

Web Notice

TRANSFER OF STRESSED LOAN EXPOSURE OF SPML INFRA LIMITED TO THE ELIGIBLE PARTICIPANTS (PERMITTED ARCs/NBFCs/Banks/FIs) THROUGH e-AUCTION UNDER SWISS CHALLENGE METHOD

In terms of the RBI/Bank's Policy on Transfer of Stressed Loan Exposures, in line with the regulatory guidelines, IDBI Capital Markets & Securities Ltd on behalf of State Bank of India and other consortium lenders (Canara Bank, ICICI Bank, PNB, BOB, Union Bank of India), place financial assets of SPML Infra Ltd. for transfer to interested ARCs or Eligible Banks/ NBFCs/FIs in terms of extant RBI guidelines on Transfer of Stressed Loan Exposures on the terms and conditions indicated there against. However, please note that the transfer will be subject to final approval by the Competent Authority of the respective banks.

Table-I

Brief details of Stressed Loan Exposures showcased on:12.05.2023 (e-Auction on: 06.06.2023) (INR in crore)								
S.No	Bank & Branch Name	Principal O/S as on 31.12.2022				Security Value (Including 3rd Party Guarantee)	Reserve Price	Terms (cash & cash cum SR ratio)
		FB	NFB	OCD	Sharing Pattern (In %)			
1	State Bank of India	380.05	187.6	197.86	38.37	Rs. 1203.76 crore	405	15:85 Cash: SR as well as 100% cash
2	Canara Bank	372.22	79.46	160.23	30.67			
3	Punjab National Bank	178.95	29.73	49.42	12.94			
4	ICICI Bank	91.98	24.73	79.52	9.84			
5	Bank of Baroda	72.11	14.29	22.24	5.45			
6	Union Bank of India	36.21	3.65	14.62	2.73			

The e-auction for above account is under "Swiss Challenge Method", based on an existing offer in hand, who will have the right to match the highest bid.

1. The interested ARCs or Eligible Banks/NBFCs/FIs (permitted transferee as per regulatory guidelines) can conduct due diligence (subject to completion of all formalities, submission of all valid documents and in personal presence of both the parties before time-line prescribed at para no. 9) of these assets with immediate effect, after submitting expression of interest and executing a Non-Disclosure Agreement (NDA) , **if not already executed**, by contacting on e-mail id project.infra@idbicapital.com
2. Other permitted entities other than ARCs should have a minimum net worth of Rs.50.00 Crores as on 31st March 2022 or as per the latest audited financial statement.
3. Further details of the Stressed Loans will be sent in the form of Preliminary Information Memorandum (PIM) on execution of NDA. Thereafter, the prospective acquirers, will be

given access to electronic data room (EDR)

4. Besides the amount outstanding under any disbursed loans, Bank shall notify the acquirer details of any un-devolved LCs/BGs yet to be invoked/ installments of DPGs, which are not yet due, in respect of the Stressed Loans being offered for transfer by the Banks.
5. Cut-off date denotes the date upto which all realization/ recoveries made shall be retained by the Bank. The cut-off date in the instant case is date of showcasing i.e., 17/05/2023.
6. The present process is run under Swiss Challenge Method where Banks have an offer of INR 405.00 crore in hand at 15:85% Cash-cum-SR structure {Cash (INR 60.75 crore): SR (INR 344.25 crore)} and protection of entire outstanding BGs, as mentioned in table-I, against invocation to the extent of 10% on Cash:SR::15:85 termed as **“Base/Anchor Bid”** and invite bids from eligible entity(ies) on comparable terms. The terms offered by the Anchor Bid provider and agreed by the lenders is mentioned in Annexure-I.
7. All eligible bidders except for ARC's, shall submit Earnest Money Deposit (EMD) of INR 5.00 crore in form of demand draft/Bankers Cheque/NEFT/RTGS/Bank Guarantee in the name of Authorized Officer, State Bank of India, SAMB-I, Kolkata (RTGS/NEFT can be remitted to the Bank account:- 30750108291, IFSC: SBIN0004151), 1 day prior to date of e-Auction under Swiss Challenge. The EMD amount shall be refunded within 30 days from e-auction date, except for the deposit of successful challenger, which shall be refunded in 30 days from declaration of final winner, in case of base bidder i.e. Anchor Bidder is declared successful.

Further, following process would be followed:

- a) The interested bidder may offer bid at a price taking into account mark up as mentioned at point (b) below.
- b) The minimum mark up over the base bid required for the challenger bid is fixed at INR 25.00 crore (6.17% of base bid). The mark up is difference between challenger bid and base bid expressed as percentage of the base bid. Thereafter the incremental bid can be made for INR 20.25 crore (5%) of base bid.
- c) The bidder has to offer protection of entire BG outstanding to the extent of minimum 10% recovery in case of invocation in cash or Cash: SR (SR in case of ARC's).
- d) If no counter bid crosses the minimum mark-up specified in the invitation, the base-bid becomes the winning bid subject to final approval by the Banks.
- e) If counter bid(s) crosses the minimum mark-up specified at point (b) above, the highest counter bid becomes the challenger bid.
- f) The Anchor Bid provider would be invited to match the challenger bid. If the Anchor Bid provider matches or improves the challenger bid, such bid shall

become the winning bid; else, the challenger bid shall be the winning bid.

g) While the Interested ARCs can participate both in Cash as well as Cash:SR structure, the other eligible participants other than ARCs can bid in full cash only. ARCs who participate on Cash:SR basis have to submit unconditional and irrevocable Bank Guarantee from a first-class Bank for the SR portion.

h) Acceptance of the offer shall be at the sole discretion of the lenders and shall be subject to approval of the competent authority of the respective lenders.

8. Please note that any taxes that may be arising out of the transaction shall be payable by the acquirer.

9. We would like to know whether you are interested in the above proposal. If interested, we look forward to receive an expression of interest at the earliest. In case of any further clarification, you may contact the following officials of process advisor: -

Sl. No.	Name of the Process Advisor	Name and designation of official of Process Advisor
1	IDBI Capital Markets & Securities Limited	Abijith Kumar, Assistant Manager Contact:- 022-22171889 / 7208875032 Email id:- project.infra@idbicapital.com

Contact of officials of Lead bank.

Sl. No.	Name of the Bank	Designation, Mobile No. & email Id of the Branch Head	Designation of the 1 st Dealing Official, Contact Number & email Id	Designation of the 2 nd Dealing Official, Contact Number & email Id
1	State Bank of India	DGM (SAMB-I, Kolkata) dgmsamb1.kol@sbi.co.in	AGM- 9674771832 clo1.04151@sbi.co.in	AMT- 8001192023 Agm4infra2.sarg@sbi.co.in

10. The time schedule for completion of the process is given below, which may be noted:

S. No.	Particulars	Last Date
1	Last Date of Submission of Expression of Interest in the account(s)*	17.05.2023 (up to 05:00 p.m.)
2	Last date of Submission of Non-Disclosure Agreement (if not already executed)	17.05.2023 (up to 05:00 p.m.)
3	Informing names of the Authorized Official(s) along with their contact details (mobile number, e-mail ids etc.) to enable us to issue passwords and explaining them the procedure to bid through e-auction portal of the bank.	02.06.2023 till 05:00 p.m.
4	Allotment of User ID password for e-Bidding	05.06.2023

5	Completion of Due Diligence Exercise	Up to 02.06.2023 (on all working days from 10:00 a.m. to 05:00 p.m.)
6	Submission of EMD (for bidders other than ARC)	05.06.2023 till 05:00 p.m.
7	Process of e-bidding**	06.06.2023

*EOI may also be emailed to us at project.infra@idbcapital.com

The e-bidding timings will be from **1:30 P.M. to 03:00 P.M with unlimited extension of 05 minutes and an incremental bid amount of INR 20.25 crore for each instance.

11. Respective branch will arrange for due diligence by your team, to whom files containing copies of all relevant documents pertaining to the stressed loans in the respective baskets, including appraisals/ sanction notes/ review/ renewal papers, audited or un-audited financial statements and other correspondence with the Unit, Promoter(s) and Guarantor(s) will be made available for their perusal. Also, all legal documents including 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 representatives of the respective Bank 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 as also the updated valuation reports besides others for any changes that might occur in the interregnum.

12. The transfer/sale is on “as is where is basis” and “as is what is” basis “without recourse” to the Consortium Lenders. Lenders will not assume any operational, legal or any other type of risks relating to the loan exposure.

13. The lenders reserve the right not to go ahead with the proposed transaction or modify any terms & conditions at any stage, without assigning any reason. The decision of the Banks in this regard shall be final and binding.

14. The lenders reserve the right to negotiate with the successful bidder for improvement in the bid amount as Bank may deem fit and seek revised bid.

15. Acquirer (bidder) shall be under their own obligation to follow all extant guidelines/notification issued by GoI/RBI/SEBI/IBA/other regulators from time to time pertaining to transfer of stressed loan exposure.

16. Prospective acquirer should not have any direct or indirect link/connections/ interest/relationship with the promoters/Company/Guarantors and/or any of their related parties.

17. Prospective acquirer should not take any considerations directly or indirectly from the promoters/Company/Guarantors and/or any of their related parties.

18. The proposed acquisition should not be funded and backed by promoters/Company/ Guarantors and/or any of their related parties and bidders shall be deemed to represent and warrant that the ultimate transferee of the Stressed Loan Exposure is not the borrower/guarantor or its affiliates. Further, before assignment, a stamped undertaking to

be furnished by the bidder/acquirer that they are eligible to acquire the financial asset as per Section 29 "A" and other provision of IBC 2016.

19. The successful bidder will be intimated by IDBI Capital 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. 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.

20. Any extension in timelines/modifications in the content of this web notice will not necessarily be carried out through another advertisement but may be notified directly on the website and interested bidders should regularly visit the website to keep themselves updated regarding clarifications, modifications, amendments or extensions.

21. Notwithstanding, anything contained hereinabove, lenders reserve the right to examine the EoI and accept or reject any or all or some of the EoIs at their sole discretion, and neither this notification nor delivery of an EoI nor the consideration thereof by lenders shall be construed as creating any kind of right or interest in any interested party to be considered any further in the process or entitle them to any recourse against the lenders.

On behalf of the lenders
IDBI Capital Markets and Securities Limited

TERMS OF THE BINDING OFFER PROVIDED IN ANCHOR BID

The transfer of loan exposure will be governed by the following terms & conditions: -

- i. Prospective buyer shall furnish Government of India Guarantee or Bank Guarantee issued by a first-class Bank as per list of IBA for the proposed SRs portion for a period of five years from the SR issuance date. The realisation of SRs should be within 5 years from the date of issuance of Security Receipts.
- ii. **Management Fee:** An amount equal to 2% per annum payable quarterly as a percentage of the Net Asset Value (NAV) of security receipts issued by the trust and calculated at the lower of end of Recovery Rating of outstanding security receipts specified by the Credit Rating Agency. Before availability of the NAV of security receipts, Management Fee shall be calculated on the basis of face value of security receipts as outstanding in the beginning of the respective quarter. In addition, the Trustee shall be entitled to recover any Indirect Tax including GST, Cess or any other statutory levy, as applicable on the Management fee.
- iii. **Recovery Incentive:** an amount equal to 2% of the gross recovery received or realised from the underlying assets of the Trust, shall be payable to the Trustee as and when any amount is realised in respect of the Assets of the Trust. In addition, the Trustee shall be entitled to recover any Indirect Tax including GST, cess, or any other statutory levy, as applicable on the recovery fee.
- iv. **Upside:** Net recoveries made by the Trust after full redemption of security receipts shall be shared in the ratio of 25:75 between the Trustee and the security receipt holders (lenders only who has assigned the debt to ARCs, ARCs will not be eligible for upside) after adjusting all expenses and fee payable under the Offer Document.
- v. Security Receipt will have pari-passu redemption.
- vi. Other expenses will be payable on actual basis.
- vii. The priority of recovery will be as under:
 - other expenses in actual.
 - Management fees to be deducted on Trust amount.
 - Incentive on net recovery (i.e., recovery amount minus other expenses & management fees) after appropriation of other expenses & Management fees.
 - Balance amount to be shared between SR holders.
- viii. 15 working days' time will be given to the Anchor Bidder to match highest challenger bid received during e-bidding process.