

RESPONSES TO PRE-EOI QUERIES

**PRELIMINARY INFORMATION MEMORANDUM
INVITING EXPRESSION OF INTEREST FOR**

**BRINGING IN STRATEGIC PARTNER IN
THE NAINITAL BANK LIMITED
A SUBSIDIARY OF BANK OF BARODA**

December 30, 2022

In addition to the responses to the queries, please also refer to the Addendum to the PIM.

S. No.	Nature of Query	Query	Responses/ Clarifications
1.	Eligibility Criteria	We look forward to knowing the Eligibility criteria for the acquisition of NBL, since it is not clearly specified for the corporates/companies form of organisations.	<p>As set out on in Paragraph 3.3 (Regulatory Framework), pages 32 and 33, of the Preliminary Information Memorandum (“<u>PIM</u>”), in addition to the indicative list of statutes and regulations as outlined above, the following directions/guidelines/regulations of RBI (each as amended/supplemented from time to time) may, inter alia, also be relevant for the purpose of the Transaction:</p> <ul style="list-style-type: none"> • Master Direction – Ownership in Private Sector Banks, Directions, 2016; • Prior approval for acquisition of shares or voting rights in private sector banks: Directions, November 2015; • Master Direction – Amalgamation of Private Sector Banks, Directions, 2016; • Guidelines for licensing of New Banks in the Private Sector, February 22, 2013; and • Guidelines for ‘on tap’ licensing of Universal Banks in the Private Sector August 1, 2016. <p>Please also refer to Para 3 of the Addendum to PIM.</p> <p>All interested parties (“<u>IPs</u>”) are expected to seek their specific advice and conduct their independent assessment in relation to the extant conditions/guidelines/laws that apply on the ownership and control of private banks.</p>

2.	Eligibility Criteria	In the past, a large global PE investor with long-term capital has been allowed by RBI to acquire majority stake in a bank. Would you be able to help us with whether similar thought process be appreciated if an interested party who happens to be a domestic fund with perpetual capital expresses an interest to acquire majority stake or 26%+ stake by itself in the EOI?	Please refer to the response to Query #1.
3.	Eligibility Criteria	Are there any specific requirements for the IP? For instance, does it need to be an FPI-licensed entity? Will the IP need to be an Indian-incorporated entity?	All IPs are expected to seek their specific advice and conduct their independent assessment in relation to the extant conditions/guidelines/laws that apply on the ownership and control of private banks.
4.	Eligibility Criteria	Can Company X bring in a consortium partner directly at Bank level if it adheres to Bank Guidelines for Foreign Shareholding.	Please refer to the response to Query #1.
5.	Eligibility Criteria	Do Strategic Partner shareholding guidelines align with Promoter shareholding guidelines. Is it okay to have multiple partners?	Please refer to Clause 6.2 of the PIM and the response to Query #1. Further, refer to Clause 2(a) of the Addendum to the PIM, which states that the maximum number of members, including the Lead Member, in a Consortium should be 7 (seven).
6.	Eligibility Criteria	Whether we should first obtain any approval for acting as an IP before submitting the bid. Whether we can directly bid as an IP and if approved by NCLT, can we apply to RBI for a CIC or a NOFHC status?	Please refer to the response to Query #1. As per the extant RBI Guidelines ('on tap' Licensing of Universal Banks in the Private Sector August 1, 2016, as amended from time to time), if the Successful Bidder have other group entities or

			<p>propose to establish other group entities, post consummation of the Transaction, the NOFHC needs to be formed and registered as per the RBI guidelines, for ring fencing the bank from other activities undertaken by group entities.</p> <p>As per the extant RBI Guidelines (Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016, as amended from time to time, if the Successful Bidder is classified as a CIC under the RBI guidelines mentioned above, registration as a CIC would be required.</p>
7.	Eligibility Criteria	The PIM does not specify a ‘Constitution Criteria’ for eligible bidders. Kindly let us know if we should consider the Constitution mentioned in the ‘Form A to the Expression of Interest Letter’ of the PIM as the Constitution Criteria.	Please refer to the response to Query #1.
8.	Eligibility Criteria	Kindly confirm whether Individuals and Companies or Trusts, directly or indirectly connected with large industrial houses may be permitted to participate as IPs, either individually or as a part of a Consortium? Where they are eligible to participate as a part of a Consortium, whether they can act as Lead Members?	Please refer to response to Query #1 and Clause 3 of the Addendum to the PIM.
9.	Eligibility Criteria	We refer to ‘Form A to the Expression of Interest Letter of the PIM. The Constitution mentioned therein does not include Trusts/ other non-financial companies. Can a charitable trust where the management of the trust is by a company/ individuals	Please refer to the response to Query #1 and Clause 3 of the Addendum to the PIM.

		not connected with any industrial/ business house, be an eligible IP?	
10.	Eligibility Criteria	<p>We refer to ‘Form A to the Expression of Interest Letter of the PIM. Basis the form, we understand that one of eligible constitution for making the application is ‘an entity which is registered with SEBI as an Alternative Investment Fund (AIF) under the extant SEBI regulations’. In this regard, we propose to seek clarification on the following:</p> <p>a) Whether a SEBI registered Category 3 AIF (perpetual and open ended) having source of funds from public charitable trusts, be considered as eligible IP?</p> <p>b) Whether a SEBI registered Category 3 AIF (perpetual and open ended) having source of funds from public charitable trusts whose ultimate beneficiaries are individuals/ companies connected with Large Industrial Houses, be considered as eligible IP?</p>	Please refer to the response to Query #1.
11.	‘Fit and Proper’	Please help us understand the criteria under which ‘Fit and Proper’ pre-assessment would be done by the Bank at the EoI stage for shortlisting the Interested parties to the next RFP stage. If for any reasons, one of the parties to the consortium do not pass the ‘Fit and Proper’, would there be specific communication / feedback so that the consortium can rework the allocations to qualify for next stage?	The ‘fit and proper’ pre-assessment would be undertaken by BOB basis the stipulations under applicable RBI guidelines, including the Prior approval for acquisition of shares or voting rights in private sector banks: Directions, November 2015.

12.	'Fit and Proper'	Kindly share a draft of the Fit and Proper Assessment document as mentioned in the EoI requirements.	Please refer to the response to Query #1.
13.	Process	We are a AIF Category 2 registered under SEBI. A Net Worth certificate does not apply to us, can we share a commitment certificate instead?	All IPs to provide the required data/ documents, as they see fit. Per Clause 8.2(j) of the PIM, BOB reserves the right to seek additional documents, information, indemnities, warranties, representations, or performance obligations from the IPs/QIPs or any of their related entities, as BOB may require, and per Clause 10.1(iv) of the PIM, failure on IP's part to comply with such request shall result in disqualification of such IP from the RFP stage.
14.	Process	Is it mandatory to form a consortium at the EOI stage or can a consortium be formed by couple of qualified interested parties (parties clear the 'Fit & Proper' assessment by Bank) during the RFP stage? Can we undertake to form a consortium by the RFP stage?	The PIM does not stipulate any terms in this regard. However per Clause 2 of the Addendum to the PIM, we prescribe that a Sole Bidder (at EoI stage) would be eligible to form a consortium, only prior to submission of the RFP.
15.	Process	We understand that as per the EOI format for consortium IP, each consortium member is expected to state their holding within the consortium. We would like to understand the following. a) Will EOI be considered for 'Fit & Proper' assessment by Bank, if the consortium of IPs decide to disclose the inter se allocation between themselves as part of the RFP stage.	a) Per Clause 9.4(b) of the PIM, the EoI would not be considered for qualification to the RFP stage in case of failure to submit required information/documents for 'fit and proper' assessment, which information would have to include the proposed individual shareholding of the consortium members. Please refer to Clause 2 of the Addendum to the PIM, for initiating any change in the information provided in the EoI, including the inter se allocation.

		b) What is the buffer for the consortium to change the inter se allocation between the members during EOI to RFP stage.	b) Please refer to Clause 2 of the Addendum to the PIM.
16.	Process	Aside from the POA (Annexure VI), which we note need to be notarized / apostilled, do the other annexures need to be notarized / apostilled?	<p>The Annexures which need to be duly executed and notarized/ apostilled include, (i) Annexure III – Affidavit for Certification of Documents; (ii) Annexure V – Deed of Confidentiality Undertaking; (iii) Annexure VI – Power of Attorney for Lead Member of Consortium; and (iv) Annexure VII – Consortium Agreement.</p> <p>Per Clause 8.2(j) of the PIM, BOB reserves the right to additionally seek any documents, information, indemnities, warranties, representations, or performance obligations from the IPs/QIPs or any of their related entities, as BOB may require, and per Clause 10.1(iv) of the PIM, failure on IP’s part to comply with such request shall result in disqualification of such IP from the RFP stage.</p>
17.	Process	As our Legal team is based in Singapore, are we able to submit the hard copy EoI documents (which we will submit electronically by 13 January 2023, 5pm IST) by a later date? We suggest to provide the hard copies by 18 January in view of the intervening weekend (14-15 January 2023) subject to your acceptance of the same.	<p>The last date and time for submission of EoI (physical and soft copies) is January 13, 2023, 5:00 PM IST.</p> <p>However, if the soft copy of the EoI is submitted by January 13, 2023, 5:00 PM, the hard copy may be submitted on or before January 18, 2023, 5:00 PM IST.</p>
18.	Process	Kindly clarify the relevance of Insolvency and Bankruptcy Code, 2016 (“IBC”) in the EOI process.	Please refer to Annexure VIII of the PIM.

19.	Process	What would be the timelines for completion of entire process subject to approvals from all regulatory authorities?	<p>Please refer to Clause 1.4 of the PIM and Clause 5(a) of the Addendum to the PIM. The Last Date for submission of EoI is January 13, 2023, 5:00 PM IST; However, if the soft copy of the EoI is submitted by the EoI Due Date, the physical copy of the EoI shall be accepted till 5:00 PM IST, on January 18, 2023.</p> <p>Subsequently, the timelines for consummation of the transaction, subject to requisite regulatory approvals, shall be communicated to the QIPs during the RFP stage.</p>
20.	Process	We are making an Expression of Interest on behalf of a planned but unnamed consortium - Kindly clarify how we can submit consortium documents in such a situation?	Please refer to the response in Point (a) to Query #15.
21.	Process	It is presumed that the sale consideration would have to be paid by the winning bidder / consortium to Bank of Baroda and then the Bank of Baroda would transfer the shares in favour of the winner / consortium. Shall be grateful if the position is clarified / confirmed.	The definitive documents (including the Share Purchase Agreement) will have detailed terms and conditions in this regard.
22.	Regulatory	We understand that RBI vide communique dated April 26, 2012 has granted NBL permission to open branches in -5- states. With Change in control in NBL, will RBI be open to grant permission to NBL to open more branches across the country (beyond 5 states) and act truly as universal bank?	The requisite dispensation/exemption, if any, would have to be taken up with the Reserve Bank of India.

23.	Regulatory	In case there is a single bidder who wishes to merge NBL at a later stage into an existing NBFC, should they necessarily have a NOFHC structure initially which will hold stake in NBL?	If the bidder proposes a merger or amalgamation involving NBL, the bidder must submit a regulatorily compliant ownership structure for evaluation by BOB and RBI.
24.	Business Matters	What is the % of holding BOB is going to dilute in the sale? Will the divestment be made entirely to one party, or it would be split? If there is going to be a split, how would one achieve control on decision making?	The quantum of dilution of BOB's shareholding in NBL shall be suitably intimated to the QIPs at the RFP stage.
		Proposed stake sale quantum – a) Current portion if already decided. b) In case the current portion is less than the entire shareholding, the proposed plan of divestment.	
25.	Business Matters	Why is BOB not considering absorbing or merging within itself?	The Board of Directors of BOB have approved the divestment of its majority shareholding in NBL, and authorised issuance of an advertisement inviting EoI, through the PIM, from IPs to acquire majority shareholding of BOB in NBL.
26.	Business Matters	Details of incorporation and current legal status of the Bank.	Please refer to Clause 2.3 of the PIM.
27.	Business Matters	Brief history and background of the Bank along with details of the lending and financial products offered and the branch network.	Please refer to Chapter 1 and 2 of the PIM for Brief history and background of NBL.

			The requests regarding specific data sets shall be considered at the RFP stage.
28.	Business Matters	Specific queries pertaining to the business/ operations of NBL.	The requests regarding specific data sets shall be considered at the RFP stage.