



इण्डियन ओवरसीज़ बैंक
Indian Overseas Bank

तनावग्रस्त आस्ति प्रबंधन विभाग

Stressed Assets Management Department
केंद्रीय कार्यालय, चेन्नै / Central Office, Chennai

NOTIFICATION

Date: 29.08.2023

TRANSFER OF NPA LOAN EXPOSURES IN LOT 2 DURING Q2 OF THE FY 2023-24
INVITATION OF EOIs / COUNTER BIDS FROM ARCs
UNDER SWISS CHALLENGE METHOD

IOB invites counter bids from ARCs for transfer of NPA Loan Exposures under **Swiss Challenge method** in lot 2 during Q2 of the FY 2023-24.

Loans showcased for transfer under portfolio basis is as under:

(Amount Rupees in Crores)

| Title of the A/c | No. of A/cs | Aggregate book O/s as on 23.08.23 | Reserve Binding Price/ Offer on (Cash:SR) basis | Starting Price for counter bid with mark-up of 5% on 20:80 (Cash:SR) basis | Data Centres |
|--------------------------------|-------------|-----------------------------------|--|---|--|
| Portfolio of MSME NPA Accounts | 433 | 163.67 | Cash portion (20%)- 9.60 SRs portion (80%)- 38.40 Total – 48.00 (29.33% of Book O/s) | Cash portion (20%)- 10.08 SRs portion (80%)- 40.32 Total – 50.40 (30.79% of Book O/s) | Details of data centers for conducting sample due diligence will be shared through email based on request received from ARCs submitting EOIs |

Terms of transfer on Cash : SR basis

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

- The bids shall be given for the portfolio of the accounts on Cash (minimum) 20% plus SR 80 % basis, preference will be given to Bid / offer with higher cash portion.
- 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.
- Reimbursable fixed cost and expenses including collection/recovery cost to be charged at 16.50% of gross collection.

- iv. Legal expenses pertaining to 80 secured accounts shall be reimbursable on actual basis from the recovery amount along with taxes wherever applicable.
- v. Cut-off date: 02.08.2023, any recovery received post cut-off date shall be deposited in the Identified trust of ARC.
- vi. Security Receipt will have Pari-passu redemption.
- vii. Excess recovery after redemption of Security Receipts i.e. upside, if any, will be shared by Bank and ARC on 75:25 basis.
- viii. The ARC to open the related Trust account with IOB only.
- ix. 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:-

| S no. | Particulars | Relevant Date |
|----------|--|---|
| 1 | Commencement of due diligence : | 30.08.2023 |
| 2 | Last date for submission of Expression of Interest in the enclosed format (along with signed copy of NDA) to the email id saletoarc@iobnet.co.in : | 04.09.2023 |
| 3 | Completion of Due Diligence Exercise | 12.09.2023 |
| 4 | Allotment of login credential for participation in the e-bidding process through e-auction portal of e-procurement Technologies Ltd (Service Provider) by : | 12.09.2023 |
| 5 | Process of e-Bidding* : | 13.09.2023 |
| 6 | 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. Starting price for counter bid will be Rs. 50.40 crores (which is 5% mark-up on binding bid of Rs. 48.00 crores) on 20% cash + 80% SR basis.**

Other terms and conditions for transfers are as under:

- 1. The auction is under Swiss Challenge method.**
- 2. The portfolio of NPAs 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 counter bids shall be submitted on **cash: SR ; minimum (20:80) basis, 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 with the successful bidder.

5. Due Diligence

- The Interested bidder shall enter into a Non – disclosure agreement with IOB before conducting due diligence, if not already executed.
- Interested bidders shall submit Expression of Interest (EOI) in the enclosed format through email at saletoarc@iobnet.co.in and send the physical copy to “The General Manager, Indian Overseas Bank, Stressed Assets Management Department, Central Office: 763, Anna Salai, Chennai -600 002”.
- IOB reserve right to examine EOIs and accept or reject any or all or some of them at their sole discretion.
- The process of due diligence will commence from 30.08.2023 and will be completed by 12.09.2023.
- 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.
- On execution of NDA, if not already executed, excel sheet containing details of accounts in the portfolio will be sent 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 login credentials 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.
- It is presumed and understood that by participating in this process, each of the Bidders has carried out / will carry out their own independent due-diligence and assessment in respect of any or all matters, information, statements, etc. covered or sought to be covered or contained in this web notice and PIM and any information or documents that may be provided by IOB during the course of the process pursuant to this web notice. Bidders should form their own views

as to whether information provided herein or any information that may be provided by IOB separately is relevant to any decisions that they take and should make their own independent assessment in relation to any additional information that they may require.

- 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. However, the un-devolved LC and un-invoked BG limits backed by 100% margin by way of FDs will not be offered for transfer.
6. The intending bidders will be allowed to submit counter bids under Swiss Challenge method, **at or above the starting price for counter bid i.e. Rs. 50.40 crores on minimum cash: SR :: minimum (20:80) basis, preference will be given to bid with higher cash portion.**
 7. On the date of auction viz., 13.09.2023, 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.
 8. 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.
 9. 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 portfolio 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 on the registered email id.
 10. Cut-off date is 02.08.2023 i.e. all realization / recoveries made upto the cut-off date shall be retained by the Bank.
 11. Please note that any taxes/fee/charges that may be arising out of the transaction shall be payable by the transferee.

12. Successful Bidder to give a notarised affidavit 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.
13. In respect of transfer of loan exposures classified as fraud as on the date of transfer the anchor bidder / successful bidder shall give undertaking that the responsibilities of the Bank 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.
14. **Please note that the transfer/ assignment shall be at the sole discretion of the Bank and shall be subject to final approval by the Competent Authority of the Bank.**
15. IOB assumes no commitment for transfer/ assignment of its NPAs to any offerer and IOB reserve the **right 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.
16. IOB reserves the right to **add, amend, alter, modify or delete** any terms of this document as may be deemed necessary and also issue one or more addendum, corrigendum, etc as required without giving any reason for the same. The same will not necessarily be carried out through advertisement but will be notified directly on the website and interested bidders should regularly visit the website to keep themselves updated regarding clarifications, modifications, amendments or extensions.
17. **IOB may, at any time / at any stage, without assigning any reason thereof, withdraw or defer or cancel the transfer/ assignment process.**
18. 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.
19. KYC – there will be satisfactory completion of KYC by the Bank on the eligible participants.
20. Prospective bidder shall be under their own obligation to follow all extant guidelines/ notification issued by SEBI/ RBI/ IBA / other regulators from time to time pertaining to transfer of stressed loan exposures.
21. Branches/ Data centers as mentioned in Page 1 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. 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.

- 22.** 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.
- 23.** In case of any further clarification, Our SAM Department may be contacted at 044-28519590 and 044- 71729003 (mail id : saletoarc@iobnet.co.in).

| Name | Designation | Mobile No. |
|--------------------------|-----------------------|-------------------|
| Mr. Chandrakant P Ninawe | Asst. General Manager | 9833016270 |
| Mr. Chandan Thakur | Senior Manager | 8171624147 |
| Ms. Elavarasi E | Senior Manager | 9840533860 |

General Manager
Stressed Assets Management Department

**Expression of Interest (EOI) &
Letter of Authority for Participating in the E- Auction**

(To be submitted on the letterhead by all the bidders participating in the E- Auction)

To,
The General Manager,
Indian Overseas Bank
Stressed Assets Management Department,
Central Office: 763, Anna Salai, Chennai -600 002

Subject: Expression of Interest & letter of authority for participation in the e-auction process for acquisition of NPA loan exposures in Lot 2 during Q2 of FY 2023-24 for Portfolio of MSME NPA Accounts.

We _____ (name of the company) refer to your Notification dated 29.08.2023 on proposed transfer of captioned financial assets (NPA) under Swiss Challenge method through e-auction. We hereby express our interest in participation in the proposed process. We further understand and confirm that :

1. This EOI is made with full understanding that :-
 - The offer will be unconditional, irrevocable and binding on us in all respects.
 - IOB reserve the right to reject or accept the offer, cancel the process for the proposed transfer process, and / or reject EOI.
2. We confirm to comply with all extant guidelines/ notification issued by SEBI/ RBI/ IBA / other regulators from time to time pertaining to transfer of stressed loan exposures and we are eligible and have the capacity to conclude the acquisition of captioned Financial Asset in accordance with the applicable laws and regulations of India.
3. We also confirm having read and agree to abide with all the terms of Notification dated 29.08.2023 for transfer of captioned NPA / Business Rules relating to the e-auction process under Swiss Challenge.
4. We hereby confirm that we have adopted fair practices code in compliance with RBI notification dated 16.08.2020 and such other notifications of RBI given from time to time.
5. We hereby confirm that we comply with the Master Directions on Transfer of Loan Exposures, 2021 dated 24.09.2021 issued by RBI and we are not disqualified in terms of Section 29 A of the Insolvency and Bankruptcy Code, 2016 for acquisition of this financial asset.
6. In case of Transfer of Loan Exposures classified as Fraud, we hereby confirm to take over the responsibilities of the Bank with respect to continuous reporting, monitoring, filing of complaints with law enforcement agencies and proceedings related to such complaints.
7. We hereby confirm that for acquisition of this financial asset, we have no conflict of interest with Bank and are not related, directly or indirectly, to Bank

8. We further undertake that the information furnished by us in this EOI and other documents submitted in connection therewith is true, correct, complete and accurate.

9. We have enclosed the signed copy of Non-Disclosure Agreement (NDA)

10. Undertaking for participation in the e-Bidding process.

- (i) The undersigned is authorized representative of the company.
- (ii) We will participate in the on-line auction conducted by e- Procurement Technologies Ltd. (Auction Company) and submit our commercial bid. We shall also abide by the procedures prescribed for online auction by the auction company.
- (iii) As per the terms of Notification dated 29.08.2023 / Business rules, we nominate Mr./Ms. _____, designated as _____ of our company to participate in the E- Auction.
- (iv) We accordingly authorize Bank and / or the Auction Company to issue user ID and password to the above named official of our company.
- (v) Both Bank and the auction company shall contact the above named official for any and all matters relating to the E- Auction.
- (vi) We confirm that Indian Overseas Bank and Auction Service Provider shall not be liable & responsible in any manner whatsoever for my/our failure to access & bid on the e-auction platform due to loss of internet connectivity, electricity failure, virus attack, problems with the PC, any other unforeseen circumstances etc before or during the auction event.
- (vii) We, hereby confirm that we will honour the Bids placed by us during the auction process. We also understand that the Bank may debar us from participating in future tenders in case of failure to honour.
- (viii) We undertake that our company shall be bound by the bids made by him/ her in the e- Auction.

| | |
|---|--|
| Name & Designation of Authorized Representative | |
| Signature of Authorized Representative | |
| Mobile No. of Authorized Representative | |
| Email id of Authorized Representative | |

Yours Sincerely,

(Signature)

Name of the Signatory:

Designation:

Company Seal