

# **PRE-BID DOCUMENT**

*for*

## **STRATEGIC STAKE SALE IN A COMPANY ENGAGED IN MANUFACTURING CRITICAL CASTING COMPONENTS FOR NON- AUTOMOTIVE SEGMENTS**

***(Strictly Private & Confidential)***

**Transaction Advisor**



(A wholly owned subsidiary of Punjab National Bank)

**PNB Investment Services Limited**

PNB Pragati Towers, 2nd Floor  
C-9, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051

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**November 2018**

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## Chapter 1 – Proposed Transaction

- 1) The company is engaged in manufacturing critical casting components for non-automotive segments primarily for tractors, commercial vehicles, off-road vehicles and earth-movers for Domestic and International markets.
- 2) It has a “State of the art” facility for Ferrous casting at Rajpura, Distt. Patiala, Punjab. The plant technology is based on Green Sand technology, the most widely used technology in casting process. The plant has achieved COD in July 2014.
- 3) The product portfolio presently includes critical casting components such as Differential Housings, Gear Box Housings, Transmission Cases, and Crank Cases etc. amongst others.
- 4) It supplies parts to renowned companies like International Tractors Ltd (Sonalika International) and Escorts.
- 5) Most of these products have several variants according to the customer demand and specifications.
- 6) A consortium of lenders led by Punjab National Bank (“**the Clients**” or “**the Lenders**”) are seeking to induct a strategic and/or financial investor (“**Investor(s)**” or “**Interested Bidder(s)**” or “**IB**”) into the Company to take over majority equity stake in the Company (“**Transaction**”).
- 7) Punjab National Bank (“**Lead Bank**” or “**Lenders’ Agent**”) on behalf of the Lenders of the Company has engaged PNB Investment Services Limited (“**PNBISL**” or “**Advisor**”) as financial/transaction advisor to the Transaction
- 8) This Pre-Bid Document (“**PD**”) contains instructions to the Investor(s) for submitting their Expression of Interest (“**EoI**”) along with Non-Disclosure Agreement (“**NDA**”) to the Advisor in order to proceed with the proposed Transaction.
- 9) This PD contains the following:
  - a. Instructions for submission of EoI;
  - b. Eligibility criteria for evaluation of EoIs;
  - c. Format of EoI;
  - d. Format for NDA
  - e. Advertisement as published in Newspapers
  - f. Timeline
- 10) IBs will be required to sign the NDA and respond in the format as detailed in this PD as soon as EoIs are shortlisted.

- 11) Eols are liable to be rejected by Lenders if IB(s) fail to meet the criteria or for any other reason deemed fit by the Advisor and/or the Lenders in their sole discretion, without assigning any reason whatsoever.
- 12) IBs will need to make a non-refundable payment of INR 10 Lakhs (plus applicable GST of 18%) as process participation fee.
- 13) After shortlisting of IBs, a site visit (cost of which will be borne by the shortlisted IBs) would be scheduled to facilitate the shortlisted IBs in making their assessment of the business of the Company. The modalities related to the visit and due diligence will be communicated to the shortlisted IBs separately, in due course.
- 14) The Transaction shall be on, as is where basis is. The shortlisted IBs shall carry out their own due diligence, independent assessment and appraisal of the Company and the Transaction. The Advisor or its consultants, agents, officials and employees make no representations, in relation thereto shall not be liable in any manner whatsoever. Shortlisted Bidders will be provided a period of Fourteen (14) days to conduct the due diligence exercise and submit the final binding Financial Bid.
- 15) The Invitation of EOI is under Swiss challenge method based on the existing offer in hand, wherein the Investor who has proposed and submitted a binding offer to acquire majority stake will have the right to match the highest bid through the EOI/Outbidding process.
- 16) The Lenders/Lenders' Agent/Lead Bank reserves the right to accept/reject the offer as per pre-determined Financial Criterion(s). A committee may also be formed, at the discretion of the Lenders, comprising of the member banks of the consortium/and or the Steering Committee member banks along with external parties to evaluate the Final Bid and address any specific complexity in the Transaction. In case there is only one offer, Lenders/Lenders' Agent may accept the same at its own discretion. Lenders' Agent will have the right to negotiate better terms and conditions with the top three (3) highest Bidders. If number of bidders is less than three (3), Lenders' Agent will have right to negotiate better terms and conditions with those bidder(s).
- 17) Lenders will approve the Final Selection of Bidders on the terms negotiated within 2 days.
- 18) Shareholding agreements/ Definitive agreements etc will be executed within 10 days.
- 19) Lenders Agent/Advisor reserves the right to modify/postpone/cancel or call off the proposed Transaction without assigning any reason whatsoever. It also reserves the right to call for any additional document/information from the IBs, which may be considered necessary without any liability to the Lenders Agent/Advisor. Further the Lenders shall have the right to cancel or scrap the Transaction process at any point of time in their own discretion. The decision of the Lenders in this regard shall not be open to challenge or dispute of any kind.

- 20) The Net Present Value (NPV) shall be computed at the discounted rate of 9.25%.
- 21) Lenders/Lender's agents reserve the right to frame and modify the Evaluation Matrix at any stage of the Transaction and/or till the completion of the Transaction.
- 22) Minimum offer should have higher NPV and higher upfront payment to Lenders as compared to the Existing Binding Offer. It is further stipulated herein that the Minimum offer shall be equivalent to the Sustainable Debt of Rs.309.94 Crores, which is taken as the Base/Floor Price.
- 23) All IBs who reached the Evaluation Stage shall submit a Bid Bond of Rs. 50 Lacs along with their Binding Offers.
- 24) Any clarification, if required, should be submitted in writing or by email to the persons set out in this PD on or before 5:00 pm on 6<sup>th</sup> December 2018. The Lenders Agent/Advisor reserves the right not to respond to questions raised or provide clarifications sought, in their sole discretion. Nothing in this document shall be taken or read as compelling or requiring the Lender's Agent/Advisor to respond to any question or to provide any clarification. No extension of any time and date referred to in this PD shall be granted on the basis or grounds that the Lender's Agent/Advisor has not responded to any question/ provided any clarification.
- 25) This PD and all related communication and documents shall be subject to the terms of the RFP ("Request for Proposal"), which can clarify, modify or amend the process or requirements set out therein. In the event of any conflict, the terms of RFP shall prevail.
- 26) The IB acknowledges that this PD (except NDA) and EOI are legally non-binding documents. In case of any dispute in respect of interpretation of the terms of this Process Document, EOI or anything arising there from or in relation thereto, such dispute or difference shall be referred to the Lenders Agent whose interpretation or decision shall be final, conclusive and binding on all the parties. The laws of Union of India shall govern all matters relating to the proposed Transaction. All disputes will be subject to jurisdiction of the Courts at Delhi to the exclusion of all other Courts

## Chapter 2 – Instructions for Submission of EoI

The EoI conforming to the conditions of this PD shall be submitted latest by 5:00 PM on 7<sup>th</sup> December 2018 at the office of PNB Investment Services Limited, the address of which is given below either by post, courier or hand delivery (at the risk and cost of IBs) in a sealed envelope clearly marked.

**“Private and Confidential – Expression of Interest for taking over a company engaged in manufacturing critical casting components for non-automotive segments – [name, address of IB”]**

**Designated Official:**

Senior Vice President  
PNB Investment Services Limited,  
PNB Pragati Towers, 2nd Floor,  
C-9, G Block, Bandra Kurla Complex,  
Bandra East, Mumbai - 400 051

Applications received by any other means will not be accepted.

- 1) The Advisor shall bear no responsibility for non-receipt of EoIs/any other correspondence sent by post/courier. EoI submitted after the above-mentioned date will not be accepted.
- 2) The IBs shall bear all costs associated with the preparation and submission of the EoI. The Advisor shall not, under any circumstances be responsible or liable for any such costs, whether direct, incidental or consequential.
- 3) The EoIs to be submitted shall consist of the following:
  - A. **Name and Address:**
    - a. Name of the Firm/Company/Organization:
    - b. Constitution of the bidder: [private limited company/public limited company/foreign portfolio investor/others (details to be specified)]
    - c. Profile of the bidder and [its Group] and its nature of business:
    - d. Shareholding pattern of the bidder:
    - e. Address:
    - f. Telephone No:
    - g. Fax:
    - h. Email:
  - B. **Copies of Certificate of Incorporation/ Registration and Constitutional Documents (MoA, AoA). Copy of PAN card or equivalent documents.**
  - C. **Date of Establishment:**
  - D. **Core Area of Expertise:**

**E. Contact Person:**

- a. Name:
- b. Designation:
- c. Telephone No:
- d. Fax:
- e. Email:

**F. Prospective Investor Profile:**

- a. Profile of Investor including subsidiary (wholly owned subsidiary and partly owned subsidiary, if any), promoter and promoters' group, Key Managerial Personnel and Rationale for bidding for the Company

- b. Prospective Investor Financial Profile (consolidated / standalone as applicable):

**i. In Case of a Company:**

- Audited financial statements for the year ending 31st March 2016, 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2018 of the prospective investor and/or its parent entity/ promoter to establish the ability to fund the acquisition. If audited financial statements for the year ending 31<sup>st</sup> March 2018 are not available, then the provisional may be provided along with the audited financial statements for the year ending 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2017.

**ii. In Case of a Fund:**

- Where the entity submitting the EOI is a financial investor /fund/ NBFC/ ARC entity, please provide details pertaining to "Assets under Management" for FY 2018, FY 2017 and FY 2016 along with the committed funds available for investment for the latest date]
- Assets Under Management (AUM) as on 31<sup>st</sup> March 2018 based on audited financial statements of the entity.
- A Chartered Accountant's certificate for amount of committed funds available for investment / deployment
- Annual Reports or Audited Financial Statements or Net-Worth Statements supporting the above-mentioned financial profile is to be submitted.

- c. Experience of the Company in the relevant sector and the rationale for bidding.
- d. History, if any, of the prospective investor or affiliates of the prospective investor being declared a 'wilful defaulter', 'non-cooperative borrower', or 'non-performing asset'

- 4) Shortlisted IBs will be asked to sign the Confidentiality Undertaking before the access to data room for carrying out due diligence is granted.

- 5) **Enquiry:** Advisor/Lenders' Agent reserves the right, in their sole discretion, not to respond to any questions raised or provide clarifications sought, if considered inappropriate or prejudicial to do so or even otherwise. Nothing in this section shall be taken or read as compelling or requiring the Advisor/Lenders' Agent to respond to any question or provide any clarification. No extension of any time and date referred to in this PD shall be granted on the basis or grounds that the Advisor/Lenders' Agent has not responded to any question or provided any clarification.

**Governing Law/ Jurisdiction:** The Transaction and all matters incidental thereto shall be governed by the laws of India. All disputes arising out of the Transaction shall be subject to the exclusive jurisdiction of the courts in Delhi.

- 6) **Issue of Information Memorandum and access to Physical / Virtual Data Room:** The Investor(s) would have access to Information Memorandum and Physical / Virtual Data Room at 5:30 pm on 10<sup>th</sup> December 2018. The data room would provide access to secure documents for authorized users through a dedicated secure agent application.
- 7) **Last date for submission of final resolution plan:** The Investor(s) need to submit their resolution plan by 5:00 pm on 28<sup>th</sup> December 2018 at the office of PNB Investment Services Limited, the address of which is given below either by post, courier or hand delivery (at the risk and cost of IBs) in a sealed envelope clearly marked.

**“Private and Confidential – Expression of Interest for taking over a company engaged in manufacturing critical casting components for non-automotive segments – [name, address of IB”]**

**Designated Official:**

Senior Vice President  
PNB Investment Services Limited,  
PNB Pragati Towers, 2nd Floor,  
C-9, G Block, Bandra Kurla Complex,  
Bandra East, Mumbai - 400 051

- 8) **Evaluation of Offers and outbidding to decide H1:** After evaluation of the offers/resolution plans submitted by Investor(s), the successful H1 bidder would be announce on 31<sup>st</sup> December 2018.



9) **Important Timelines:**

<b>Event</b>	<b>Date</b>
Advertisement for Invitation of EOI	30 <sup>th</sup> November 2018
Last date & time for submission of EOIs	7 <sup>th</sup> December 2018
Declaration of list of successful EOI applicants	10 <sup>th</sup> December 2018
Issue of Information Memorandum and access to Physical/ Virtual Data Room	10 <sup>th</sup> December 2018
Last date for submission of final resolution plan	28 <sup>th</sup> December 2018
Evaluation of Offers and outbidding to decide H1	31 <sup>st</sup> December 2018
Right to improve offer by existing investor	6 <sup>th</sup> January 2019
Acceptance of revised offer and issuance of Letter Of Intent (LOI)	7 <sup>th</sup> January 2019

## Chapter 3 – Eligibility Criteria

### 1) Eligibility Criteria:

**In case of body corporate** – Consolidated Tangible Net-Worth (TNW)\* of at least INR 75 crores (Rupees Seventy-Five crore only) at a Group# level for the immediately preceding completed financial year as per the latest audited annual accounts. In case of consortium, lead applicant should comply with this requirement. Latest audited annual accounts refer to financial accounts being not older than 1 year from the date of advertisement. The applicant must have a good financial health and repute.

**In case of a fund** – Total Assets under Management (AUM)/Loan portfolio shall be at least INR 500 crores (Rupees Five Hundred Crore only) as evidenced by latest audited annual accounts. Latest audited annual accounts refer to financial accounts being not older than 1 year from the date of advertisement. The applicant must have a good financial health and repute. The Advisor/Lenders shall not consider for the purpose of qualification, any EoI which has been found to be incomplete in content or attachments.

\* Tangible Net Worth (TNW) shall be computed as aggregate value of paid up capital and all reserves created out of profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, and does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation expenses.

# 'Group' shall mean to include the subsidiary companies and all other companies and entities in which the IB exercises control.

**In case of a Joint Bid, at least one of the Bidders shall meet the above-mentioned Eligibility Criteria for participating in the process.**

- 2) The EoI submitted by the IB shall be evaluated by the Lenders based on the information and documents furnished by the IB, as part of the EoI, and in accordance with the terms and conditions detailed in this PD.
- 3) The IB submitting the EoI should be qualified to bid under applicable laws/regulations & guidelines of statutory/regulatory/governmental authorities.

IB may include any individual (resident of India, Foreign national, non- resident Indian or a person of Indian origin, as defined under the Foreign Exchange Management Act, 1999 and any related amendments), trust, co-operative society, private limited company, public limited company, sole proprietary firm or a partnership firm, all registered in India or a company registered outside India, which is eligible to invest in India under the laws of India (subject to such parties obtaining all statutory approvals from Government of India/ Reserve Bank of India etc. by themselves).

- 4) Without Prejudice, an IB may be disqualified and its EoI excluded from further consideration for non-compliance with the terms hereof or for any of the reasons (including, without limitation) listed below.
  - a) If any information becomes known after the IB has been qualified, which information would have entitled Advisor/Lenders/ Lenders' Agent to reject the EoI of the relevant IB, Lenders' Agent would disqualify the IB.

The bids are required to be submitted as per the terms and conditions specified in this PD and any other subsequent additions and modifications thereof. This document along with the Annexures does not constitute any commitment on the part of our Clients or PNBISL or any of their respective Directors, officers, employees, representatives, advisors, or agents, whether in respect of the proposed Transaction.

- 5) Lenders reserve the right to accept or reject a bid without assigning any reasons

**Annexure 1 -Format for the Expression of Interest**

*[To be submitted on the letterhead of the bidder]*

Date: [.....]

To  
Senior Vice President,  
PNB investment Services Limited, PNB Pragati Towers,  
2nd Floor, C-9, G Block, Bandra Kurla Complex,  
Bandra East, Mumbai - 400 051  
E-mail: [projectauto@pnbisl.com](mailto:projectauto@pnbisl.com);

**Subject: Expression of Interest (“EOI”) for majority stake sale in a Critical Casting Components Company in Rajpura Dist, Patiala, Punjab**

**Reference: Advertisement dated 30<sup>th</sup> November 2018 published in (name of the newspaper)**

Dear Sir,

In connection with the Advertisement on the captioned subject, we, the undersigned bidder hereby offers our expression of interest for purchasing majority Equity stake in Oliver Engineering Private Limited (“Company”) operating a facility to manufacture critical casting components for non-automotive segments primarily for tractors, commercial vehicles, off-road vehicles and earth-movers for Domestic and International markets. The Company has a ‘State of Art’ facility for Ferrous casting at Rajpura Dist. Patiala, Punjab.

Along with our EOI, we have also provided information as required in the prescribed format in below enclosed ‘Annexure A’. Applicants shall meet the Eligibility Criteria as set out as Annexure ‘B’.

We further undertake that the information furnished by us in this EOI and Annexure is true, correct, complete and accurate to the best of our knowledge. Based on this information, we understand you would be able to evaluate our preliminary proposal in order to pre-qualify for the above-mentioned proposal. Further, we agree and acknowledge that:

(A) the EOI will be evaluated based on the information provided in the Annexures and attached documents to determine whether we qualify to submit the proposal pursuant to EOI;

(B) the Lender’s Agent/PNBISL reserve the right to determine at their sole discretion, whether we qualify for the submission of the proposal and may reject the EOI submitted by us without assigning any reason/ without any liability whatsoever;

(C) the Lender’s Agent/PNBISL reserve the right to request for additional information or clarification from us for the purposes of the EOI and /or for any compliance and we shall comply with the same immediately without any delay. Failure to satisfy the queries of PNBISL/ Lender’s may lead to rejection of our submission pursuant to EOI;

(D) Meeting the qualification criteria as set out in EOI alone does not automatically entitle us to participate in the next stage of the bid process;

(E) We are not disqualified person in terms of provisions of Section 29A of the Insolvency and Banking Code, 2016 read with its amendment as on the date of signing of this EOI.

Yours Sincerely,

On behalf of [Insert the name of the entity submitting the EOI]

Signature: \_\_\_\_\_

Name of Signatory:

Designation:

Company Seal /Stamp

Notes: The person signing the EOI and other supporting documents should be an authorized signatory supported by necessary board resolutions/ authorization letter.

**ANNEXURE 'A'**

**[Note: The details set out below are to be provided for each of the members]**

**G. Name and Address:**

- i. Name of the Firm/Company/Organization:
- j. Constitution of the bidder: [private limited company/public limited company/foreign portfolio investor/others (details to be specified)]
- k. Profile of the bidder and [its Group] and its nature of business:
- l. Shareholding pattern of the bidder:
- m. Address:
- n. Telephone No:
- o. Fax:
- p. Email:

**H. Copies of Certificate of Incorporation/ Registration and Constitutional Documents (MoA, AoA). Copy of PAN card or equivalent documents.**

**I. Date of Establishment:**

**J. Core Area of Expertise:**

**K. Contact Person:**

- f. Name:
- g. Designation:
- h. Telephone No:
- i. Fax:
- j. Email:

**L. Prospective Investor Profile:**

- e. Profile of Investor including subsidiary (wholly owned subsidiary and partly owned subsidiary, if any), promoter and promoters' group, Key Managerial Personnel and Rationale for bidding for the Company
- f. Prospective Investor Financial Profile (consolidated / standalone as applicable):
  - i. **In Case of a Company:**
    - Audited financial statements for the year ending 31st March 2016, 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2018 of the prospective investor and/or its parent entity/ promoter to establish the ability to fund the acquisition. If audited financial statements for the year ending 31<sup>st</sup> March 2018 are not available, then the provisional may be provided along with the audited financial statements for the year ending 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2017.

**ii. In Case of a Fund:**

- Where the entity submitting the EOI is a financial investor /fund/ NBFC/ ARC entity, please provide details pertaining to “Assets under Management” for FY 2018, FY 2017 and FY 2016 along with the committed funds available for investment for the latest date]
- Assets Under Management (AUM) as on 31<sup>st</sup> March 2018 based on audited financial statements of the entity.
- A Chartered Accountant’s certificate for amount of committed funds available for investment / deployment

Annual Reports or Audited Financial Statements or Net-Worth Statements supporting the above-mentioned financial profile is to be submitted.

- g. Experience of the Company in the relevant sector and the rationale for bidding.
- h. History, if any, of the prospective investor or affiliates of the prospective investor being declared a ‘wilful defaulter’, ‘non-cooperative borrower’, or ‘non-performing asset’

**M. Proof of payment of non-refundable process participation fee of INR 10 Lakhs (plus applicable GST of 18%) to the following Account:**

Bank Name	Punjab National Bank
Branch	Tolstoy House, Tolstoy Marg, New Delhi - 110001
A/c No.	2164003171160
IFSC	PUNB0216400
Beneficiary name	Non Customer Inter Branch Fund Transfer (PNB)

**ANY OTHER SUPPORTING DOCUMENTS TO BE ATTACHED WITH EOI**

**ANNEXURE 'B'**

**ELIGIBILITY CRITERIA FOR QUALIFICATION**

Financial Proposals of only those proposed applicants/RA's who meet the qualifying criteria specified below in this Expression of Interest will be considered. EOIs which do not meet these criteria shall be rejected.

Minimum qualifications for the applicants for the purpose of participating in the process are as under:

- A. For Body Corporates including Limited Liability Partnerships (LLP):** Consolidated Tangible Net-Worth (TNW)\* of at least INR 75 crores (Rupees Seventy-Five crore only) at a Group# level for the immediately preceding completed financial year as per the latest audited annual accounts. In case of consortium, lead applicant and/or one of the members of the consortium should comply with this requirement. Latest audited annual accounts refer to financial accounts being not older than 1 year from the date of advertisement. The applicant must have a good financial health and repute.
- B. For Financial Investors - PE Investors/Funds/Asset Reconstruction Companies/NBFCs/Banks and other Financial Institutions:** Total Assets under Management (AUM)/Loan portfolio shall be at least INR 500 crores (Rupees Five Hundred Crore only) as evidenced by latest audited annual accounts. Latest audited annual accounts refer to financial accounts being not older than 1 year from the date of advertisement. The applicant must have a good financial health and repute.

\* Tangible Net Worth (TNW) shall be computed as aggregate value of paid up capital and all reserves created out of profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, and does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation expenses.

# 'Group' shall mean to include the subsidiary companies and all other companies and entities in which the IB exercises control in terms of the Companies Act and the applicable laws.

In case of a Joint Bid, at least one of the Bidders shall meet the above-mentioned Eligibility Criteria for participating in the process.



## Annexure 2 -Non-Disclosure Agreement

This **CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT** (hereinafter referred as the "Agreement") is made at \_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_, 20\_\_\_ (hereinafter referred as 'Effective Date') between

**PNB Investment Services Ltd.**, a company incorporated under the Companies Act, 1956 and having its registered office at 10, Rakesh Deep Building, Yusuf Sarai Commercial Complex, Gulmohar Enclave, New Delhi - 110049 (hereinafter referred to as the "PNBISL" which shall be deemed to mean and include its successors and assigns) of the **FIRST PART**

**And**

\_\_\_\_\_, a company incorporated under the Companies Act, 1956 and having its registered office at \_\_\_\_\_ or "Company", which shall be deemed to mean and include its successors and permitted assigns),

**And**

----- a company incorporated under the Companies Act, 1956 and having its Registered Office at ----- (hereinafter referred to as the "\_\_\_\_\_" or "**Receiving Party**" which shall be deemed to mean and include its successors and permitted assigns) of the **SECOND PART**;

The Company and PNBISL shall be collectively referred to as the "**Disclosing Parties**" and individually as a "**Disclosing Party**" as the context may require.

"Disclosing Party" and "Receiving Party" are individually referred to as "**Party**" and collectively referred to as "**Parties**".

### WHEREAS:

- A. PNBISL is engaged in the business of investment banking, project advisory and financial services.
- B. ----- is engaged in the business of-----.
- C. PNBISL has been appointed by the Lenders for providing Financial Structuring Advisory Services. The scope of work inter alia includes Advisory Services towards Sale of Equity Stake (Majority)/Induction of Strategic Investor(s) in the Company. While considering various options for revival of the Company, the consortium of the Lenders led by Punjab National Bank ("JLF Lenders") inter alia decided for change of management of the Company.
- D. In respect of exploring and evaluating the Transaction, PNBISL will disclose certain confidential information (hereinafter defined) to the Receiving Party in respect of the Transaction.

**NOW, THEREFORE**, in consideration for the mutual promises and covenants hereunder the Disclosing Party and Receiving Party agree as follows:

**1. DEFINITIONS**

- 1.1 **“Confidential Information”** means the information of the Disclosing Party or any of its Client’s, disclosed or submitted to the Receiving Party, in written, representational, electronic, verbal or other form and includes all data, materials, products, technology, computer programs, specifications, manuals, business plans, software, marketing plans, financial information, human resource information and any other information disclosed or submitted whether prior to the Effective Date of this Agreement or thereafter including without limitation, the information on the contents and existence of this Agreement and analysis, compilations, studies and other documents prepared by either Party or its representatives or which contain or otherwise reflect or are generated from any Confidential Information.
- 1.2 **“Representative”** of a Party means any employee, director, advisor, affiliate, investor, consultant, partner or any other person concerned or acting on their behalf.

**2. RECEIVING PARTY'S OBLIGATIONS**

- 2.1 The Receiving Party agrees that the Confidential Information is to be considered confidential and proprietary to Disclosing Party, and Receiving Party shall hold the same in confidence. The Receiving Party and any of its Representatives shall not without the prior consent of the Disclosing Party or as expressly permitted herein, disclose, publish or reveal or cause it to be disclosed, published or revealed or make available to any other person, or use or allow others to disclose or use, the Confidential Information in any manner whatsoever other than as provided in this Agreement.
- 2.2 The Receiving Party and its Representatives shall exercise no lesser security or degree of care than it applies to its own Confidential Information of an equivalent nature, but in any event not less than the degree of care which a reasonable person with knowledge of the confidential nature of the information would exercise.
- 2.3 Confidential Information furnished in tangible form shall not be duplicated or caused to be duplicated by Receiving Party or any of its Representatives. Upon the request of Disclosing Party, Receiving Party shall return all Confidential Information received from the Disclosing Party in any form, including copies, or reproductions or other media containing such Confidential Information, within ten (10) days of such request. Any documents or other media developed by the Receiving Party containing Confidential Information shall be destroyed by Receiving Party. Receiving Party shall provide a written certificate to Disclosing Party regarding destruction within ten (10) days thereafter.
- 2.4 It is agreed between the Parties that Receiving Party shall not disclose or direct its Representatives, to disclose (a) the Confidential Information has been made available to them, (b) that discussions or negotiations are taking place concerning a possible Transaction between

the Parties or (c) any terms, conditions or other facts with respect to any such possible Transaction, including the status thereof, to any third party without the prior written consent of the Disclosing Party,

**3. EXCEPTIONS**

Confidential Information does not include any information that:

- 3.1 at the time of its disclosure, is in public domain or which after disclosure becomes part of public domain through no fault of the Receiving Party or its Representatives; or
- 3.2 prior to its disclosure to the Receiving Party in connection with the Transaction was already in the possession of the Receiving Party or thereafter becomes known to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party.
- 3.3 is or has been developed independently by the Receiving Party without reference to or reliance on the Disclosing Party's Confidential Information;

**4. PERMITTED DISCLOSURES**

The Receiving Party shall restrict the possession, knowledge, development and use of the Disclosing Party's Confidential Information to its Representatives or any person claiming under it

(a) who have a need to know such Confidential Information in respect to the Transaction, and

(b) who are bound by a non-disclosure agreement or confidentiality obligations consistent with and at least as protective as this Agreement.

However, the Receiving Party will remain responsible for any breach of the terms of this Agreement by any of the persons mentioned herein to whom this Confidential Information would be disclosed by the Receiving Party.

**5. COMPELLED DISCLOSURE**

The Receiving Party may disclose Confidential Information to the extent necessary pursuant to applicable laws, regulation, court order, or other legal process, provided the Receiving Party notifies the Disclosing Party of the existence, terms and circumstances surrounding such a request so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement.

**6. NO LICENSE**

Nothing contained herein shall be construed as granting or conferring any rights by license or otherwise in any Confidential Information. It is understood and agreed that neither party solicits any change in the organization, business practice, service or products of the other party, and that the disclosure of Confidential Information shall not be construed as evidencing any intent by a party to purchase any products or services of the other party nor as an encouragement to expend funds in development or research efforts. Confidential Information may pertain to prospective or unannounced products. Receiving Party agrees not to use any Confidential Information as a basis upon which to develop or have a third party develop a competing or similar product.

**7. NO LIABILITY**

Receiving Party understands and agrees that neither the Disclosing Party nor any of its directors, officers, employees, agents, advisors or representatives (i) have made or make any representation or warranty, expressed or implied, as to the accuracy or completeness of the Confidential Information or (ii) shall have any liability whatsoever to Receiving Party or its Affiliates relating to or resulting from the use of the Confidential Information or any errors therein or omissions therefrom.

**8. INJUNCTIVE RELIEF**

The parties acknowledge that monetary damages alone may be an inadequate remedy for breach of the Receiving Party's obligations under this Agreement. In addition to any other remedy which may be available in law or equity, Disclosing Party shall be entitled to injunctive order or other equitable relief to prevent a breach of this Agreement and to compel specific performance of this Agreement.

**9. TERM**

This Agreement shall remain valid and binding on the Parties until one year from the Effective Date of this Agreement or signing of definitive agreement, whichever is earlier. The obligations under this Agreement shall survive for a period of one (1) year from the expiry of this Agreement.

**10. GOVERNING LAW**

This Agreement shall be governed and construed in accordance with the laws of India and the Parties consent to the exclusive jurisdiction of the courts in Delhi for any dispute arising out of this Agreement.

**11. MISCELLANEOUS**

11.1 This Agreement constitutes the entire agreement amongst the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, and understandings, whether written or oral, except obligations imposed by law which shall be deemed a part of this Agreement. This Agreement may not be amended except in writing signed by both Parties hereto. No failure or delay by any Party in exercising any right hereunder or any partial exercise thereof shall operate as a waiver thereof or preclude any other or further exercise of any right hereunder. The invalidity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect. Nothing in this Agreement shall be implied, except as required under statute.

11.2 The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties. The obligations under this Agreement shall not be assigned or otherwise transferred in whole or in part by Receiving Party without the prior written consent of the Disclosing Party.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

By: \_\_\_\_\_

Name:

Designation:

**PNB Investment Services Limited**

By: \_\_\_\_\_

Name:

Designation:

\_\_\_\_\_

### Annexure 3 -Existing Binding Offer

The Invitation of EOI is under Swiss challenge method based on the existing offer in hand, wherein the Investor who has proposed and submitted a binding offer to acquire majority stake will have the right to match the highest bid through the EOI/Outbidding process.

**The Existing Base Offer from the New Investor is detailed as under:**

#### Contours of the Existing Binding Offer:

The new investor has proposed to acquire 51% of equity share by way of fresh infusion of share capital and will have control of the Board of Directors & Management. The Investor will infuse funds to the tune of Rs. 67.52 Crore as mentioned below.

#### 1. Funds to be infused by new Investor

Particulars	Amt (Rs. In Cr)
Upfront Payment towards sustainable debt reduction	35.00
Equity infusion towards reduction of Sustainable Debt in FY20	25.00
Equity infusion towards Capex for quality and productivity improvement, balancing of finishing lines to be paid in 2 years	5.00
Equity Infusion towards working capital margin	2.52
<b>Total Infusion</b>	<b>67.52</b>

#### 2. Cut-Off Date: 1<sup>st</sup> September 2018

#### 3. Bank-wise Sustainable Portion of Term Loan (as on cut-off date)

Lenders	Rs. In Cr
BOI	160.84
PNB	231.69
BOM	124.04
<b>Total O/S Consolidated Term Loan</b>	<b>516.57</b>
Less Unsustainable Debt to be converted into CCPS	206.63
<b>Sustainable Term Loan as on cut-off date</b>	<b>309.94</b>

#### 4. Proposed Terms of Repayment of Sustainable Debt

Particulars	Proposed Terms
Nature of facility	Term Loan
Amount	<b>Rs. 309.94 crore</b>
Rate of Interest	The Rate of Interest shall be Punjab National Bank's 3 Yr MCLR i.e. 8.60% pa + 0.65% = 9.25% p.a.
Moratorium Period	Principal Moratorium: 9 months from the cut-off date
Revised Repayment Schedule	Out of the total Sustainable Term Loan of Rs.309.94 Crore, Rs. 60.62 Crore will be paid in FY 2019 and FY 2020 using infusion from the investor.  Repayment of balance Rs. 249.32 Crore will be made in 44 quarterly ballooning instalments commencing from quarter ending June 30, 2020 and ending on March 31 <sup>st</sup> , 2031.

#### 5. Unsustainable Debt proposed to be converted into CCPS

Particulars	Proposed Terms
Amount	<b>Rs. 206.63 crore</b>
Rate of Coupon	2.00% p.a. (getting accumulated and paid or converted into Equity at the time of redemption)
Premium	10.00% of outstanding CCPS
Conversion/Redemption Date	At the end of 12.5 years i.e. after repayment of the sustainable debt

#### 6. Recompense Amount

Lenders right of recompense will be protected only on sustainable portion, as regard to ROR on CCPS. Company proposes to pay a premium of 10.00% on total converted CCPS.