

## Annexure- Terms & Conditions of Technical Bid

*The terms and conditions of technical bid will be submitted by the intending buyers on their letter heads, unconditionally and strictly as per the format approved by the bank without any addition/deletion/amendment.*

1. Price bid will be given by the intending buyers individually for each account under specific account approach and also for portfolio approach. Representative of the ARC is required to carry a Letter of Authority for participating in the bid.
2. The Bidding process will be conducted on E-auction Portal of Bank's choice in the following manner:
  - The User ID & Password for bidding on E-auction Portal will be given to the prospective bidder, who have submitted EOI along with NDA & technical term of Bid.
  - On a pre-decided date & time, e-auction will be conducted on E-auction Portal of Bank's choice with minimum bid price being fixed at reserve price.
  - In the E-bidding Process, if more than one bid is received, then H1 will be declared and highest bid obtained is subject to approval of Competent Committee.
  - In the E-bidding process, if only one bid is received, then keeping this bid as base bid, Swiss Challenge method will be employed by calling bids again through E-auction. If during Swiss Challenge Process, no counter bid is received against base bid, the base bidder will be declared as highest bidder and highest bid obtained is subject to approval of Competent Committee.

In case an account is offered for transfer on cash: SR structure and the highest bid submitted by one ARC (at any stage) is more than 50% of the 2nd highest bid, the highest bidder will be asked to submit proposed plan for resolution of the account along with tentative timeline for redemption of SRs. The reply submitted will be made part of the proposal placed by the Department to Management Committee.

- Process of bid-evaluation shall be indicated upfront and modifications, if any, of such terms of auction shall be made after giving a sufficient notice.

- Bid validity to be limited to a maximum period of 15 days. Any extension thereafter should be by way of mutual consent of the Selling Bank and intending Buyer.
3. After getting the final offer the Committee will take a view to proceed further for transfer of specific financial asset/assets in the light of outstanding/recoverable dues as per Transfer policy with reference to Reserve Price.
  4. The final approval of transfer of financial asset/assets shall be made by the Competent Authority.
  5. In case obligant(s)/co-obligant(s) come forward for OTS as per Bank guidelines before submission of financial bid by the proposed buyer/s, the concerned account may be withdrawn from transfer process considering account specific merits.
  6. Bank has a right to reject any/all the offers without assigning any reason.
  7. Letter of acceptance of offer will be given within 10 days after confirmation of proposal by the Competent Authority of Bank.
  8. Transfer should be executed within 15 days from date of letter of acceptance of Bank unless otherwise agreed so by Bank and Bidder. ARC will compulsorily open the Trust account with the Bank only. In case of Consortium or multiple banking arrangement, account should be opened with one of the member banks if more than one bank sells the account to the same ARC.
  9. Acceptance of terms of Assignment Agreement based on IBA Model unconditionally.
  10. Cut-off date denotes last date of submission of financial bids i.e. all realization/recoveries made before the cut-off date shall be retained by the bank.
  11. Transfer will be made on "As is where is basis" and "without recourse" to the seller.
  12. Transfer to other Permitted Transferees shall be made only on cash basis. However, transfer to the ARCs will be made on Cash/Security Receipts (SRs) basis in case purchaser is ARC, otherwise the transfer will be made only on cash basis. (This shall be clearly indicated).
  13. **Minimum Cash Component:** In case of transfer of financial assets to the ARCs, minimum cash component will be 15% of the transfer price and rest 85% in the form of Security Receipts/Bonds etc.  
GM Asset Transfer Committee shall take a decision for fixation of higher cash component than minimum stipulated requirement of 15%.

14. **Trusteeship/Management Fee:** Management Fee shall be payable to the ARCs at a flat rate of 2% per annum.

In terms of RBI Circular no. DNBS (PD) C.No.41/SCRC/26.03.001/2014-2015 dated 05.08.14, Para 2(e):

“Management fees shall be calculated and charged as percentage of the Net Asset Value (NAV) at the lower end of the range of the NAV specified by the Credit Rating Agency (CRA) (rather than on the outstanding value of SRs as at present) provided the same is not more than the acquisition value of the underlying asset. However, Management Fees shall be reckoned as a percentage of the actual outstanding value of SRs, before the availability of NAV of the SRs.”

Every year HO Treasury Department will look into this aspect and pass redemption voucher, after confirming that the Management Fees and Redemption Incentive are deducted as per the provisions of MC Sanction.

15. **Cash Incentive:** As incentive on Cash Value of SRs redeemed, will also be paid in addition to the Management Fee mentioned above:

1.	1 <sup>st</sup> year & 2 <sup>nd</sup> year	4.00%
2.	3 <sup>rd</sup> year	3.50%
3.	4 <sup>th</sup> year & above	NIL

16. In case of transfer by way of Debentures, the ARC shall issue its own listed Debentures with fixed coupon rate, duly rated by the Renowned Agency.

17. All expenses in connection with transaction including stamp duty etc. shall be borne by the purchaser.

18. That besides the amounts outstanding under any disbursed loans, Bank shall notify the Purchaser details of any un-devolved LCs/LGs yet to be invoked/ installments of DPGs which are not yet due, in respect of the NPA account 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) will also be sold by the Bank to the same ARC/Buyer on the same terms & conditions, as that of the transfer for funded facilities. For this, the ARC/Buyer will give acceptance by way of Offer Letter/Supplementary Agreement/Assignment Agreement.

19. ECGC/DICGC claim received/to be received shall be retained by the Bank, subject to sharing of transfer proceeds proportionately in terms of extant guidelines i.e. the

claim amount will be given the same treatment as in case of recovery/OTS. Pro-rata shares shall be refunded to the corporation on account of recoveries.

20. RBI guidelines applicable to the purchaser shall be strictly complied with.
21. The object clause of Memorandum of Association of Purchaser provides for the acquisition of financial assets.
22. During each process of transfer of Financial Assets to ARC involving where Bank's investment in the shape of SR is involved, HO Treasury Department will forward the Trust Deed and Offer Document to HO Legal Cell for vetting and any amendments suggested by HO Legal Cell will be incorporated in the final document.
23. For accounts sold on cash-cum-SR structure, please find attached performa on which you are requested to submit quarterly information to HO Treasury Department of the Bank along with latest audit report of the Trust, statement of accounts of the Trust till date and any other specific information as required by the Department. The information is to be submitted on the Performa by the 15th day of the close of the quarter to HO Treasury Department. This Performa will be in addition to the regular quarterly updates being submitted by ARCs to HO Treasury Department.
24. For transfer on cash: SR basis, HO Law & Recovery Department and HO Treasury Department will convene meetings with the ARC on mutually decided dates (ARCs may be called together or on separate dates depending upon convenience). During the meeting, account wise discussions will be held with ARC based on the Performa submitted by them and information collated by the officials of the Bank. The Meeting may take place through Video Conference also. Minutes of the meeting and action points will be circulated amongst all members. Signed minutes will be held on record by the Bank and ARC.