



TENDER TERMS

Date: 19.03.2022

SALE OF NPAs – IN Q4 FOR THE FY 2021-22 INVITATION OF BIDS FROM ARCs/ Banks/ NBFCs/ FIs etc.

Jana Small Finance Bank invites bids from ARCs/ Banks/ NBFCs/ FIs etc. for sale of NPAs under Swiss Challenge method as given below during Q4 of the FY 2021-22. Accounts put for sale is as under:

Under Swiss Challenge method:

(Amount Rs in Crores)

| S no. | Title of the account | No. of A/c's | Aggregate Book O/s As on 28.02.22 | Reserve Price/ Binding Offer at 75% of aggregate Book | Starting Price for counter bid with 5% mark-up (78.75% of aggregate Book) | Data Room |
|-------|-----------------------------------------------------------------------|--------------|-----------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | Portfolio of MSME / Affordable Housing and Micro Housing NPA Accounts | 911 | 131.49 | Reserve Price – 98.62 Cash portion (15%)- 14.79 SRs portion (85%)- 83.83 | Reserve Price – 103.55 Cash portion (15%)- 15.53 SRs portion (75%) – 88.02 | Details of Data Room for conducting sample due diligence will be shared through email based on request received from ARCs submitting EOI. |

The e-bidding will be conducted on 28.03.2022 (Monday) from 11.30 am to 12.30 pm. The time schedule for completion of the sale 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 | 19.03.2022 |
| 2 | Last date for submission of Expression of Interest in the account to the email id: □ | 22.03.2022 |
| 3 | Last date for Submission of Non-Disclosure Agreement (if not already executed) | 23.03.2022 |
| 4 | Completion of Due Diligence Exercise | 25.03.2022 |



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|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 5 | Last date for 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. | 25.03.2022 |
| 6 | Allotment of User ID & password for e-Bidding | 26.03.2022 |
| 7 | Process of e-Bidding * | 28.03.2022 |
| 8 | Completion of documentation formalities and payment to be made | 29.03.2022 |

***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). Starting price for counter bid for portfolio of NPAs will be at 78.75% of aggregate Book O/s on 15% cash : 85% SRs basis (which is 5% mark-up on binding offer at 75% of aggregate Book O/s on 15% cash : 85% SRs basis)**

Other terms and conditions for sale are as under:

1. Portfolio are under "Swiss Challenge method" based on firm binding offer in hand and the said offerer will have the right to match the highest bid.
2. The NPA accounts will be sold along with underlying securities on **"as is where is" and "as is what is" basis without any recourse to the Bank**
3. The offer shall be given on **Cash: SR basis** for the portfolio of NPA accounts.
4. **Terms of Sale on Cash : SR basis for portfolio will be governed by the following terms & conditions:**

The bids shall be given for the portfolio of the NPA accounts on Cash 15% plus SR 85 % basis.

- i. Management fee would be 3.75% 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. For this purpose the Trust will appoint a Credit Rating Agency to compute the Net Asset Value at frequency as stipulated by the RBI from time to time. Management Fee shall be charged on annual basis at the beginning of the financial year.
- ii. Trust will reimburse collection cost @ 2% on Gross collections or cost incurred at actuals, whichever is lower.



- iii. Reimbursement of all costs and expenses pertaining litigation, insurance, protection and preservation of physical assets, documents, outsourced functions or any other cost towards management of the financial assets at actuals.
 - iv. Security Receipt will have Pari-passu redemption.
 - v. Excess recovery after redemption of Security Receipts i.e. upside, if any, will be with Jana Small Finance Bank and no share will be given to the ARC.
 - vi. **The ARC to open the related Trust account for all pool related transactions with Jana Small Finance Bank only.**
 - vii. Bank will engage concurrent auditor for review of operations and transactions of the Trust at frequencies as may be determined by the Bank. ARC should cooperate and submit relevant particulars/ disclosures for audit purpose.
5. On the date of execution of Assignment Agreement Jana Small Finance Bank will notify the outstanding based on the agreed cut-off date with the successful bidder.
6. **Due Diligence**: The Interested buyers shall enter into a Non – disclosure agreement with Jana Small Finance Bank before conducting due diligence, if not executed already.
- o The process of due diligence will commence from 19.03.2022 and will be completed by 25.03.2022.
 - o 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 shall be borne by the intending buyers only.
 - o While Jana Small Finance Bank will make available the information to the intending buyers which have come on record and it assumes no responsibility either on the part of Jana Small Finance Bank or its officers, if found later that the information on record with Jana Small Finance Bank 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. Further details of the account mentioned at S no. (1) will be sent in the form of excel sheets containing details of accounts for the portfolio will be sent on the email IDs provided with the Expression of Interest (EOI) on execution of NDA, if not already executed. 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.
8. The intending bidders will be allowed to submit bids for the portfolio of accounts at or above the starting price fixed for counter bid at Rs. 103.55 crores [78.75% of aggregate Book O/s] on 15% cash (Rs. 15.53 crores) and 85% SRs (Rs. 88.02 crores) markup of 5% on binding offer.
9. On the date of auction viz., 28.03.2022, the bidders will be participating in interse bidding during the time of auction i.e. 11.30 am to 12.30 pm through eauction site with auto extension of five minutes till auction is concluded. The bidders will be allowed to improve their bid. The successful bidder will be duly informed. As the sale is under Swiss Challenge Method based on the offer in hand, the highest counter bid (crossing reserve price) if any received, will become the challenger bid and the anchor bidder who has submitted the binding offer will have the right to match the challenger bid. The account will be sold 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.
10. 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-auction third party Service Provider will be responsible for any unforeseen circumstances.
11. Besides the amount outstanding under any disbursed loans, Bank shall notify the Purchaser details of any un-devolved LCs/ BGs yet to be invoked/ instalments of DPGs, which are not yet due, if any, in respect of the NPA account being offered for sale 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 sale, that portion



(converted into funded) will also be sold by the Bank to the same ARC/ Buyer who will give acceptance for the same through offer letter/ supplementary agreement/ assignment agreement.

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 purchaser.
14. Please note that the sale will be subject to final approval by the Competent Authority of the Bank.
15. Jana Small Finance Bank assumes no commitment for sale of its NPAs to any offerer and will have sole discretion to reject any offer **without assigning any reason at any point of time**. It is the sole discretion of Jana Small Finance Bank to select the successful bidder.
16. Jana Small Finance Bank reserves the right to **withdraw the offer, amend, alter, modify or defer** the proposal to sell at any time **without assigning any reason**.
17. Under no circumstances can the successful bidder 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.
18. KYC –there will be satisfactory completion of KYC by the seller (Jana Small Finance Bank) on the Buyer.
19. Successful bidder should ensure completion of all statutory/regulatory & other compliances.
20. If interested to participate in the sale process, our Collections Department may be contacted at 080-46212000 (mail id: sathyanarayana.s@janabank.com) along with a letter expressing interest and a Non-Disclosure Agreement duly signed & stamped.
21. In case of any further clarification, you may contact the following Nodal officers at our end: -
 1. **Sathyanarayana S:** sathyanarayana.s@janabank.com
 2. **Chethan Y G:** chethan.yg@janabank.com



- 22.** Data room on secure digital platform will be made available for due diligence with 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 potential bidder is 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.