



Proposed sale of financial assets by North East Small Finance Bank

North East Small Finance Bank Limited (“NESFB” or “the Bank”) is a Banking Company as per Banking Regulation Act, 1949 and incorporated & registered under the provisions of Companies Act, 2013, having its Head office at 1st & 3rd Floor, Fortune Central, Basisthapur, Bye lane 3, Beltola, Guwahati, Assam 781028. We are engaged in the business of banking and providing financial credit facilities in the form of various kinds of loans and the operations of the bank are subject to guidelines and regulations issued by the Reserve Bank of India as amended from time to time.

NESFB invites bids from Asset reconstruction companies/non-banking financial companies/Banks/NBFCs/Financial institutions for the sale of its financial asset comprising of microfinance related Stressed Financial Assets for upfront **Cash and Security Receipts (“SRs”)** as consideration. The Bank has already received one bid. The counter bids are called from interested bidders under the Swiss challenge method.

1. Brief details of financial assets, NESFB invites bids from eligible parties to acquire the pool of financial assets/Loan accounts as detailed below.

No. of Loan A/cs	Outstanding as on 30.09.23	Date for submission of Bid (on or before)	Date of opening of Bids & finalization of successful Bidder	Terms of Sale
1,80,825	535.2 crores	20.11.2023	23.11.2023	Cash (15%) + SRs (85%)

The sale of Financial Asset, as envisaged as a sale under the Swiss challenge method. NESFB has received an existing offer from an eligible entity (Initial Bidder) for acquisition of the Financial Asset for an aggregate consideration amount.

2. The sale of the Financial Asset by NESFB is under “Swiss Challenge Method”, based on an existing offer (hereinafter called “Base Bidder”) in hand with an aggregate consideration amount of Rs. 149.86 crores (“Initial Consideration”) (28% of the portfolio) Crores from an “Offeror” in upfront cash of (Rs. 22.48 crores / 15%) and security receipts structure of (Rs. 127.38 crores/85%). The “Challenger” bid should have minimum mark-up of 5% over “base/Anchor / Initial Bidder” bid. The “Offeror” will have the right to match the highest challenger bid.

3. In the event (i) no counter bid is received pursuant to this counter bid process, or (ii) the counter bid(s) received do not offer a consideration which is higher than the Initial Consideration by at least 5% (Five percent) of the Initial Consideration quoted by the initial Bidder, the Initial Bidder, shall be declared as the successful bidder

4. If counter bid(s) cross the minimum mark-up specified above, the highest counter bidder becomes the challenger bid. In that case, Base/Anchor/ Initial Bidder, who provided the base-bid is then invited to match the challenger bid. If the Base/Anchor/ Initial Bidder, who provided the base-bid either matches the challenger bid or bids higher than the challenger bid, such bid shall become the successful bidder; else, the challenger bid shall be the successful bidder.

5. The Initial Bidder or the Selected Bidder will be declared as the Successful bidder upon completion of the Swiss Challenge method.

6. The Offeror will have first right of refusal to match the highest challenger bid emerging from Swiss Challenge process.

Prospective bidder desirous of further participating in the process are required to submit their expression of interest signed by an authorised representative latest by 20.11.2023 which should be sent electronically to our exclusive advisor for this transaction BDO India LLP on the below email ids. Please reach out to our advisor in case of any queries:

Name	Email ID	Phone Number
Mr. Maulik Sanghavi (Partner)	mauliksanghavi@bdo.in	+91 9892335213
Mr. Sahil Kapadia (Manager)	sahilkapadia@bdo.in	+91 8286007397

Broad Terms and Conditions:

- Management fee will be subject to negotiations but shall not exceed a 5% p.a. on outstanding SRs from Trust recoveries
- Recovery incentive will be subject to negotiations but shall not exceed 5% of gross recoveries, which would be payable to the ARC from the trust recoveries
- All legal, statutory, rating and other expenses will be debited to the Trust as per the actuals
- All security receipts shall be pari-passu
- The servicing agent, if appointed shall be paid a service fee of gross collection as remuneration to do the collection activities, the service fee will be subject to negotiations
- Any excess recovery after providing for expenses and complete redemption of security receipts i.e. upside, if any, shall be transferred to NESFB

Once we receive the expression of interest, our advisor will also share a detailed process document including details of all terms and conditions, along with providing any additional information requested based on which prospective counter bidders may submit their bid for acquisition of the Financial Asset (Proposed Transaction)