

**VOLUME – I**

**CONTENTS**

<b><u>SL- NO.</u></b>	<b><u>PARTICULARS</u></b>	<b><u>PAGE(S)</u></b>
1.	Report of the Justice (Retd.) R.M. Lodha Committee (in the matter of PACL Ltd.), pursuant to the order dated 12.02.2019 passed by this Hon'ble Court in C.A. No.13301/2015.	1-34

## 1. **BACKGROUND:**

1.1 The Justice (Retd.) R.M.Lodha Committee (in the matter of PACL Ltd.), hereinafter referred to as “**the Committee**”, by order dated February 12, 2019 in Civil Appeal No.13301/2015, was authorised by this Hon’ble Court to proceed further along the lines that the Committee had indicated in its Report dated February 08, 2019 submitted to this Hon’ble Court. This Hon’ble Court vide the said order granted the Committee liberty to explore other alternatives as well, apart from proceeding to finalise the modalities for engaging the services of Asset Reconstruction Companies (“**ARCs**”) for disposal of the immoveable assets of PACL Ltd.

1.2 The Committee is in the process of compiling a data base of all claim applications of investors of PACL for the purpose of effecting refunds in accordance with the directions of this Hon’ble Court. The said process which commenced vide a press release dated February 08, 2019, with a deadline of 30.04.2019, has since been extended to July 31, 2019. As on 05.05.2019, claim applications numbering 12169196, aggregating to Rs. 24235.45 Crore, have been received.

## 2. **STEPS TAKEN POST FEBRUARY, 2019:**

2.1 The Committee considered engaging the services of ARCs as well as exploring the possibility of involving other Banks/NBFCs/Financial Institutions etc. Property Consultants with international credentials for facilitating the sale of the properties.

- 2.2 Further to the above, necessary discussions were held with the Reserve Bank of India (“**RBI**”) for the use of ARCs for facilitating the sale of properties. The Committee, upon receipt of in-principle confirmation from the RBI for the use of ARCs for the disposal of assets of PACL Ltd. subject to ARCs not taking the assets on their books or incurring any pecuniary liabilities, addressed letters dated March 11, 2019 to all ARCs registered with the RBI inviting expression of interest (“**EOI**”) in sealed envelopes for facilitating the sale of immovable properties of PACL listed on the Committee’s website [www.auctionpacl.com](http://www.auctionpacl.com) by 17:00 hrs on March 18, 2019. ARCs were required to provide information on the following aspects, viz. whether they would be interested in facilitating the sale of the properties in whole, or properties situated in a particular Zone or Zones, and if so, then what process (step-wise) do they envisage for the sale of the properties; fees that they would charge for facilitating the sale of the properties; and the time period within which such facilitation of sale would be carried out.
- 2.3 The Committee also addressed similar letters dated March 11, 2019 to three subsidiaries of banks/ financial Institutions, who had been engaged by the Committee for the earlier sale processes adopted by the Committee, and also six international property consultants that had been identified by the Committee after making necessary enquiries.

- 2.4 The Committee further pursuant to enquiries made, learnt that banks and Non-Banking Financial Companies (“**NBFCs**”) were

primarily not involved in the facilitation of sale of properties, but, provided finance to various business activities including real estate.

2.5 It was observed by the Committee that Insolvency Professionals (“IPs”), have come into existence as a consequence of the Insolvency and Bankruptcy Code, 2016 and establishment of the Insolvency and Bankruptcy Board of India and as such, IPs being of recent vintage, are evolving and have no experience in the facilitation of sale of properties. Hence the Committee did not invite EOIs from IPs.

2.6 Letters dated March 11, 2019, were accordingly addressed to the following:

- A. ARCs
  - i. Edelweiss Asset Reconstruction Company Limited
  - ii. Asset Reconstruction Company (India) Ltd
  - iii. JM Financial Asset Reconstruction Company Limited
  - iv. Phoenix ARC Pvt Ltd., Mumbai
  - v. Invent Assets Securitisation & Reconstruction Private Limited
  - vi. Asset Care Enterprise Ltd
  - vii. Omkara Assets Reconstruction Private Ltd
  - viii. Pegasus Asset Reconstruction Pvt Ltd, Mumbai
  - ix. ASREC (India) Ltd
  - x. Reliance Asset Reconstruction Co Ltd
  - xi. Suraksha Asset Reconstruction Private Limited
  - xii. International Asset Reconstruction Company Private Ltd
  - xiii. Alchemist Asset Reconstruction Company Ltd.
  - xiv. Pridhvi Asset Reconstruction and Securitisation Company Ltd
  - xv. CFM Asset Reconstruction Pvt Ltd
  - xvi. India SME Asset Reconstruction Company Limited (ISARC)
  - xvii. Rare Asset Reconstruction Private Limited
  - xviii. Prudent ARC Limited

- xix. Maximus Arc Limited
- xx. Indiabulls Asset Reconstruction Company Ltd
- xxi. Meliora Asset Reconstruction Company Limited
- xxii. Ana Arc Private Limited
- xxiii. Ambit Flowers Asset Reconstruction Private Limited
- xxiv. UV Asset Reconstruction Company Ltd.
- xxv. Aditya Birla ARC Limited
- xxvi. Lone Star India Asset Reconstruction Private Limited
- xxvii. Encore Asset Reconstruction Company Private Limited
- xxviii. Arcion Revitalization Private Limited
- xxix. India Resurgence ARC Private Limited

**B. Subsidiaries of Banks/ Financial Institutions**

- i. SBI Caps Pvt. Ltd
- ii. Quikr Realty (formerly HDFC Realty)
- iii. UTI ITSL

**C. International Property Consultants (“IPCs”)**

- i. Knight Frank (India) Pvt. Ltd.
- ii. CBRE South Asia Pvt. Ltd.
- iii. Jones Lang Lasalle India (JLL India)
- iv. Cushman & Wakefield
- v. Colliers International India
- vi. Savills India

2.7 The Committee, further to the above, received requests for the extension of the deadline for the submission of expression of interest. The Committee, after consideration of the same, by way of e-mails dated March 18, 2019 addressed to the entities as enumerated at 2.6 (A) to (C) herein above, communicated its decision to extend the deadline for the submission of expression of

interest for facilitating sale of properties from March 18, 2019 to March 25, 2019 (17:00 hrs).

**3. RESPONSES RECEIVED:**

The Committee by 17:00 hrs on March 25, 2019 received Expressions of Interest in sealed envelopes from nine (9) entities. The sealed envelopes were opened in the presence of the two Members of the Committee viz. Shri G. Mahalingam, WTM SEBI and Shri Anand R. Baiwar, ED SEBI.

On the opening of the envelopes, it was found that the following entities had submitted EOIs :

- i. SBI Capital Markets Ltd.
- ii. Knight Frank (India) Pvt. Ltd.
- iii. CBRE South Asia Pvt. Ltd.
- iv. UV Asset Reconstruction Co. Ltd.
- v. Alchemist Asset Reconstruction Co. Ltd.
- vi. Suraksha Asset Reconstruction Pvt. Ltd.
- vii. Prudent ARC Ltd.
- viii. Asset Reconstruction Company (India) Ltd. (ARCIL); and
- ix. Klass Insolvency Resolution Professionals Pvt. Ltd.

**4. DETAILS OF EOIs RECEIVED:**

A summary of the EOIs received from the nine (9) entities referred to herein above in tabulated form is as below:

## SUMMARY OF INFORMATION SUBMITTED BY THE ARCS/IPCs AND SUBSIDIARIES OF BANKS/ FINANCIAL INSTITUTIONS

SL. NO.	NAME OF ENTITY	ZONE (S) FOR WHICH EOI SUBMITTED	SUMMARY OF THE PROCESS FOR FACILITATING SALE OF PROPERTIES	FEES QUOTED	TIME PERIOD FOR COMPLETION OF SALE
1	SBI Capital Markets Ltd.	North, and West.	<p>a) Determination of the Reserve Price upon valuation of the properties.</p> <p>b) Engaging an e-auction platform for conducting auction.</p> <p>c) Carrying out digital marketing, advertisement, road shows etc. to maximise reach to potential bidders.</p> <p>d) To prioritise the properties to be put for E-Auction, EOIs may be sought.</p>	<p>a) Fixed Fees of Rs.20.00 lakh plus taxes for strategy paper and bid document (strategy paper for the entire process with an evaluation of the various methods of E-auction and include various parameters of auction process like price of bid documents, reserve price, EMD etc.).</p> <p>b) A Fixed fee of Rs.10,000/- plus taxes for each valuation report.</p> <p>c) Rs.12,000/- for Portal Charges per Property.</p> <p>d) Success fee at the rate of 0.85% of the sale consideration of the properties plus taxes, upon identification of the Highest bidder.</p> <p>e) Out of Pocket expenses relating to EOI process, stakeholder consultation/advertisements/road shows/pre-bid meeting etc. to be borne by the Committee.</p>	<p>a) Strategy paper for auction of properties within 2-3 weeks from the date of assignment.</p> <p>b) Development of bid document and other legal document within 2-3 weeks from approval of strategy paper.</p> <p>c) Valuation of properties and e-auction in a phased manner subject to timely sharing of documents/information and documents being in order for the auction process.</p>

<p>a) Transaction process and time line for land disposition for a single asset to be twenty two (22) weeks. A similar structure can be followed for all assets.</p>	<p>a) Fees of 1% of Gross Transaction Value for Tier-I Cities (Mumbai, Gurgaon, Delhi, Kolkata, Bengaluru, Chennai, Hyderabad, Pune and Ahmedabad). b) Fees of 2% of Gross Transaction Value for other Cities.</p>	<p>a) Pre-transaction due diligence b) Marketing process c) Bid Process d) Documentation e) Final Closure</p>	<p>North, East, West, and South.</p>	<p>CBRE South Asia Pvt. Ltd.</p>	<p>2</p>
<p>Efforts will be made to complete the task within 3 years.</p>	<p>2% of Net Realisation (sale proceeds less expenses incurred). Fees quoted negotiable.</p>	<p>a) Categorisation of properties based on the marketability and location. b) Valuation of properties. c) Fixation of Reserve Price. d) Publicity of the Auction process. e) Conducting Auction process.</p>	<p>North, East, West, and South.</p>	<p>UV Asset Reconstruction Co. Ltd.</p>	<p>3</p>



Twelve (12) months from the date appointment.	Fees as prescribed in Insolvency and Bankruptcy Code, 2016 or such fees a may be mutually negotiated.	<p>a) Assessment and valuation of properties (Due Diligence).</p> <p>b) Preparation and dissemination of Teaser of each property.</p> <p>c) Preparation of bid document.</p> <p>d) Conducting auction process.</p>	North, East, West, and South.	Alchemist Asset Reconstruction Co. Ltd.	4
Forty eight (48) months subject to receipt of relevant documents and completion of due diligence in a timely manner.	3% of Agreement Value of property plus out of pocket expenses plus GST.	<p>a) Carrying out due diligence.</p> <p>b) Categorisation of properties on the basis of location, ticket size and perceived salability.</p> <p>c) Advertising and marketing of auction process.</p> <p>d) Conducting auction process.</p>	North, and West.	Suraksha Asset Reconstruction Pvt. Ltd.	5

<p>Thirty six (36) months which may be extended with mutual consent.</p>	<p>a) Sale Price upto Rs.5.00 crores, fee of 5%.                  b) Sale Price above Rs.5.00 to 25.00 cores, fee of 4%.                  c) Sale Price above Rs.25.00 to 100.00 cores, fee of 3%.                  d) Sale Price above Rs.100.00, fee of 2%.                  e) Out of pocket expenses to be extra and will include e-auction portal fees, news paper publication charges, site inspection service providers' fees and lawyers' fee.</p>	<p>a) Setting up of E-data centres to enable easy access of property details to prospective buyers.                  b) Valuation of properties.                  c) Fixation of reserve price                  d) Conducting the auction through an e-auction portal.</p>	<p>North, East, West, and South.</p>	<p>Prudent ARC Ltd.</p>	<p>6</p>
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7	Asset Reconstruction Company (India) Ltd.	North, East, West, and South.	<p>a) Field investigation process for identification of the properties.</p> <p>b) Engaging valuers for carrying out valuation of the properties.</p> <p>c) Engaging marketing agents across India for sourcing bidders.</p> <p>d) Fixation of reserve price and conducting e-auction.</p>	<p>a) Travelling cost for field investigation charge of Rs.3000/- plus taxes per property.</p> <p>b) Rs.10,000/- plus taxes for Valuation Expenses per property. In case, the value of the property is more than two (2) core and the valuer charges more than Rs. 10,000 then valuation expenses to be actual cost along with 10% margin plus GST.</p> <p>c) Success fees at the rate of 3% of Sale Value per property plus GST.</p> <p>d) Paper publication on actual plus Service Charge at 10% plus GST.</p> <p>e) No cost for E-Auction platform.</p> <p>f) Fixed cost of Rs.3.00 lakh per month. Proposed that in case the above fixed cost is not recovered from the Success Fees received at 3% from the process, the balance would be compensated by Committee/SEBI with a mark-up of 10% in future as retainer-ship fees.</p>	<p>Proposed that auction of 250-300 properties would be carried out per month.</p>
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<p>8 Knight Frank (India) Pvt. Ltd.</p>	<p>No zone, fees, or time frame was provided. The entity requested for a discussion with the Committee to finalise the sale process and engagement terms before accepting the assignment. The entity expressed interest in respect of properties in 15 cities/districts, namely, Ahmedabad, Bangalore, Chandigarh, Chennai, Delhi, Gurgaon, Guwahati, Howrah, Hyderabad, Kolkata, Mumbai, Mumbai City, Mumbai Suburban, Nashik/Nasik, Pune.</p>	<p>9 KLASS Insolvency Resolution Professionals Pvt. Ltd.</p>	<p>North, East, and West, and South.</p> <p>a) Categorisation of the properties into commercial, industrial, residential, farmland etc. with further sub-division into rural, urban, semi-urban etc.</p> <p>b) Development of Cloud based Management Information System.</p> <p>c) Marketing strategies with heavy focus on Social Media.</p> <p>d) Valuation of Assets</p> <p>e) Zone wise response teams for assistance</p> <p>f) Conducting Auction process.</p> <p>Fee of 2.20% of the Total Sale Value plus out of pocket expense which is to be 0.75% of the Total Sale value.</p> <p>Two (2) years from the date of assignment with a grace period of six (6) months.</p>
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## 5. INTERACTION WITH ENTITIES WHO HAD SUBMITTED EXPRESSION OF INTEREST:

5.1 The Committee invited the eight (8) entities that had submitted EOIs pursuant to the Committee's letters dated March 11, 2019, enumerated in the table in paragraph no. 4 from (1) to (8), for further discussions with the two Members of the Committee. Although, the Committee had not sought EOIs from IPs as stated in paragraph No. 2.5. herein above, the Committee received an EOI from Klass Insolvency and Resolution Professional Pvt. Ltd., details whereof are set out at Serial No.9 in the table in paragraph No. 4 herein above.

5.2 The Committee, accordingly, issued individual e-mails dated April 01, 2019 to the aforementioned eight (8) entities for a meeting on April 03, 2019 in Mumbai, with the two Members of the Committee.

5.3 Representatives from all the eight (8) invited entities attended the meeting on April 03, 2019 in Mumbai with the two Members of the Committee viz. Shri G. Mahalingam (in chair) and Shri Anand R. Baiwar. During the meeting, the representatives expressed their views with respect to the sale of properties of PACL Ltd. being contemplated by the Committee. A summary of the views expressed by the representatives is as under:

(i) Identification and Gradation of Properties

- That it was imperative for the properties to be graded into A (Saleable), B (Difficult but Saleable), and C (Not

Saleable) for an effective auction to be carried out. Such gradation may be carried out by first examining the documents available and setting aside those documents which did not create any rights, for instance, Memorandum of Understanding (MoU) or General Power of Attorney (GPA), which do not convey any title and hence, selling such properties may not be feasible.

- That the documents that would be found as creating rights would have to be further examined and due diligence carried out. Due diligence shall include: a) the identification of existing rights in the property and in whom the rights rest; b) the nature of the property and ability of the rights existing in such properties being transferable; and c) any other consideration as may be found essential with respect to such property. Consequent to this the properties would be graded as aforesaid. This exercise may take three (3) to six (6) months.

- That the gradation of the properties may also would have to be done on the basis of type of properties i.e., agricultural, residential, commercial etc., and in case of agricultural properties the auction process would

need to target a different type of buyer, as in certain states agricultural land can only be bought by farmers.

- That the stage of identification and gradation of properties was the most important part in the sale process. If adequate investment of time and effort was made in the identification and gradation of properties, the process of sale would achieve overall success.
- That the process of sale should ideally start with the sale of prime properties (A Grade) since, usually, eighty (80) per cent of the value can be realised from the sale of the top twenty (20) per cent of the properties. Accordingly, rural/agricultural properties, which in certain cases only vest tenancy rights, may be required to be given low priority.

(ii) Valuation of Properties and Determination of Reserve Price

- That in any process for auction of properties, the properties graded as category A should be valued first. Upon such valuation, the process of determination of Reserve Price should be undertaken. The determination of Reserve Price should be realistic and should not pose an onerous bar for the prospective bidders.

(iii) Transparency and Best Practices

- That the sale of properties by way of an auction process is the most transparent and well established practice for discovery of the market price of a property. Accordingly, an e-auction process would be the ideal process for carrying out a sale.

(iv) Marketing and Auction

- That upon the auction notification being brought out, proper marketing of the auction would be necessary. A concerted engagement with local brokers and buyers would be required. In this regard, help of property brokers at Tehsil/District level may also be required to be availed. Also, a realistic representation of the risks involved with the properties should be made to the prospective buyers as the properties are being sold on “as is where is” basis. Further, the sale approach may have to be tailored depending upon the location of the property i.e., urban (metro/ non-metro) or rural.

(v) Realistic Time Frame

- That an auction process should be granted adequate time for it to achieve success. An auction process to be successful would ideally take about at least eight (8) months to one (1) year.



## (vi) Cost Implication/Fees

- That the process will broadly involve assessment/identification of properties, valuation of properties for fixing the reserve price and auction. This will result in the following expenses being incurred per property:
  - a. cost in the assessment/identification of properties;
  - b. valuation of the properties;
  - c. charges for using an e-auction platform for carrying out the auction; and
  - d. out of pocket expenses.
  
- That the out of pocket expenses incurred such as cost incurred for title search, advertisement, etc. should be kept outside the bidding parameters.

6. **INVITATIONS TO OFFER:**

- 6.1 After the aforementioned meeting on April 03, 2019 in Mumbai, the Committee extended invitations to offer to the aforesaid eight (8) entities for facilitating the sale of properties as listed on the Committee's website viz. [www.auctionpad.com](http://www.auctionpad.com), by way of letters dated April 12, 2019. The entities were required to make their offers by 17:00 hrs. on April 18, 2019 in sealed envelopes, *inter alia*

quoting the fee that they would charge for facilitating the sale of the aforesaid properties. The offer was to be submitted in a prescribed form, setting out therein such details as process description, overall time period involved in the process, offered rate of fees etc. It was also clarified that the fee to be charged shall be the "Offered Rate of Fee" and that such Offered Rate of Fee shall be: a) the percentage of the highest bid received for the property; and b) should be a consolidated fee and should include all expenses as envisaged to be incurred by the entities.

6.2 The deadline was thereafter, pursuant to requests received, extended up to April 22, 2019, 11:00 AM.

6.3 Five (5) entities submitted their offers in sealed covers by April 22, 2019, 11:00 AM.:

- i. Asset Reconstruction Company (India) Ltd.(ARCIL)
- ii. Alchemist Asset Reconstruction Co. Ltd.(Alchemist)
- iii. Prudent ARC Ltd.(Prudent)
- iv. UV Asset Reconstruction Co. Ltd.(UV)
- v. SBI Capital Markets Ltd. (SBI Caps)

The aforesaid offers, were opened in the presence of Member of the Committee, Shri G. Mahalingam, WTM, SEBI.

- 6.4 The Committee, taking note of the fact that responses from three (3) entities, namely, CBRE South Asia Pvt. Ltd., Suraksha Asset Reconstruction Pvt. Ltd. and Knight Frank (India) Pvt. Ltd. who had initially expressed their interest in the sale of properties of PACL Ltd. had not been received after invitation to offer, decided to address fresh communications to the said three (3) entities requesting submission of their offers on or before April 30, 2019.
- 6.5 One of the above mentioned entities viz. Suraksha Asset Reconstruction Pvt. Ltd., by an email dated April 18, 2019 addressed to the Committee forwarded its proposal, a hard copy whereof was received by the Committee on April 23, 2019.
- 6.6 Accordingly, letters were issued to CBRE South Asia Pvt. Ltd. and Knight Frank (India) Pvt. Ltd. (IPCs), providing them a further opportunity to make their offers by April 30, 2019. However, no response have been received from these two (2) entities.
- 6.7 A summary of the offers received by the Committee is as under:

Sr. No.	Particulars	Due Diligence	Valuation	Valuation as process as	2
1	<ul style="list-style-type: none"> <li>Engagement of agencies for field investigation of underlying properties with respect to the title documents.</li> <li>The process shall be run with respect to such properties where the documents show sale having been executed.</li> <li>Time period: Ninety (90) days</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of agency for conducting due diligence of the properties.</li> <li>Time period: Ninety (90) days</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of valuer for</li> <li>Appointment of valuer for</li> </ul>	<ul style="list-style-type: none"> <li>Collection/compilation of information with respect to the properties from the Committee.</li> <li>Gradation of the properties based on geographical location, size, etc.</li> <li>Creation of e-data record.</li> <li>Inspection of the Properties.</li> <li>Committee to instruct/advise any government agency to assist in the inspection of properties.</li> <li>Time period: Ongoing process within overall process time period.</li> </ul>	<ul style="list-style-type: none"> <li>Valuation will be done by independent valuer after</li> <li>Valuation would be taken up for</li> <li>Appointment of local valuers.</li> </ul>
2	<ul style="list-style-type: none"> <li>of properties under three heads: a. ticket size b. location c. saleability</li> <li>Preliminary Inspection and Title Revenue Records Search</li> <li>Time Period: One hundred and eighty (180) days</li> </ul>	<ul style="list-style-type: none"> <li>Segregation of property documents based on sale deed, power of attorney, etc.</li> <li>No legal due diligence would be carried out for verification of title of the property.</li> <li>EOIs would be sought from prospective bidders.</li> <li>Time period: Ninety (90) days</li> </ul>	<ul style="list-style-type: none"> <li>of properties as Urban/Rural, Residential/Commercial/Ag ricultural, Leasehold/Freehold, etc.</li> <li>Examination of the documents to know encumbrances and liabilities. Also, to ascertain any litigations or disputes with respect to the same.</li> <li>Time period:</li> <li>One hundred and twenty (120) days (First phase). For all properties shall continue for twenty four (24) months.</li> </ul>	<ul style="list-style-type: none"> <li>of properties as Urban/Rural, Residential/Commercial/Ag ricultural, Leasehold/Freehold, etc.</li> <li>Examination of the documents to know encumbrances and liabilities. Also, to ascertain any litigations or disputes with respect to the same.</li> <li>Time period:</li> <li>One hundred and twenty (120) days (First phase). For all properties shall continue for twenty four (24) months.</li> </ul>	<ul style="list-style-type: none"> <li>of properties under three heads: a. ticket size b. location c. saleability</li> <li>Preliminary Inspection and Title Revenue Records Search</li> <li>Time Period: One hundred and eighty (180) days</li> </ul>
Suraksha	SBI Caps	UV	Prudent	Alchemist	ARCIL

Sr. No.	Particulars	also the process of setting reserve price	ARCIL	<ul style="list-style-type: none"> <li>Engagement of a team of about ten (10) officials for the valuation process.</li> <li>The valuation shall contain the following parameters:                             <ul style="list-style-type: none"> <li>A. Guideline rate;</li> <li>B. Market rate;</li> <li>C. Demarcation at site, if any;</li> <li>D. Noticeable/obse rable encumbrances, if any;</li> <li>E. Valuation under two categories - fair market value/realisable value and distress value; F. Latest deal related details,</li> </ul> </li> </ul>	Alchemist	<p>conducting the valuation of properties after receipt of satisfactory due diligence reports.</p> <p>Time period: Ninety (90) days</p> <ul style="list-style-type: none"> <li>Single valuation report for properties up to Rs. 10 crore and for properties above this price, two valuation reports.</li> <li>Reserve price be fixed at not less than 90% of the circle rate or distress sale value, whichever is higher.</li> </ul> <p>Time period: Ongoing process within overall process time period.</p>	Prudent	<ul style="list-style-type: none"> <li>institutions: i) banks; ii) courts ; IBI; Government Approved Valuer; Income Tax and Wealth tax shall be used for getting the properties valued.</li> <li>Single valuation report for properties up to Rs. 10 crore and for properties above this price, two valuation reports.</li> <li>Reserve price be fixed at not less than 90% of the circle rate or distress sale value, whichever is higher.</li> </ul> <p>Time period: Ongoing process within overall process time period.</p> <p>First valuation within one hundred and eighty (180) days</p>	UV	<ul style="list-style-type: none"> <li>conducting site visit.</li> <li>If valuation of property is greater than Rs. eight (8) crore, two valuers will be appointed.</li> <li>The valuer shall be advised to give market value, realisable value, distress sale value and circle rate of each property.</li> <li>Fixation of reserve price: The following points would be considered for fixation of reserve price: type of property; legal issues, if any; location of the property; market value/realisable value/circle value/distress value; and encumbrance and liability.</li> </ul> <p>Time period: one hundred and eighty (180) days</p>	SBI Caps	<ul style="list-style-type: none"> <li>only those properties for which EOIs are received.</li> <li>Study of Circle rates.</li> <li>Market study of ongoing rates</li> <li>Finalising the valuation reports.</li> </ul> <p>Time Period: Ninety (90) days</p> <ul style="list-style-type: none"> <li>Visits to the properties with the valuers.</li> <li>Study of Circle rates.</li> <li>Market study of ongoing rates</li> <li>Finalising the valuation reports.</li> </ul> <p>Time Period: Ninety (90) days</p>	Suraksha

Sr. No.	Particulars	if any; and G. Reference of the local brokers, if available.	<u>Fixation</u> <u>of</u> <u>Reserve Price</u>	Bearing in mind the valuation, impact of known encumbrances, if any, and saleable price based on feedback of marketing agents, Reserve price for such properties shall be recommended by ARCIL to the Committee. Time period: Five hundred (500) properties per	Alchemist	Prudent	UV Thereafter, valuation shall be continued for three (3) years. days.	SBI Caps	Suraksha

Sr. No.	Particulars	Methodology of sale including marketing	3
ARCIL	month.	<ul style="list-style-type: none"> <li>▪ Paper publication of post fixation of reserve price.</li> <li>▪ Engagement of marketing agencies for sourcing bidders, preparation of tender documents, verification of bid documents received pursuant to the tender, use of its own e-auction platform to conduct the auction, collection of EMD, and informing the committee of the highest bidders of the properties, the highest bidders for follow-up with the highest bidders for</li> </ul>	<ul style="list-style-type: none"> <li>▪ Holding public auction for sale, issuing dailies and national in local and national auction notice on Prudent's website.</li> <li>▪ Pursuing marketing activities as may be found suitable for garnering more buyers.</li> <li>▪ Seeking Expression of Interest from prospective bidders for carrying out diligence with non-refundable due-diligence fee.</li> <li>▪ Auction may be carried out by taking firm binding bid under SWISS challenge method along with 100 % value of bid by way of Demand draft encashable at any branch.</li> <li>▪ Scrutiny of KYC, upon</li> </ul>
Prudent		<ul style="list-style-type: none"> <li>▪ Broadly, the process would involve: publication and promotion of properties; identification of prospective customers; use of various marketing tools for creating interest in the properties; issuance of sale notice in two newspapers; closing the deal; realisation of proceeds; and depositing proceeds in escrow account.</li> </ul>	<p>Time period: Thirty (30) months after completion of first phase of due-diligence</p>
UV		<ul style="list-style-type: none"> <li>▪ Development of bid documents and other legal documents. This shall include notice inviting local brokers partnering with local brokers for organising content for media, local press and internet.</li> <li>▪ Advertising in media and word of mouth</li> <li>▪ Setting up of auction platform for auctioning of properties of PACL Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Marketing of the sale to reach a maximum number of buyers by way of newspaper advertisements,</li> </ul>
SBI Caps		<ul style="list-style-type: none"> <li>▪ Channel partnering with locals</li> <li>▪ Sales documents. This shall include notice inviting local brokers partnering with local brokers for organising content for media, local press and internet.</li> <li>▪ Advertising in media and word of mouth</li> <li>▪ Setting up of auction platform for auctioning of properties of PACL Ltd.</li> </ul>	<p>Time period: Seven hundred and thirty (730) days</p>
Suraksha			

Sr. No.	Particulars	ARCIL	Alchemist	Prudent	UV	SBI Caps	Suraksha
		<p>the payment of the bid amount and issuance of sale certificate.</p> <p>Time period: Approx. two hundred and fifty (250)-three hundred (300) properties per month.</p>		<p>scrutiny of the same access shall be provided to the prospective bidder for accessing the e-data centre.</p> <ul style="list-style-type: none"> <li>In case the first auction fails, second auction may be initiated provided reserve price is fixed 10% lower than the reserve price in the first auction. Similarly in case a third auction is required the reserve price shall be fixed 15% lower than the reserve price in the second auction.</li> <li>The properties may be sold individually or in lots.</li> </ul> <p>Time period: Ongoing process within overall process time period.</p>		<p>road shows, email messages and pre-launched meetings with the focussed investor pool, the cost of which shall be borne by the committee. Properties would be auctioned in lots as valuation reports are received. Advertisements would be placed calling for bids of properties.</p> <ul style="list-style-type: none"> <li>A pre-bid meeting, if required, would be held, the expense of which shall be</li> </ul>	



Sr. No.	Particulars	ARCIL	Alchemist	Prudent	UV	SBI Caps	Suraksha
4						<p>borne by the Committee.</p> <ul style="list-style-type: none"> <li>The scope of the services with respect to a property will cease: (i) if the Committee for any reason decides not to put a property for auction or (ii) the highest bidder for a property is selected after the e-auction.</li> </ul> <p>Time period: One hundred and eighty (180) days</p>	
Overall time period		No specific time period for completion of the entire process has been provided.	Three hundred and sixty (360) days i.e. less than twelve (12) months	Thirty six (36) months	Thirty (36) months	Fifteen (15) months	One thousand (1000) days i.e., 33.33 months

Sr. No.	Particulars	Offered rate	5
ARCIL	<p><b>A. Due diligence:</b> Rs. 3000/- per property</p> <p><b>B. Valuation:</b> Rs. 10000/- per property (if the property is valued more than Rs. 2 crore the rate may increase) <b>C. Paper publication:</b> Actual Cost of publication + 10% service charge + <b>D. Marketing:</b> 3% of sale value per property</p> <p><b>E. E-auction:</b> No cost</p>	1.65% + GST	
Alchemist		3 %	<p><b>Slab 1:</b> upto Rs. 1000 crore - 2% of the sale value</p> <p><b>Slab 2:</b> Rs. 1000-5000 crore - Rs. 20 crore + 1%</p> <p>of the sale value above Rs. 1000 crore <b>Slab 3:</b> Above Rs. 5000 crore - Rs. 60 crore + 0.75% of the sale value over Rs. 5000 crore.</p>
Prudent		3 %	
UV		1.45% + applicable taxes of the highest bid received for the property	<p>* In case no bid is received for a property put on auction, a fee equivalent to 0.20 % of the reserve price would be payable to defray actual expenses incurred.</p>
SBI Caps		3 % of Agreement value of property sold + out of pocket expenses + GST.	
Suraksha			

## 7. DETAILS OF OFFERERS:

### 7.1 ARCs:

Requisite details obtained with a view to ascertain the capacity and exposure qua each of the five (5) ARCs, who have submitted their Offers, are as given below:

Sr No	Name of the ARC	Date of Incorporation [1]	Paid up Capital (Rs. in Crore) [2]	2018-19 (September -2018) (Rs. in Crore)				Balance Outstanding [6]
				Book Value of Assets acquired [3]	Cost of Acquisition [4]	Asset Resolved [5]		
1	UV Asset Reconstruction Co. Ltd.	23/08/2007	38.18	0.00	0.00	0.00	0.00	
2	Alchemist Asset Reconstruction Co. Ltd.	19/09/2002	29.06	5,109.75	1,835.48	169.48	1,666.00	
3	Prudent ARC Ltd.	23/09/2011	27.19	1,154.47	527.89	227.32	300.57	
4	Asset Reconstruction Company (India) Ltd.	11/02/2002	324.89	85,303.49	21,653.82	12,358.12	9,295.70	
5	Suraksha Asset Reconstruction Pvt. Ltd.	01/10/2015	125	6147.08	4329.20	286.56	4042.64	

- Details as appearing at column numbers (1) and (2) have been obtained from the website of the MCA, last accessed on May 05, 2019.
- Details as appearing at column numbers (3), (4), (5), and (6) have been obtained from the RBI.

### 7.2. SBI Capital Markets Ltd. (SBICAP):

SBICAP, is a wholly owned investment banking subsidiary of the State Bank of India, offering investment banking and corporate

advisory services including Project Advisory, Structured Debt Placement, Capital Markets, Mergers & Acquisitions, Private Equity and Stressed Assets Resolution.

**8. ANALYSIS AND COMPARISON OF OFFERS RECEIVED:**

**8.1 Costs to be incurred by the Committee:**

Though it was clarified vide letter dated April 12, 2019, that the Offered Rate of Fee shall be the percentage of the highest bid received for the property, which should be a consolidated fee and include all expenses as envisaged to be incurred by the entities, one amongst the five (5) ARCs who have submitted their offers viz. ARCIL, and SBI Caps have not furnished a consolidated fee and have provided costs under different heads. Besides, SBI Caps has stated that EOIs would be called from prospective buyers, and valuation and subsequent auction of the properties would be carried out only for those properties for which EOIs are received. Further, Prudent has also proposed seeking of EOIs from prospective bidders in the process of sale of properties. In view of all of the above, it is difficult to objectively compare the Offered rate of fee with respect to all the six (6) entities who have submitted their offers. However, on an assumption that property aggregating in worth upto say Rs.20,000 Crore would get sold, the comparative costs to be incurred by the Committee, on a consideration of each of the six offers received by the Committee would be as follows:

Rs. (in crore) (approx.)						
Sr	Particulars	ARCIL	Alchemist	Prudent	UV	Suraksha
1	Costs to be incurred by the Committee	600 + Actual Cost of due diligence, Valuation and publication + service charge	330 +GST	172.50	600	600 + Out of Pocket Expenses + GST
						290 + 0.20% of reserve price for properties put on auction after receipt of EOI and no bid is received + applicable taxes

### 8.2 Time period:

The time period for effecting sale as specified in each of the six offers is as given below:

Time Period						
Sr	Particulars	ARCIL	Alchemist	Prudent	UV	Suraksha
1	Total time Period for effecting sale as specified by the entities	No specific time period for completion of the entire process has been provided.	Three hundred and sixty (360) days i.e. less than twelve (12) months	Thirty six (36) months	Thirty six (36)months	One thousand (1000)days i.e. 33.33 months

### 9. PRIOR EXPERIENCE WITH RESPECT TO AUCTION SALES CONDUCTED:

9.1 The 1<sup>st</sup> and 2<sup>nd</sup> auction exercises conducted by the Committee have been set out in some detail in the 2<sup>nd</sup> Status Report submitted by the Committee to this Hon'ble Court. A brief summary with respect to the prior Auction exercises, is as follows:

- (i) EOIs were invited for a total of twenty seven thousand five hundred (27,500) properties.
- (ii) However, EOIs were received for four thousand one hundred and three (4,103) properties; thus, in the case of about 85% of the properties, there was no interest in the market to purchase the same
- (iii) For the properties where EOIs were received, numerous objections were also received, due to which the Committee could not proceed further in conducting sale of such properties.
- (iv) About one thousand five hundred and sixty (1560) properties could be allotted to the agencies for undertaking auction process including valuation etc.
- (v) Agencies appointed by the Committee, while conducting pre-auction activities like valuation, etc., faced several issues, such as identification of properties title, valuation, marketability etc. Considering the aforesaid issues one thousand and twenty four (1024) properties could be put up for auction sale.
- (vi) Of the properties put for auction buyers showed interest by submitting EMDs with respect to two hundred and fifty (250) properties.
- (vii) At the conclusion of the second auction process a total of 113 properties were sold by the Committee realising a sum of Rs. 86.20 crore.

10. **SUO MOTO PROPOSAL /EXPRESSIONS OF INTEREST RECEIVED.**

**10.1 Indo-UK Institutes of Health (IUIH) Programme for Acquisition of Land for Creation of Medicities:**

The Committee received an email dated April 30, 2019 from Mr. Ajay Rajan Gupta, MD and Group CEO of Indo UK Institutes of Health (“IUIH”) Programme inter alia stating:

- The IUIH Programme is further to a Joint Statement signed between the Indian Prime Minister and the UK Prime Minister in the month of November 2015, which envisages the creation of Medicities in different parts of India.
- IUIH Programme is being implemented by Indo UK Healthcare Pvt. Ltd., which is a 100% owned Indian subsidiary of UK Global Healthcare Ltd., a company incorporated in the UK.
- Over the past three years, the IUIH Programme has been supported by the two Governments to develop 11 NHS quality Medicities across India through a Task Force between Indian and the UK Governments. In this respect Indo UK Healthcare Pvt. Ltd. has signed MoU with eleven (11) Indian States viz. Maharashtra, Andhra Pradesh, Madhya Pradesh, Assam, Punjab, Gujarat, Telangana, Haryana, Karnataka, Uttar Pradesh and Uttarakhand. Further to that Indo UK Healthcare Pvt. Ltd. has already acquired government land fifty (50)- one hundred and fifty (150) acres in the following states – Maharashtra (151.4 acres of land in Nagpur) and Andhra Pradesh (150 acres of land in Amravati).
- However, IUIH has been facing difficulties in getting large parcels of contiguous land across India and in this respect, IUIH has represented to the Committee

their desire to use eleven (11) land parcels available with the Committee, which could be used to develop IUIH Medicities. The land parcels so identified by IUIH are as under:

1	Delhi – West Delhi District near Mundka Metro Station	151.60 acres
2	Maharashtra – Pune – SUS area	455.56 acres
3	Karnataka – Bengaluru- Devanhilli	535.77 acres
4	Haryana – Gurugram - Farrukhnagar	308.90 acres
5	Gujarat – Vadodara – Tehsil Dabhoi	126.47 acres
6	Goa	100.84 acres
7	Uttar Pradesh – Lucknow- Mohanlalganj	284.62 acres
8	Kerala - Ernakulam	267.00 acres
9	Punjab	
9.1	Ludhiana	
	Banohar & Hassanpur	91.00 acres
	Near Sahnewal Airport	441.00 acres
9.2	Mohali	
	Sector 114, 115 – Tehsil Derra Bassi	30.00 acres
	Village Chhatt	105.00 acres
10	Tamil Nadu – Madurai	75.995 acres
11	Mumbai - Basai	300.00 acres

- IUIH in partnership with Bin Zayed Bin Zayed Group (Bin Zayed International LLC and Bin Zayed Asia LLC) has offered to acquire the above land parcels at the circle rates in the name of Indo UK Healthcare Pvt. Ltd. The funds from UK Global Healthcare Ltd will flow



as Foreign Direct Investment into Indo UK Healthcare Pvt. Ltd.

10.2 In the Committee's considered view, the above proposal deserves to be followed up as substantial areas/ properties could be sold. In view of a Task Force having been constituted under the Chairmanship of Secretary, Department of Health and Family Welfare regarding setting up of eleven (11) Indo-UK Institutes of Health across India, the Committee has requested SEBI to discuss the matter further with the Department of Health and Family Welfare, Ministry of Health and Family Welfare, Government of India.

#### **11. LAND PURCHASE POLICIES OF GOVERNMENTS/ GOVERNMENT AGENCIES:**

It has come to the notice of the Committee that various State Governments/ Governmental Agencies have land pooling policies in place for assembly and development of land/ infrastructure with the involvement of private sector.. The following are some of the aforesaid policies:

- (i) Government of Punjab, Department of Housing & Urban Development Land Pooling Policy for the State of Punjab.
- (ii) M.P. State Land Policy (Mutual Consent).
- (iii) Land Policy and Regulations for Operationalization – Delhi Development Authority

It is felt that the acquisition of properties with the involvement of the State Governments /Authorities /Agencies /Government supported initiatives etc. could be further explored.

## 12. MISCELLANEOUS OFFERS RECEIVED:

- (i) Expression of interest from LKP Finance Ltd., an NBFC registered with RBI for facilitating sale of properties.
  - (ii) Proposal received from M/s Meridian Ventures for the purchase of immovable property bearing MR No. 10869/16.
  - (iii) Proposal received from Bhai Lal Bhai Balu Bhai Patel for purchasing land at Vadodara at rates more than 10% to 15% of prevailing circle rates.
  - (iv) Proposals (3) received from PACL Ltd. for development and sale of properties in conjunction with State Governments /ARCs/ Developers.
  - (v) Proposal received from Sunland Properties Pvt. Ltd. regarding bulk purchase of properties situated in the State of Tamil Nadu.
- The proposals at (i) and (iii) above are for only for small parcels of land, while the proposal at (ii) stands rejected by the order dated 25.04.2019 passed by this Hon'ble Court in I.A. No.20173/2019 in C.A. No.13301/2015. The proposal at (iv) having been submitted by PACL does not require further consideration while the proposal at (v) merely expresses willingness to submit a firm offer for bulk purchase of properties situated in the State of Tamil Nadu.

The Committee hereby places this Report for the kind consideration of  
this Hon'ble Court.



**ANAND R. BAIWAR**  
**MEMBER**



**G. MAHALINGAM**  
**MEMBER**



**R.M. LODHA**  
**CHAIRMAN**