



इण्डियन ओवरसीज़ बैंक
Indian Overseas Bank
आपकी प्रगति का सच्चा साथी
Good People to grow with



तनावग्रस्त आस्ति प्रबंधन विभाग
Stressed Assets Management Department
केंद्रीय कार्यालय, चेन्नै / Central Office, Chennai

NOTIFICATION

Date: 16.05.2023

**Invitation of EOIs for Counter Bids from ARCs/ SCBs/ NBFCs/ AIFIs/ SFBs for
Transfer of NPA Loan Exposure under Swiss Challenge Method**

Account : M/s Rainbow Papers Ltd (as merged into Kushal Ltd.)

Indian Overseas Bank (“IOB” or “Lead Bank”) acting in the capacity of Lead Bank has been mandated by the consortium of lenders viz. **Indian Overseas Bank, Bank of Baroda, Bank of India, Indian Bank, Punjab National Bank, Union Bank of India (excluding ACRE Limited, IFCI Ltd & Axis Bank)** (“Lenders”) to conduct the process for transfer / assignment of debt of M/s Rainbow Papers Ltd to permitted transferee/ assignee under Swiss Challenge method.

Transfer / assignment of debt shall be in accordance with the regulatory guidelines issued by RBI and other applicable laws and at the sole discretion of the Consortium of Lenders irrespective of whether base bid/ counter bids have been received or whether a successful bidder has been declared, subject to the extant RBI guidelines.

Brief details of NPA Loan exposure proposed for Transfer:

Lender wise Principal O/s and sharing patterns are given below:

(Rs. in crores)

Bank/ FIs	Principal O/s as on 23.06.2017	Sharing pattern (%age) based on Principal O/s	Share in binding offer
Indian Overseas Bank (Leader)	183.99	21.06%	33.70
Bank of India	189.38	21.68%	34.69
Indian Bank (earlier Allahabad Bank)	160.57	18.38%	29.41
Union Bank of India (including Corporation Bank)	189.28	21.67%	34.67
Bank of Baroda (earlier Dena Bank)	102.12	11.69%	18.70
Punjab National Bank	48.20	5.52%	8.83
Total	873.54	100.00%	160.00

Note : Proposed assignment of debts does not include debts of ACRE Limited, IFCI Ltd & Axis Bank.

Above consortium Lenders having total admitted claim of Rs. 1094.51 crores excluding exposures of ACRE Limited, IFCI Ltd & Axis Bank have received an binding offer (Anchor Bid) for purchase of financial assets of M/s Rainbow Papers Ltd for a Base Price of Rs. 160.00 crores (on Cash : SR structure of 15:85).

All consortium of lenders (excluding ACRE Limited, IFCI Ltd & Axis Bank) unanimously have decided to run Swiss Challenge process on the offer received from Anchor Bidder for purchase of financial assets pertaining to facilities availed by M/s Rainbow Papers Ltd.

IOB on behalf of Lenders invites Expression of Interest (EOI) for counter bids from Asset Reconstruction Companies (“**ARCs**”) / Schedule Commercial Banks (“**SCBs**”) / Non-Banking Financial Companies (“**NBFCs**”) / All India Financial Institutions (“**AIFIs**”) / Small Finance Banks (“**SFBs**”) or any other permitted transferee to acquire debt of M/s Rainbow Papers Ltd under **Swiss Challenge** method based on existing offer in hand (“**Anchor / Base bid**”) as detailed below:

Particulars	For Consortium of Banks (excluding ACRE ARC, IFCI Ltd & Axis Bank)
Principal O/s as on 23.06.2017	Rs. 873.54 crores
Admitted Claim in NCLT	Rs. 1094.51 crores
Reserve Price/ Base bid	Rs. 160.00 crs on 15% cash + 85% SR basis
Minimum Mark-up @ 5%	Rs. 8.00 crores
Starting price for counter bid/challenger bid under Swiss Challenge Process	<p>Rs. 168.00 crores</p> <p>Structure ; 100% cash basis as well as cash + SR basis as detailed below:</p> <p>(i) For other eligible ARCs on 100% cash basis or minimum 15:85 (Cash:SR) basis on submission of acceptable guarantee of First-class Bank.</p> <p>(ii) For other eligible assignee (excluding ARCs) on 100% cash basis only.</p> <p>Preference will be given to bid with higher cash portion.</p>
Incremental amount (Bid multiplier) for inter-se bidding	Rs. 1.00 crores
Data Centre for due diligence process	Indian Overseas Bank, Asset Recovery Management Branch, Ground floor, Sharad Shopping Centre, Chinubhai Tower, Opp. Old Handloom House, Ashram road, Ahmedabad – 380009

	<p>Contact person: - Name : Mr. Arindam Das Designation: Chief Manager Phone no. – 079-26580074 Mobile no. – 9051832683</p> <p>Eligible participants may also visit Branches of respective lenders, address and contact details of such branches will be shared upon request of participants.</p>
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Details of terms under base offer are given below:

- a. Management Fee: 2% p.a. plus GST until the cessation of Trust, recoverable from the Trust; computation thereof as per RBI guidelines.
- b. Recovery fee: 2% plus taxes of the cash vale of SRs redeemed until 5 years.
- c. Upside sharing: 15:85 (ARC: Bank) after all SRs are fully redeemed.
- d. Agreeable to provide Bank Guarantee of any first class or scheduled Bank acceptable to lenders to the tune of lenders' share of SRs.

Other terms of transfer on Cash : SR basis

Transfer on Cash cum SR (minimum 15:85) basis will be governed by the following terms & conditions:

- i. SRs to be backed by unconditional and irrevocable guarantee of first-class Bank (applicable for ARCs other than NARCL) /Government of India guarantee (applicable for NARCL)
- ii. Management fee would be 2% per annum of Net Assets Value at the lower end of the range of the NAV specified by the Credit Rating Agency, 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. Recovery fee : 2% plus taxes, of the cash value of SR redeemed until 5 years.
- iv. Security Receipt will have Pari-passu redemption.
- v. Excess recovery after redemption of Security Receipts i.e. upside, if any, will be shared by Bank and ARC on 85:15 basis.
- vi. ARC to open the related Trust account with lead Bank or any other consortium member Banks only and route all the recovery through this account.
- vii. 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.

Implication of Swiss Challenge Method:

- The starting price for counter bid is fixed at Rs. 168.00 crores (on 100% cash basis as well as cash + SR basis) by applying 5% of minimum mark-up on binding offer.
- If no counter bid crosses the minimum mark-up of 5%, the base bid shall become the winning bid subject to final approval by the Lenders.
- If counter bid(s) cross the minimum mark-up of 5%, highest counter bid will become the challenger bid.
- The Anchor bidder shall be invited to match the challenger bid. If the Anchor bidder matches challenger bid or bids higher than the challenger bid, then such bid shall become winning bid; else, challenger bid shall be winning bid.
- **The lenders reserve the right to negotiate with the successful bidder for improvement in the bid amount (including Cash + SR structure) as may deem fit and seek the revised bid.**
- Acceptance of the offer be at the sole discretion of the Lenders and shall be subject to approval of the competent authority of the Lenders.

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	17.05.2023
2	Last date for submission of Expression of Interest in the enclosed format (along with signed copy of NDA) to the email id saletoarc@jobnet.co.in	25.05.2023
3	Completion of Due Diligence Exercise	15.06.2023
5	Allotment of User ID & password for e-Bidding	15.06.2023
6	Process of e-Bidding *	16.06.2023
7	Completion of documentation formalities and payment to be made	Within 15 working days from date of letter of acceptance to successful bidder.

***The e-bidding timing will be from 11:30 am to 01:30 pm, with unlimited extension of 10 minutes at an incremental amount (Bid Multiplier) of Rs. 1.00 crores in case of Inter-se bidding.**

Other terms and conditions for transfers are as under:

1. Loan exposure will be transferred/ assigned along with underlying securities on “**as is where is**” and “**as is what is**” basis **without any recourse to the Lenders**. Lenders will not assume any operational, legal or any other type of risks relating to the transfer of loan exposure.
2. The counter bids shall be submitted on **100% cash basis as well as cash + SR basis** as detailed below:
 - (i) **For other eligible ARCs on 100% cash basis or minimum 15:85 (Cash:SR) basis on submission of unconditional and irrevocable acceptable guarantee of First-class Bank.**
 - (ii) **For other eligible assignee (excluding ARCs) on 100% cash basis only.**
3. Interested bidders shall submit Expression of Interest (EOI) in the enclosed format as **Annexure 1** along with required documents 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”.
4. IOB / Consortium of Lenders reserve right to examine EOIs and accept or reject any or all or some of them at their sole discretion.
5. The prospective bidders and their representatives must agree to comply with the terms of Non- Disclosure Agreement (NDA) executed/to be executed.
6. **Due Diligence:**
 - Details of the account will be sent in the form of **PIM (Preliminary Information Memorandum)** on execution of Non-Disclosure Agreement (if not already executed) to the prospective bidders on the email IDs provided with the Expression of Interest (EOI) and they will be provided with access to Data Centres, which will include details of financial assets and related loan documents.
 - The process of due diligence will commence from 17.05.2023 and will be completed by 15.06.2023.
 - All costs and expenses incurred to carry out the due diligence study or any other process in furtherance of their interest to purchase of NPA shall be borne by the intending buyers only.

- 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 lenders. The lenders 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 lenders to the same assignee who shall take over the same from the lenders on the same terms and conditions in which the offer is given and accepted by the lenders at the time of transfer of funded liability.
 - The information provided under this document / PIM and at the Data room is provided in good faith and as available in the records of the Lenders. The opinion, if any, of the Lenders and its officials regarding the accuracy, adequacy and sufficiency of the data has been formed on the basis of records as a person of ordinary prudence and does not represent an opinion of an expert. Lenders/IOB do not give any warranty of accuracy or correctness of the information. The bidders are urged to conduct their own due diligence, investigation and analysis to arrive at their decisions regarding the above.
 - While Lenders / IOB will make available the information to the intending bidders which have come on record and it assumes no responsibility either on the part of lenders / IOB or their officers, if found later that the information on record with Lenders / 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.
- 7.** Intending bidders who have confirmed their participation in bidding process by submitting compliance statement & undertaking for participation in the e-bidding process will be provided with login credentials by the service provider which should be used in the e-auction proceedings including submission of Bids. The login credential 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.
- 8.** 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 Lenders / 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 Lenders / 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.

9. The intending bidders will be allowed to submit bids under Swiss Challenge Method, **at or above the starting price for counter bid and only at a specific increment value and not at any other fractions.**
10. On the date of auction viz., 16.06.2023, the bidders will be participating in inter-se bidding during the time of auction i.e. 11.30 am to 01.30 pm through e-auction site with auto extension of **ten minutes** till auction is concluded. The bidders will be allowed to improve their bid by Rs. 1.00 crores (Bid Multiplier). The successful bidder will be duly informed.
11. 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 IOB/ lenders nor e-procurement Technologies Ltd (Service Provider) will be responsible for any unforeseen circumstances.
12. 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 on the registered email id.
13. **Cut-off date will be the date of assignment** i.e. all realization / recoveries made upto the cut- off date shall be retained by the Lenders.
14. Please note that any taxes/fee/charges that may be arising out of the transaction shall be payable by the transferee.
15. 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.
16. The loan exposure (NPA) 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.

- 17. Please note that the transfer/ assignment shall be at the sole discretion of the Lenders and shall be subject to final approval by the Competent Authority of the Lenders.**
18. Lenders/ IOB assumes no commitment for transfer/ assignment of its NPAs to any offerer and the Lenders/ IOB reserve the **right to reject** any offer **without assigning any reason at any point of time**. It is the sole discretion of Lenders to select the successful bidder.
19. The Lead Bank 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 addenda, 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 of IOB and interested bidders should regularly visit the website to keep themselves updated regarding clarifications, modifications, amendments or extensions.
- 20. The Lead Bank may, at any time / at any stage, without assigning any reason thereof, withdraw or defer or cancel the transfer/ assignment process.**
21. 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.
22. KYC –there will be satisfactory completion of KYC by the Lenders on the eligible participants.
23. 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.
24. Successful bidder should ensure completion of all statutory/regulatory & other compliances.
25. Data center as mentioned in Page 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.

- 26.** The successful bidder will be intimated by IOB after conducting e-auction. After approval/confirmation of transfer by the Appropriate Authority of the respective banks, the same will be intimated to the Successful Bidder. Within 7 days from the receipt of final confirmation the successful bidder shall have to deposit 10% of the transfer consideration with the bank and the remaining amount within 15 days thereafter. The lenders reserve its right to forfeit the amount paid by the bidder if he fails to make the payment as advised by the Lenders or the Lenders agrees to extend the time to make payment as it deems fit or cancel the auction.
- 27.** The successful bidder shall contact the concerned branches for other details about the execution of the assignment deed and completion of other legal formalities. The successful bidder shall arrange to take security documents including the available details of the suit-filed accounts from the concerned branches at a mutually convenient date and time, within 45 days from the date of execution of the Assignment Deed.
- 28.** If interested to participate in the transfer of loan exposure under Swiss Challenge 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.
- 29.** In case of any further clarification, you may contact the following Nodal officers at our end: -

Name	Designation	Mobile No.
Mr. Chandrakant P Ninawe	Asst. General Manager	9833016270
Mr. Chandan Thakur	Senior Manager	8171624147

**General Manager
Indian Overseas Bank
Stressed Assets Management Department,
Central Office.
(In the capacity of Leader Bank,
on behalf of the Lenders with the offer)**

Annexure – 1

Expression of Interest (EOI)

Letter of Authority for Participating in the E- Auction

(On the letterhead of the bidder duly signed by an authorized signatory)

Date:

To,
The General Manager,
Indian Overseas Bank
Stressed Assets Management Department,
Central Office: 763, Anna Salai, Chennai -600 002
E-mail id: saletoarc@iobnet.co.in

Dear Sir,

Sub: Expression of Interest & letter of authority for participation in the e-auction process for transfer of loan exposures of M/s Rainbow Papers Ltd (as merged into Kushal Ltd) under Swiss Challenge Process.

We refer to your Notification dated 16.05.2023 on proposed transfer of captioned financial asset (NPA) under Swiss Challenge Method through e-auction. We hereby express our interest in participating 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.
 - The Lenders reserve the right to reject or accept any offer, cancel the process for the proposed transfer process, and / or reject one or more all the EOIs.
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 16.05.2023 for transfer of captioned NPA / Business Rules relating to the e-auction process under Swiss Challenge method.

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. We hereby confirm that for acquisition of this financial asset, we have no conflict of interest with and are not related, directly or indirectly, to any of the Consortium Lenders.
7. We further undertake that the information furnished by us in this EOI, its annexures and other documents submitted in connection therewith is true, correct, complete and accurate.

30. 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 16.05.2023 / 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 / Lenders 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	

8. Documents submitted as required:

Documents	Remarks
Signed copy of Non- Disclosure Agreement	
Copies of certificate of incorporation/ registration	
Copies of Memorandum of Association (MOA) / Article of Associations (AOA)	
Copies of PAN Card/ GST No.	
Copies of RBI registration Certificate/other Regulatory Authorities Certificate as applicable.	
Copy of certificate of Net worth (latest)	
Copy of Audited Financial Statements of last 3 Years	

Yours Sincerely,

(Signature)

Name of the Signatory:

Designation:

Company Seal