



Karnataka Bank Ltd.
Your Family Bank. Across India.

Sale / Assignment of Non-Performing Assets Invitation for Expression of Interest

Special

Situation

Special Situation Advisors (India) Pvt. Ltd.

August 2017

Karnataka Bank Limited invites offers from all eligible Asset Reconstruction Companies (ARC's) for sale/assignment of its Non-Performing Assets (NPAs) subject to applicable regulations issued by Reserve Bank of India. The Sale of NPAs comprises of **40 accounts** with an Outstanding Balance ("OB") of about **Rs. 514.06 Crores**. The above NPAs are being offered for sale on "Cash + SR basis" only and on "As is where is and what is where is" basis. Special Situation Advisors (India) Pvt. Ltd is appointed as the Financial Advisor to assist the Bank in this transaction.

Eligible prospective investors who would like to participate in the competitive bidding process for sale of NPAs of the Bank are requested to intimate their willingness to participate by submitting in writing their Expression of Interest as per format enclosed at Annexure 1 along with Non-Disclosure Agreement as per format enclosed at Annexure 2 by hand delivery/email on or before 24th August, 2017 addressed to:

Mr. Nandakumar. H. S
Chief Manager
Karnataka Bank Limited
Regional Office,
2nd floor, E block, 'The Metropolitan'
Bandra Kurla Complex, Bandra (E)
Mumbai-400 051
Ph: 022-26572754/ 7738614145
E mail: mumbaiarm@ktkbank.com

The Expression of Interest requires Prospective Investors to insert the following statements including inter alia that:

- a) Subject to the findings of the Prospective Investor and pursuant to the due diligence review, the Prospective Investor intends to submit a Bid for the NPA loan accounts being offered for sale by Karnataka Bank Limited;
- b) In undertaking the sale process, the Prospective Investor has no conflict of interest with and is not related, directly or indirectly, to Karnataka Bank Limited.

The data room will be **centralised at Mumbai** at the below mentioned address:

Karnataka Bank Limited
Regional Office,
2nd floor, E block, 'The Metropolitan'
Bandra Kurla Complex, Bandra (E)
Mumbai-400 051

Indicative Schedule is as given below:

Sr. No.	Activity	Indicative Date
1.	Last date for submission of Expression of Interest & NDA	24 th August 2017 by 5 p.m.
2.	Release of Preliminary Information Memorandum to Investors	28 th August, 2017
3.	Release of Tender Document with Reserve Price	01 st September, 2017
4.	Data Room opens on Data Room closes on	01 st September 2017 15 th September, 2017
5.	Last Date of Submission of Sealed Bids	16 th September 2017 by 3 p.m. at Mumbai
6.	Bid Opening Date	16 th September 2017 at 4 p.m. at Mumbai
7.	Execution of the Assignment Agreements and Fund Transfer	Last week of September, 2017

Terms and Conditions:

1. A 'Non-Disclosure Agreement (NDA)' is to be executed in favour of the Bank in the prescribed format before initiating due diligence on a Non-Judicial Stamp Paper of **Rs. 100/-**. The parties are requested to furnish their complete contact details with E-mail addresses for correspondence along with the NDAs. The format of NDA has been provided at Annexure 2.
2. On receipt of the Non-Disclosure Agreement duly executed, parties will be provided with the Tender Document (TD) containing brief details of the assets on sale by 1st September 2017.
3. The sale of Non-Performing Loans is on 'as is where is & as is what is' basis.
4. Karnataka Bank Limited may, at any time, without giving any reasons thereof, change/extend the deadlines/time-lines outlined herein above and shall communicate such change/extension individually to each party.
5. The details of the assets and their Preliminary Information Memorandum (PIM) will be made available on receipt of EOI & receipt of NDA duly executed by the parties. Such information is furnished on the basis of the available data and shall not be deemed to be a representation of the Bank about quality of assets. The parties shall conduct their own due diligence, investigation, analysis and independent verification.

6. The parties shall bear the expenses related to stamping, registration or any other incidental expenses.
7. Acceptance of the offers shall be at the sole discretion of the Bank and shall be subject to the approval of the Board of the Bank.
8. The Bank reserves the right to modify the terms of sale at any stage without assigning any reason. The Bank reserves the right to reject and/or cancel or defer the sale of the non-performing assets at any stage without assigning any reason.
9. The Bank reserves the right to add, delete or modify the composition of the Loan Portfolio or the single accounts offered for sale and the sale structure at any stage without assigning any reason.

For further queries, kindly contact

Mr. Raj Bhanushali
Senior Associate,
Special Situation Advisors (India) Pvt. Ltd.
Tel: +91 22 67942649
+91 22 27814510
Mob: +91 9821126567
Email: raj.bhanushali@specialsituation.in

Accepted for and on behalf of _____

Signature:

Name & Designation of Signatory:

Date:

Annexure 1

Expression of Interest

On Investor's Letter Head

<Draft>

Dated:

Mr. Nandakumar. H. S

Chief Manager

Karnataka Bank Ltd.

Asset Recovery Management Branch,

2nd Floor, E Block, The Metropolitan,

Bandra Kurla Complex,

Near Income Tax Office, Bandra (East), Mumbai – 400 051

Sub: NPL/ Loan Portfolio Auction

We refer to Karnataka Bank Limited advertisement on website/e- mail dated 22nd August, 2017 on NPL Portfolio auction. We hereby confirm our intention to proceed with due-diligence in Data Room being set up by you. This is to confirm that:

- We are eligible and have the capacity to conclude the purchase of Loan Portfolio in accordance with the applicable laws and regulations of India.
- Subject to our findings and pursuant to the due diligence review, we intend to submit a Bid for the Loan Portfolio being auctioned by Karnataka Bank Limited.
- We have the financial capacity to undertake the purchase of the Loan Portfolio should our Bid be accepted.
- In undertaking this Transaction, we have no conflict of interest with and are not related, directly or indirectly, to Karnataka Bank Limited.
- We have already executed NDA with Karnataka Bank Ltd. in month of _____ which is currently valid and hereby attach for your perusal **(If Applicable)**

Name & Contact details of our representative:

With regards,

<Authorised Signatory>

Enclosed:

1. NDA

NON-DISCLOSURE AGREEMENT

This Non-Disclosure Agreement is made and entered into at Mumbai this [] day of (hereafter referred to as "Agreement").

BETWEEN

....., a Company incorporated under Companies Act, 1956 and having its Registered Office at (hereinafter referred to as "....." or "the Receiving Party"), which expression unless repugnant to the context or meaning thereof be deemed to include its successors and assigns of the ONE PART:

AND

Karnataka Bank Limited, a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act 1970 and having its Corporate Office at Post Box No. 599, Mahaveera Circle, Kankanady, Mangalore -575002 (hereinafter referred to as "KBL" or "the Disclosing Party", which expression unless repugnant to the context or meaning thereof be deemed to include its successors and assigns) of the OTHER PART:

..... and KBL are hereinafter collectively referred to as "the Parties" and individually as the "the Party".

WHEREAS

The Parties intend to engage in discussions and negotiations concerning the establishment of a business relationship between themselves. In the course of such discussions and negotiations, it is anticipated that KBL may disclose or deliver to certain or some of its trade secrets or confidential or proprietary information in respect of sale of impaired financial assets for the purpose of enabling to evaluate the feasibility of such business relationship (hereinafter referred to as "the Purpose").

NOW, THEREFORE THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. Confidential Information: "Confidential Information" means all information disclosed / furnished by either of the Parties to the other Party in connection with Purpose. Confidential Information shall include any copy, abstract, extract, sample, note or module / softcopies thereof. Provided that any information disclosed/furnished either orally or through any other intangible method, it shall be treated as Confidential Information for the purposes of this agreement only if such information is documented in a separate writing to the receiving party at its address set forth herein above within 3 (three) business days of such disclosure.

The Receiving Party may use the Confidential Information solely for and in connection with the Purpose.

Notwithstanding the foregoing, Confidential Information shall not include any information which the Receiving Party can show: (a) is now or subsequently becomes publicly available without breach of this Agreement by the Receiving Party, (b) was rightfully in the possession of the

Receiving Party without any obligation of confidentiality prior to receiving it from the Disclosing Party, (c) was rightfully obtained by the Receiving Party from a source other than the Disclosing Party without any obligation of confidentiality, (d) was developed by or for the Receiving Party independently and without reference to any Confidential Information and such independent development can be shown by documentary evidence, or (e) is disclosed pursuant to an order of a court or governmental or regulatory agency as so required by such order, provided that the Receiving Party shall, unless prohibited by law or regulation, promptly notify the Disclosing Party of such order and afford the Disclosing Party the opportunity to seek appropriate protective order relating to such disclosure.

2. Non-disclosure: The Receiving Party shall not commercially use or disclose any Confidential Information or any material derived there from to any other person or entity other than persons in the direct employment of the Receiving Party who have a need to have access to and knowledge of the Confidential Information solely for the Purpose authorized above. The Receiving Party may disclose Confidential Information to consultants only if the consultant has executed a non-disclosure agreement with the Receiving Party that contains terms and conditions that are no less restrictive than these. The Receiving Party shall take appropriate measures by instruction prior to disclosure to such employees to assure against unauthorized use or disclosure. The Receiving Party agrees to notify the Disclosing Party as soon as reasonably practicable, if it learns of any use or disclosure of the Disclosing Party's Confidential Information in violation of terms of this Agreement.
3. Publications: Neither Party shall make news releases, public announcements, give interviews, issue or publish advertisements or publicize in any other manner whatsoever in connection with this Agreement, the contents / provisions thereof, other information relating to this Agreement, the Purpose, the Confidential Information or other matter of this Agreement, without the prior written approval of the other Party.
4. Term: This Agreement shall be effective from the date hereof and shall terminate on the Expiry Date, being the earlier of:-
 - (a) the date falling [36] months from the date hereof, and
 - (b) the consummation of the transaction contemplated herein.

The obligations of the Receiving Party respecting disclosure and confidentiality shall continue to be binding and applicable except and until such information enters the public domain or the Expiry Date, whichever is earlier.

5. Title and Proprietary Rights: Notwithstanding the disclosure of any Confidential Information by the Disclosing Party to the Receiving Party, the Disclosing Party shall retain title and all intellectual property and proprietary rights in the Confidential Information. No license under any trade mark, patents or copy right, or application for the same which are now or thereafter may be obtained by such Party is either granted or implied by the conveying of Confidential Information. The Receiving Party shall not conceal, alter, obliterate, mutilate, deface or otherwise interfere with any trade mark, trade mark notice, copy right notice, confidentiality notice or any notice of any other proprietary right of the Disclosing Party on any copy of the Confidential Information, and shall reproduce any such mark or notice on all copies of such Confidential Information. Likewise, the Receiving Party shall not add or emboss its own or any other mark, symbol or logo on such Confidential Information.
6. Return of Confidential Information: Upon expiration or termination as contemplated in Clause 4 above and upon written demand of the Disclosing Party, the Receiving Party shall (i) cease using

the Confidential Information, (ii) return the Confidential Information and all copies, abstract, extracts, samples, notes or modules/ softcopies thereof to the Disclosing Party within seven (7) days after receipt of notice, save any internal memoranda and save to the extent that the Receiving Party is required to retain any Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or rules of any stock exchange or in accordance with its internal policy, provided always that the Confidential Information so retained shall continue to be subject to the obligations contained in the Agreement, save and except when the same enters the public domain.

7. Remedies: The Receiving Party acknowledges that if the Receiving Party fails to comply with any of its obligations hereunder, the Disclosing Party may suffer immediate irreparable harm for which monetary damages may not be adequate. The Receiving Party agrees, in addition to all other remedies provided at law or in equity, the Disclosing Party shall be entitled to injunctive relief hereunder.
8. Entire Agreement, Amendment, Assignment: This Agreement constitutes the entire Agreement between Parties relating to the matters discussed herein and supersedes any and all prior oral discussions and / or written correspondence or agreements between the Parties. This Agreement may be amended or modified only with the mutual written consent of the Parties. Neither this Agreement nor any right granted here under shall be assignable or otherwise transferable.
9. Governing Law: The provisions of this Agreement shall be governed by and construed in accordance with the laws of India and the competent courts in Mumbai shall have non-exclusive jurisdiction in relation to all matters arising out of or in connection with this Agreement.
10. General: The Receiving Party shall not reverse – engineer, decompile, disassemble or otherwise interfere with any software disclosed hereunder. All Confidential Information is provided “as is”. In no event shall the Disclosing Party be liable for the inaccuracy or incompleteness of the Confidential Information. None of the Confidential Information disclosed by the Parties constitutes any representation, warranty, assurance, guarantee or inducement by either Party to the other Party with respect to the fitness of such Confidential Information for any particular purpose other than for the Purpose.
11. The Disclosing Party warrants that it has the legal right and authority to make the disclosures under this Agreement.

In Witness whereof, the Parties hereto have executed these presents the day, month and year first herein above written.

For and on behalf of
Karnataka Bank Limited

(Authorized Signatory)

For and on behalf of

.....

(Authorized Signatory)