

## EOI – Project Sugar

### 1. Brief Background

- XYZ (“Company”) was incorporated in the year 2007 and has set up an integrated sugar plant in Gadag District, Karnataka.
- The sugar manufactured by XYZ is exportable sulphur free sugar which is sold in domestic market and is exported to countries like Sri Lanka, Singapore and Myanmar. The sugar is sold through auction process.
- Ethanol is sold to the petroleum companies like IOCL, HPCL, BPCL etc. for blending with petrol at the prevailing prices to be decided by these companies. Company also sells ENA to UB Group, John Distilleries etc. The prices are market driven and depending on demand and supply position. As per the agreement, Company supplies power to Government of Karnataka.

#### 1.1. Operational Capacity

The segment wise capacity of the Company is as under:

Segment	Capacity
Sugar	5,000 TCD
Power	35.50 MW
Distillery	130 KLPD

#### 1.2. Past Financial Performance

Snapshot of the past financials is as under:

- **Turnover & PAT from FY 2011 to FY 2019:**

( Rs. In Crs)

YEAR	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (Proj.)	2018-19 (Est.)
<b>Turnover</b>	169.79	242.00	99.95	367.08	425.25	451.55	440.83	230.35	312.51
<b>PAT</b>	(21.28)	(76.91)	(21.83)	(87.24)	(52.29)	3.25	22.47	(28.94)	(6.81)

- Total long term loans of the Company are Rs.385.08 Crores as on 31st March 2017.
- EBIDTA of FY 2016 is approx. Rs. 74 Crores and for FY 2017 is approx. Rs. 83 Crores
- Net Block is Rs.368.58 Crores as on 31st March 2017.
- Company has accumulated losses of Rs. 278.75 Crores as on 31st March 2017.
- Company’s Networth is Rs.31.75 Crores as on 31<sup>st</sup> March 2017.

## **2. Current Status**

- IDBI Bank (Lead Bank) and other lenders have decided to proceed with Change in ownership under outside SDR with the reference date of 31<sup>st</sup> March, 2017. They have already received a bid from an interested party that proposes a change in ownership and refinancing of debt.
- A consortium of lenders led by IDBI Bank proposes to conduct Swiss Challenge auction to find an investor for the company who can improve upon the bid received from the interested party.
- Desai Saksena & Associates has been appointed as advisor for conducting the Swiss Challenge process.
- The broad contours of Swiss Challenge are as under:
  - A prospective buyer interested in buying a specific stressed asset may offer a bid to the bank.
  - The bank shall be required to publicly call for counter bids from other prospective buyers, on comparable terms.
  - Once bids are received, the bank shall first invite the primary bidder to match the highest bid. The order of preference to sell the asset shall be as follows: i) The original bidder and ii) The highest bidder during the counter bidding process.

## **3. Bidding Process**

A two stage bidding process will be implemented as set out below:

Stage I - Expression of Interest (EOI)

Stage II – Invitation of a binding bid under Swiss Challenge from qualified bidders based on the Expressions of Interest submitted under Stage I above.

## **4. Relevant Timelines**

- Interested parties may submit their EOI, in the prescribed format (as per the annexure), along with supporting documents, latest by 1800 hrs Indian Standard Time on 7<sup>th</sup> November, 2017 by hand delivery/courier to Desai Saksena & Associates, Laxmi Building, 1<sup>st</sup> Floor, Sir P.M. Road, Fort, Mumbai – 400001 or alternatively through email at [priya@dsaca.co.in](mailto:priya@dsaca.co.in)
- The lenders shall have the discretionary right to modify the above mentioned timelines. In the event of any such modification, Desai Saksena & Associates shall issue applicable corrigendum and upload the same on its website [www.dsaca.co.in](http://www.dsaca.co.in)
- The parties who have submitted the EOI and meets the qualification criteria as mentioned in clause 5 of this document will be required to sign the Non-Disclosure Agreement (NDA- format

will be provided) and also have to submit a non-refundable fee of Rs. 2,00,000 only (Rs. Two Lakhs Only).

- Post the signing of NDA and the fee, shortlisted parties will be given the bid document and access to the detailed information for Due Diligence.

## **5. Eligibility/ Prequalification criteria for bidding**

EOIs of only those interested parties who meet the qualifying criteria specified in subsequent section herein will be eligible. The interested party's competence and capability is proposed to be established by the following parameters:

### **5.1. Strategic Investors:**

- Net worth of Company/ Group Companies should be at least Rs. 100 Crore based on the latest available audited financial statement of the interested party/group.

### **5.2. Financial Investors:**

- If a fund or private equity player or financial investor is an interested party, Asset under Management or committed capital as on March 31<sup>st</sup> 2017 of the investor should be at least Rs. 500 Crore. It should also show the ability to disclose the sources of infusion of funds.

*For the purpose of this transaction, the potential bidder shall ascertain the applicability and implications of all laws pertaining to the transaction (including the laws of India) and shall ensure compliance with the same.*

[On the Letterhead of the Entity Submitting the EOI]

**Expression of Interest**

Date: \_\_\_\_\_

To,

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Subject: Expression of Interest ("EOI") – for acquiring equity holding of an entity in sugar sector so as to be the single largest shareholder in the company (minimum 26%)

Dear Sir,

1. In response to the advertisement in [Insert the names of the newspaper] dated [•] inviting expressions of interest as captioned above ("Advertisement"), we hereby submit our EOI for the acquisition of majority equity holding of the Company.
2. We have also set out the following:
  - a. Information required in the format prescribed in the Advertisement as an Annexure to this EOI;
  - b. The qualification certificate substantially in the format prescribed by you ("Qualification Certificate"); and
3. The information furnished by us in this EOI, the Annexure and the Qualification Certificate is true, correct, complete, and accurate.
4. Further, we acknowledge that:
  - a. The EOI will be evaluated by the lenders to the Company ("Lenders'") with assistance from Desai Saksena & Associates based on the information provided by us in the Annexure and the Qualification Certificate to determine whether we qualify to submit a bid for the proposed transaction.
  - b. The Lenders and Desai Saksena & Associates reserve the right to determine whether or not we qualify for the submission of the proposal and may reject the EOI submitted by us without assigning any reason whatsoever and without any liability to the Lenders or Desai Saksena & Associates;

c. The Lenders and Desai Saksena & Associates reserve the right to request for additional information from us for the purposes of evaluating the EOI.

Sincerely yours,

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

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

Name of Signatory:

Designation:

Company Seal/Stamp

Note: The person signing the EOI and other supporting documents should be an authorized signatory supported by necessary board resolutions of the interested party

## Annexure

1. Name and Address:
  - a. Name of the Firm/Company/Organization:
  - b. Address:
  - c. Telephone No:
  - d. Fax:
  - e. Email:
2. Date of Establishment:
3. Core Area of Expertise:
4. Contact Person:
  - a. Name:
  - b. Designation:
  - c. Telephone No:
  - d. Email:
5. Group / Company Profile:
  - a. Group / Company Financial Profile (consolidated / standalone as applicable): [Note: The Group / Company profile should necessarily include net worth and revenue numbers of the preceding 3 (three) years of immediately preceding completed financial year. Where the entity submitting the EOI is a financial investor / fund entity, please provide details pertaining to “assets under management” for the preceding five years or the committed funds available as on March 31, 2017, for investment.]
  - b. Experience of the Group / Company in sugar industry:
  - c. History if any, of the Company or affiliates of the Company being declared a ‘willful defaulter’, ‘non-cooperative borrower’, ‘non-impaired asset’ or ‘non-performing asset’.

(On the Letterhead of the Bank/ Entity Issuing the Certificate)

Private & Confidential

Ref no: [Insert reference number]

Date:

To, ----

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Attn: -----

#### QUALIFICATION CERTIFICATE

We the [insert name of the issuing entity] do hereby certify that [insert name of the relevant entity] incorporated in [insert jurisdiction of incorporation of entity] having their Registered office at [insert registered address of the entity] (“Initial, if any”) are meeting the qualification criteria as required for submission of EOI vide advertisement dated ---- as disclosed by the information and records with us.

It is further notified that this certificate is being issued at the request of the [insert registered address of the entity] without attaching any risk and responsibility to us in any respect whatsoever whether as guarantor or otherwise.

For [Bank/Entity Name]\*

Authorized Signatory

(\*Note: To be provided by the bank or statutory auditor or chartered accountant or company secretary or equivalent in the jurisdiction of incorporation of the Company. In case of funds, it may be issued by the fund’s administrator provided that such fund administrator is duly registered with / regulated by the competent authority in the relevant jurisdiction.)