured education loan NPAs (mentioned at S no.1 above) under open auction **at or above the Reserve Price**.
 - (ii) The portfolio of MSME NPAs (mentioned at S no.2 above) under Swiss Challenge Method, **at or above the starting price for counter bid**.
8. On the date of auction viz., 14.09.2022 and in case of Re-auction on 19.09.2022, the bidders will be participating in inter-se bidding during the time of auction i.e. 11.30 am to 12.30 pm through e-auction site with auto extension of five minutes till auction is concluded. The bidders will be allowed to improve their bid by Rs. 20.00 lacs (Bid Multiplier). The successful bidder will be duly informed.
9. Participants are advised not to wait till last minute or last few seconds to submit their bid to avoid complications related to internet connectivity, network problems, system crash down, power failure, etc. Neither Bank nor e-procurement Technologies Ltd (Service Provider) will be responsible for any unforeseen circumstances.

- 10.** For the portfolio of MSME NPAs (mentioned at S no.2 above), as the transfer is **under Swiss Challenge Method** based on the offer in hand, the highest counter bid (crossing minimum markup of 5%) if any received, will become the challenger bid and the anchor bidder who has submitted the binding offer will be invited to match the challenger bid.

The account will be transferred/ assigned to challenger bidder/ anchor bidder as per the Swiss Challenge Method. A confirmation will be sent to the challenger bidder/ anchor bidder by bank along with settlement terms on the registered email id.

- 11.** Any un-devolved LCs/ BGs yet to be invoked/ installments of DPGs, which are not yet due, in respect of the NPA accounts being offered for transfer by the Bank. The Bank shall retain pari-passu charge on the securities relating to un-crystallized non-funded facilities. In case of crystallization of non-funded facilities after the transfer, that portion (converted into funded liability) will also be transferred by the Bank to the same assignee who shall take over the same from the bank on the same terms and conditions in which the offer is given and accepted by the bank at the time of transfer of funded liability.

- 12. Cut-off date denotes the date of Assignment** i.e. all realization / recoveries made upto the cut- off date shall be retained by the Bank.

- 13.** Please note that any taxes/fee/charges that may be arising out of the transaction shall be payable by the transferee.

- 14.** Successful Bidder to give a notarised affidavit on compliance of section 29 A of IBC 2016 as per RBI master direction on transfer of loan exposures that they are not having any direct or indirect link/ connections/ interest/ relationship with the promoters/ Company/ Guarantors/ and/ or any of their related parties and the proposed acquisition is not funded and backed by promoters/ Company/ Guarantors/ and/ or any of their related parties and they are the eligible transferee for acquisition of proposed loan exposures as per section 29A and other provisions of insolvency and bankruptcy code 2016 (IBC-2016) and amendment thereon.

- 15.** The loan exposures (NPAs) classified as fraud as on the date of transfer are permitted to be transferred to ARCs provided that the responsibilities of the transferor with respect to continuous reporting, monitoring, filing of complaints with law enforcement agencies and proceedings related to such complaints shall also be transferred to the ARC.

16. Please note that the transfer/ assignment will be subject to final approval by the Competent Authority of the Bank.
17. IOB assumes no commitment for transfer/ assignment of its NPAs to any offerer and IOB will have sole discretion **to reject** any offer **without assigning any reason at any point of time**. It is the sole discretion of IOB to select the successful bidder.
18. IOB reserves the right to **withdraw the offer, amend, alter, modify or defer** the proposal to transfer of loan exposures at any point of time **without assigning any reason**.
19. Under no circumstances successful bidder can refuse to complete the transaction citing any reason or defects/objection in any account. If they do so, the matter will be reported to RBI & respective association for taking necessary action.
20. KYC –there will be satisfactory completion of KYC by the Bank on the eligible participants.
21. Successful bidder should ensure completion of all statutory/regulatory & other compliances.
22. If interested to participate in the transfer of loan exposure process, our SAM Department may be contacted at 044-28519590 and 044- 71729003 (mail id : saletoarc@iobnet.co.in) along with a letter expressing interest and a Non-Disclosure Agreement duly signed & stamped.
23. In case of any further clarification, you may contact the following Nodal officers at our end: -

| | | |
|---|----------|----------------------------|
| Mr. Chandrakant P Ninawe- AGM | - | Mob. no. 9833016270 |
| Mr. Chandan Thakur, Senior Manager | - | Mob no. 8171624147 |
| Mr. Arvind Kumar Chaudhary, Senior Manager | - | Mob no. 8318947504 |
24. Branches/ Data center as mentioned in Page 1 & 2 will assist for due diligence with whom files containing copies of all relevant documents pertaining to the asset, including appraisals/ sanction notes/ review/ renewal papers available, audited or non-audited financial statements and other correspondence with the unit, Promoter(s) and Guarantor(s) will be made available for perusal. Also, all legal documents including mortgage and the details pertaining to legal

action initiated against the borrower(s)/ guarantor(s) and the status of the suit filed will be open for scrutiny by your due diligence team. The Bank's representatives will be present during the due diligence exercise and will respond to queries, if any, of your due diligence team. You are also expected to verify at the time of due diligence, the updated position of principal and total dues, loan documents, mortgage, security, legal proceedings, updated valuation reports and ROC charge creation besides others and also for any changes that might occur in the interregnum.

- 25.** Once the deal is finalized, the assignment deed and other legal formalities will be completed in the shortest possible time as mutually agreed upon. After completion of legal formalities, you may arrange to take over the relative correspondence mentioned above and other legal documents including the available details of the account from the concerned branch at a mutually convenient date and time, within 45 days from the date of execution of the Assignment Deed.

General Manager
Stressed Assets Management Department