

JOINT E-AUCTION PROCESS MEMORANDUM

Terms & Conditions

for

Participation in Joint E-Auction Process for the Sale of M/S. ETHNIC TOBACCO (INDIA) LIMITED (In Liquidation) (“Company” or “Corporate Debtor”) as a going concern and the assets forming part of the liquidation estate under section 52(1)(a) and section 35(f) of Insolvency and Bankruptcy, 2016 (“IBC”) read with Regulation 33 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (“**Liquidation Regulations**”) formed by the Liquidator, under IBC and Regulation 32A of Liquidation Regulations and the Sale of Assets of the Personal Guarantors mortgaged in favour of the Secured Creditors, namely State Bank of India and others read with Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”) and the Rules 6(2), 7, 8(6) & 9 under Security Enforcement rules 2002 for movable and immobile properties thereunder “**AS IS WHERE IS**”, “**AS IS WHAT IS**”, “**WHATEVER THERE IS**” AND “**NO RECOURSE BASIS**”.

Issued Jointly by Kasi Srinivas, Liquidator

IBBI Reg: IBBI/IPA-003/IPA-ICAI-N-000237/2019-2020/12840

Of

M/s. Ethnic Tobacco (India) Limited (In Liquidation) vide order dated March 27, 2023 along with August 2nd 2024

AND

**State Bank of India, Canara Bank, Indian Bank,
Reliance Asset Reconstruction Company Limited
(Secured Creditors of Corporate Debtor)**

Issued on 21-10-2024 by

Mr. Kasi Srinivas

Liquidator’s Address: Flat No: 104, K-Source Financial Consultancy Services Private Limited, Kavuri Supreme Enclave, Opp Punjab & Sind Bank, Kavuri Hills, Madhapur, Hyderabad – 500033, Telangana, India. Ph: +91 8008022887; Email: cirp.ethnictobacco@gmail.com, srinivaskashyap111080@gmail.com

TO ALL PROSPECTIVE BIDDERS

Terms and conditions, timelines, application form, affidavit, confidentiality undertaking, and other documents required for participating in the electronic auction process are provided in the Process Memorandum.

The Joint E-Auction Process Memorandum is issued for all the Bidders interested in participating in the Liquidation process of M/s. Ethnic Tobacco (India) Limited (In Liquidation) (“**Company**” or “**Corporate Debtor**”) for sale of Corporate Debtor as a going concern and the Sale of Assets of the Personal Guarantors mortgaged in favour of the Secured Creditors, namely State Bank of India and others, to be auctioned jointly for value maximization.

The details for the joint e-auction process are also available on the website: <https://bankauctions.in/> and on the website of State Bank of India www.sbi.co.in.

The required documents as set out in the process memorandum have to be submitted at Liquidator’s Office by post or in person at the address mentioned below or through electronic means:

Address: Flat No: 104, K-Source Financial Consultancy Services Private Limited, Kavuri Supreme Enclave, Opp Punjab & Sind Bank, Kavuri Hills, Madhapur, Hyderabad – 500033, Telangana, India.

DISCLAIMER

The Joint E-Auction Process Memorandum is issued by Mr. Kasi Srinivas, Liquidator (IBBI Registration No. IBBI/IPA-003/IPA-ICAI-N-000237/2019-2020/12840) appointed by the Hon'ble National Company Law Tribunal, Amaravati Bench vide order dated March 27, 2023 read with NCLT order dated March 24, 2023 and September 26, 2024, in the matter of Liquidation of M/s. Ethnic Tobacco (India) Limited jointly with Secured Creditors represented by State Bank of India for certain properties belonging to the Personal Guarantor of the Corporate Debtor.

The purpose of this Joint E-Auction Process Memorandum is to layout the process for submitting the Bid by the prospective Bidders through joint E-Auction for participating in the process of bidding on as is **“where is basis”, “as is what is”, “whatever there is” and “without recourse basis”**, in accordance with the provisions of Joint E-Auction Process Memorandum, IBC, 2016 (Code), and Liquidation Regulations and SARFAESI Act and the Rules 6(2), 7, 8(6) & 9 under Security Enforcement Rules 2002 framed thereunder for the value maximization of the Corporate Debtor. Neither this Joint E-Auction Process Information Document nor anything contained herein shall form the basis of, or be relied upon in connection with any contract, agreement, undertaking, understanding, or any commitment whatsoever. This Joint E-Auction Process Memorandum does not solicit any action based on the material contained herein.

This Joint E-Auction Process Memorandum is not a statutory document and it has not been approved or registered with any regulatory or statutory authority of the Government of India or any State Government or by any stock exchange in India or any other jurisdiction. Nothing herein contained or materials relating to the Joint E-Auction Process Memorandum should be construed as legal, financial, accounting, regulatory, or tax advice by the Liquidator.

It is to be noted that no information is provided in this Joint E-Auction Process Memorandum claims to be comprehensive. Independent due diligence by the intended user/ recipient of this Joint E-Auction Process Memorandum or by the Bidder is highly recommended.

While this document has been prepared in good faith and collecting information from several sources, the recipient acknowledges that no representation or warranty, expressed or implied, is made by the issuer of this document, or their advisors and representatives, as to the accuracy, authenticity, completeness, or fairness of the information or opinions contained in this document or in any other document provided in connection with due-diligence of the Company. Acceptance and acknowledgment of the document by the Prospective Bidder shall be deemed to be an unconditional acknowledgment by the recipient that the Company, the Liquidator, the secured creditors, and their advisors and representatives, officers, agents do not accept any responsibility or liability for any such information or opinion.

This Joint E-Auction Process Memorandum and information contained herein or disclosed should not be printed, reproduced, transmitted, sold, distributed, or published by the recipient of this Joint E-Auction Process Memorandum, without prior written approval from the Liquidator. Distributing or taking/ editing/ dispatching/ transmitting this Joint E-Auction Process Memorandum in certain foreign jurisdictions may be restricted by law, and Persons in whose possession this Joint E-Auction Process Memorandum comes should inform themselves about, and observe any such restrictions.

Neither the Liquidator, nor his Insolvency Professional Entity (IPE), nor his professional advisors, affiliates, employees, colleagues, agents, representatives, or any officers of the secured creditors or managers of the process shall be liable for any damages, whether direct or indirect, special or consequential including loss of revenue or profits that may arise from or in connection with the use of this Joint E-Auction Process

Memorandum, including for the Bidder not being selected as a Successful Bidder or on account of any decision taken by the Liquidator.

Further, apart from the provisions set out in this Joint E-Auction Process Memorandum, the Bidder shall be responsible for fully satisfying the requirements and provisions of IBC, 2016 and the Liquidation Regulations and SARFAESI Act and the Rules framed thereunder as well as all laws in force that are or may be applicable to the Bidder or the intended manner of sale envisaged under this Joint E-Auction Process Memorandum and for obtaining consents, waiver from requisite regulatory and statutory approvals from the concerned regulators, third parties and Governmental authorities in order to consummate the sale process as contemplated in this Joint E-Auction Process Memorandum.

The Confidential Information shall be kept secret and confidentially by the Bidder(s) and shall be used solely in accordance with the terms of the Confidentiality Undertaking and provisions of IBC, 2016, and Liquidation Regulations and SARFAESI Act and the Rules framed thereunder.

No Person, including the Bidder, shall be entitled under any law, statute, rules or regulations, principles of restitution or unjust enrichment, or otherwise to claim for any loss, damage, cost or expense which may arise from or be incurred or suffered on account of anything contained in this Joint E-Auction Process Memorandum or otherwise, including the accuracy, adequacy, authenticity, correctness, completeness or reliability of the information or opinions contained in this Joint E-Auction Process Memorandum and any assessment, assumption, statement or information contained therein or deemed to form part of this Joint E-Auction Process Memorandum, and the Liquidator or secured creditor or any of their respective advisors, consultants and representatives and the Company, do not have any responsibility or liability for any such information or opinions and therefore, any liability or responsibility is hereby expressly disclaimed.

The Bidders are prohibited from giving or offering any gift, bribe, or inducement and any attempt to any such act on behalf of the Bidder towards the Liquidator, or any of his respective professional advisors, affiliates, or Representatives for showing any favor in relation to this document or the process set out herein, shall render the bidder to such liability and penalty as the Liquidator may deem proper, including but not limited to immediate disqualification and exclusion from the process contemplated hereunder.

Neither the information in this Joint E-Auction Process Memorandum nor any other written or oral information provided by the Liquidator, or any of his respective advisors, consultants, and representatives is intended to form the basis of or the inducement for submission of any document or information or the Bid by any prospective Bidder or for any investment activity.

It is to be noted that by procuring a copy of this Joint E-Auction Process Memorandum, the recipient accepts the terms of this Disclaimer, which forms an integral part of this Joint E-Auction Process Memorandum.

The benefit of all disclaimers, confirmations, acceptances, and representations made or accepted by the recipient in this document shall accrue to the benefit of the Company, officers, employees, and other such persons assisting the Company in relation to its liquidation, and the Liquidator, The Insolvency Professional Entity, their authorized representatives, employees, and advisors.

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1. IMPORTANT INFORMATION AND DISCLAIMERS

1.1. This Process Memorandum has been issued with the intent to carry out a Joint e-auction (“**E-Auction**”) for the sale of M/s. Ethnic Tobacco (India) Limited (in Liquidation) as a going concern under the provisions of the Insolvency and Bankruptcy Code (IBC), 2016 and the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and SARFAESI Act and the Rules framed thereunder for sale of assets of the Personal Guarantors.

1.2. All information provided in this Process Memorandum should be read together with the provisions of the IBC and Liquidation Process Regulations, and the SARFAESI Act and the Rules framed thereunder. In the event of a conflict between this Process Memorandum, the IBC, or the Liquidation Process Regulations, and SARFAESI Act and the Rules framed thereunder, the provisions of the IBC will prevail and if the related information is not there in the IBC, the Liquidation Process Regulations shall prevail.

1.3. The information contained in this Process Memorandum or subsequently provided to Bidder(s), whether verbally or in documentary or any other form by or on behalf of the Liquidator or secured creditors, is provided to Bidder(s) on the terms and conditions set out in this Process Memorandum.

1.4. This Process Memorandum is neither an agreement nor an offer by the Liquidator or secured creditors, to the prospective Bidders or any other person. The purpose of this Process Memorandum is to provide interested bidders with information that may be useful to them in making their bids pursuant to this Process Memorandum. The assumptions, assessments, statements, and information contained in the Process Memorandum may not be complete, accurate, adequate, or correct. Each Bidder should, therefore, conduct its own investigations and analysis and should check the accuracy, adequacy, correctness, reliability, and completeness of the assumptions, assessments, statements, and information contained in this Process Memorandum and obtain independent advice from appropriate sources.

1.5. Information provided in this Process Memorandum to the Bidder(s) in relation to the Company and/ or the assets of the Company or Personal Guarantor has been provided by the Company and/ or is derived from other public sources and has been compiled by the Liquidator. Such information is not purported to be all-inclusive or to necessarily contain all the information that an interested Bidder may require in making its assessment and may be subject to revision or amendment. The information given is not intended to be an exhaustive account of statutory requirements. The Liquidator neither confirm nor warrants the accuracy, completeness, or correctness of any statement and/ or information contained in the Process Memorandum and/ or provided at any time in relation to the Process Memorandum.

1.6. The Liquidator, his professional advisors, or the Company or Personal Guarantors makes no representation or warranty in relation to the correctness, fairness, accuracy, or completeness of the information provided in this Process Memorandum and shall have no liability to any person, including any Bidder under any law, statute, rules or regulations or tort, principles of restitution or unjust enrichment or otherwise for any loss, damages, cost or expense which may arise from or be incurred or suffered on account of anything contained in this Process Memorandum or otherwise, including the accuracy, adequacy, correctness, completeness or reliability of the Process Memorandum and any assessment, assumption, statement or information contained herein or deemed to form part of this Process Memorandum or arising in any way from participation in this auction process.

1.7. The Liquidator also accepts no liability of any nature howsoever arising from reliance of any Bidder upon the statements and/ or information contained in this Process Memorandum and/ or provided at any time in relation to the Process Memorandum.

1.8. The Liquidator may in its absolute discretion, but without being under any obligation to do so, update, amend, or supplement the information, assessment, or assumptions contained in this Joint E-Auction Process Memorandum.

1.9. The issue of this Joint E-Auction Process Memorandum does not imply that the Liquidator is bound to select a Bidder for the sale of the assets of the Company and the Personal Guarantors and the Liquidator reserves the right to reject all or any of the Bidders or bids without assigning any reason whatsoever.

1.10. Each Bidder/ Qualified Bidder (as applicable) shall bear all its costs and charges associated with or relating to the preparation and submission of its bid and/ or participation in the e-auction, including but not limited to preparation, copying, postage, delivery fees, expenses associated with any demonstrations or presentations which may be required by the Liquidator or any other costs incurred in connection with or relating to its bid.

1.11. M/S. 4 Closure (“**E-Auction Service Provider**”) has been appointed as the E-Auction Service Provider. The sale of the Assets of the Corporate Debtor shall be undertaken by the E-Auction Service Provider for and on behalf of the Company/ Liquidator through an e-auction platform provided on the website portal of the E-Auction Service Provider (Platform). Other details with respect to the e-auction are as follows:

Type of Bid	Joint E-Auction
Company	M/s. Ethnic Tobacco (India) Limited
Website of E-Auction Service Provider	website: https://bankauctions.in/
Service Provider	M/S. 4 Closure (“ E-Auction Service Provider ”)
Contact Person	Mr. T. Jaya Prakash Reddy
Contact No.	8142000064
Email ID:	Prakash@bankauctions.in
Classification of Bidding Categories	Forward Auction process.
Annexures	<p>Annexure 1 – Terms and Conditions of E-Auction</p> <p>Annexure 2 – Application Form (to be duly filed in, signed, and stamped by the Auction Participant and submitted)</p> <p>Annexure 3 – Affidavit certifying eligibility under section 29A of IBC by the Auction Participant (to be duly filled in and signed by the Auction Participant and submitted along with the Application Form)</p> <p>Annexure 4 – Confidentiality Undertaking</p> <p>Annexure 5 – Copy of the resolution passed by the board of directors of the Auction Participant (in case the Auction Participant is a company)</p> <p>Annexure 6 – Earnest Money Deposit Form</p> <p>Annexure 7 – Description of Assets</p>
Special Instructions	Any last-minute bidding may lead to lapses or mistakes. Neither the E-Auction Service Provider nor the Liquidator shall be responsible for any lapses/ inability of the Bidder to submit the Bids due to any reason whatsoever including technical glitches on the Platform. It is advisable to submit the Bids well before the prescribed timeline and avoid last-minute submissions.

1.12. All terms and conditions with respect to the sale of the Corporate Debtor as a going concern and the sale of assets of the Personal Guarantors shall be governed by the directions of the Liquidator, Hon'ble NCLT, and in accordance with the provisions of applicable laws.

1.13. The Annexures to this Joint E-Auction Process Memorandum shall form an integral part hereof and this Joint E-Auction Process Memorandum shall always be read in conjunction with the Annexures hereto.

1.14. All incidental expenses incurred towards the Sale of assets of the Corporate Debtor including the expenses incurred towards movement/ shifting of the assets of the Company post the e-auction process should be borne by the successful auction participant. The Liquidator shall not be held responsible/ liable to pay any expenses towards such movement of the assets of the Company.

1.15. In no circumstances shall the Auction Participant or its officers, employees, agents, and professional advisers make any contact, direct or indirect, by any mode whatsoever, with the management, employees, customers, agents, or suppliers of the Company unless prior written consent is obtained from the Liquidator.

1.16. The sale of Corporate Debtor as a going concern and assets of the Personal Guarantors are proposed to be sold on "As is where is basis", "As is what is basis", "Whatever there is basis" and "No recourse" basis and the proposed sale of assets does not entail the transfer of any title except the title which the Company had on its assets as on date of transfer. The Liquidator does not take or assume any responsibility for any shortfall or defect or shortcoming in the moveable/ immovable assets of the Company and the Personal Guarantors.

1.17. The Auction Participant shall bear all costs and charges associated with or relating to the preparation and submission of its bids including but not limited to preparation, copying, postage, delivery fees, and expenses associated with any demonstration or presentations which may be required by the Liquidator or any costs incurred in connection with or relating to its bid.

1.18. This Joint E-Auction Process Memorandum is neither transferable nor assignable.

2. DEFINITIONS

2.1. **“Adjudicating Authority” or “NCLT”** shall mean the Hon’ble National Company Law Tribunal, Amaravati Bench.

2.2. **“Affiliate”** in relation to a Person, (a) being a Corporate entity or Limited Liability Partnership shall mean any entity or Person, which Controls, or is Controlled by, or is under the common Control as such Person; (b) being an individual shall mean any relative (as defined under the Companies Act, 2013) of such individual or any other Person which is Controlled by such individual; (c) being a partnership firm, shall mean the partners of such partnership firm or the relatives (as defined under the Companies Act, 2013) of such partners (if any individual) or any other Person which is Controlled by such firm or the partners;

2.3. **“Affidavit”** shall mean the affidavit certifying eligibility under section 29A of IBC provided by the Bidder substantially in form and manner as set out in Annexure 3 of this Joint E-Auction Process Memorandum;

2.4. **“Agency”** shall mean E-Auction Service Provider Viz. M/s. Raghu Associates represented by its Partner Mr. VSV Satyanarayana;

2.5. **“Applicable Laws”** means, all applicable laws, regulations, rules, guidelines, circulars, re-enactments, revisions, applications and adaptations thereto, judgments, decrees, injunctions, writs, and orders of any court, arbitrator or governmental agency or authority, rules, regulations, orders and interpretations of any governmental authority, court or statutory or other body applicable for such transactions including but not limited to the IBC, Liquidation Regulations, SARFAESI Act and the Rules framed thereunder, the Companies Act, 2013 (as applicable), Competition Act, 2002, Transfer of Property Act, 1882, Urban Land (Ceiling & Regulation) Repeal Act, 1999, Sale of Goods Act, 1930, and Foreign Exchange Management Act, 1999, whether in effect as of the date of this Process Memorandum or thereafter and each as amended from time to time;

2.6. **“Application Form”** means the form set out in Annexure-2 of this Joint E-Auction Process Memorandum to be provided by the Bidder along with the information and documents set out therein;

2.7. **“Assets”** means the assets of the Company and the Personal Guarantors as specified in Clause 9 and Annexure-7 of this Joint E-Auction Process Memorandum;

2.8. **“Auction Participant” or “Bidder”** means a Person or Persons who have shown interest in participating in the e-auction process for the purchase of assets of Corporate Debtor and the Personal Guarantors pursuant to this Process Memorandum and have submitted Application Form as provided in Annexure-2, Affidavit in a format provided in Annexure-3 hereof, Confidentiality Undertaking as provided in Annexure-4 hereof, a copy of Board Resolution in a format provided in Annexure-5 hereof and other necessary documents to complete the eligibility check formalities to the satisfaction of the Liquidator;

2.9. **“Bid”** means any bid submitted by the Qualified Bidder as required in terms of this Process Memorandum and in accordance with the provisions of IBC read together with the Liquidation Process Regulations, SARFAESI Act and the Rules framed thereunder, as amended from time to time and Applicable Law(s);

2.10. **“Bid Incremental Value”** shall mean a minimum amount over and above the last highest bid amount by which any participating Qualified Bidder will be required to increase the next bid on the auction portal;

2.11. **“Company”/ “Corporate Debtor”** shall mean M/s. Ethnic Tobacco (India) Limited, a Company within the meaning of the Companies Act, 2013, having its registered office at No. 6-23-6/A, Jaya Towers 05th Lane, 04th Cross Road, Arundalpet, Guntur, Andhra Pradesh-522002, India;

2.12. **“Confidential Information”** shall mean any and all information and other materials disclosed, furnished, communicated or supplied by the Company to any Qualified Bidder, in written or electronic or verbal form, including without limitation, and shall be determined to include (without limitation) the following types of information of similar nature: any commercial and/ or financial information, improvement, know-how, intellectual property, discoveries, ideas, concepts, papers, techniques, model, data, documentation, manuals, flow charts, research, process, procedures, functions, and other information related to price lists and pricing policies and other information which company identifies to be confidential at the time of disclosure to the relevant qualified bidder, and shall include any information that is provided by the Liquidator or his representative pursuant to the liquidation process or through the Confidentiality Undertaking;

2.13. **“Confidentiality Undertaking”** shall mean an undertaking as specified in **Annexure-4** of this Process Memorandum;

2.14. **“Conflict of Interest”** shall mean an event or circumstance, determined at the discretion of the Liquidator, where a Bidder is found to be in a position to have access to information about, or influence the Bid of another Bidder pursuant to a relationship (excluding any commercial relationship which may be existing between the Bidder and the Company pursuant to the ordinary course of business of the Bidder or the Company) with the Company, group Companies of the Company, or affiliates of the Company, directly or indirectly, or by any other means including colluding with other Bidders, the Company, group companies of the Company or affiliates of the Company;

2.15. **“Control”** (together with its correlative meanings, “Controlled by”, “Controlling” or “under common Control with”) shall mean a Person holding more than 25% (twenty-five percent) of the voting share capital in a company or the ability to appoint a majority of the directors on the board of another company or the ability of a company to direct or cause the direction of the management and policies of another company, whether by operation of law or by contract or otherwise;

2.16. **“Eligibility Criteria”** shall mean the legal criteria as specified in Clause 5 of this joint E-Auction Process Memorandum Document;

2.17. **“IBC”/ “Code”** shall mean Insolvency and Bankruptcy Code, 2016 as amended from time to time;

2.18. **“Information sharing”** shall mean the information provided by the Liquidator to the Qualified Bidders in respect of the company at the request of the Qualified Bidder.

2.19. **“Joint E-Auction Process/ Joint E-Auction”** shall mean the electronic auction process for sale of the Company/ Assets of the Company and the assets of the Personal Guarantors conducted in accordance with the provisions of IBC, Liquidation Process Regulations, and this Joint E-Auction Process Information Document inviting Bid from the Bidders for consummating the sale of Corporate Debtor as a going concern and the assets mortgaged/ charged by the Personal Guarantors in favour of the Secured Creditors, namely State Bank of India and others on “as is where is”, “as is what is”, “whichever there is”

and “no recourse basis” basis, in accordance with the provisions of IBC and Liquidation Process Regulations, SARFAESI Act, and the Rules framed thereunder;

2.20. **“Joint E-Auction Process Memorandum”** means this document including all the annexures, formats hereto, and Documents, for the purposes of setting out the process for submission of a bid and selection of Successful Bidder in accordance with the provisions of the IBC and Liquidation Process Regulations, SARFAESI Act, and the Rules framed thereunder and shall include all supplements, modifications, amendments, addendums, alterations or clarifications thereto issued in accordance with the terms hereof;

2.21. **“Letter of Intent”/ “LOI”** means the letter issued by the Liquidator to the Successful Bidder detailing the terms and conditions to complete the Sale of assets of the Corporate Debtor, including the balance sale payment by the Successful Bidder as per provisions of IBC and the Liquidation Process Regulations and Section 13(4) of SARFAESI Act, 2002 read with and read with the Rules 8(6) & 9 under Security Enforcement rules 2002 for immobile properties framed thereunder;

2.22. **“Liquidation Process Regulations”** means, the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations 2016 as amended from time to time;

2.23. **“Liquidator”** means Mr. Kasi Srinivas, an Insolvency Professional registered with the Insolvency and Bankruptcy Board of India (IBBI) having Registration Number IBBI/IPA-003/IPA-ICAI-N-000237/2019-2020/12840 appointed by the Hon'ble NCLT, vide order dated March 27, 2023 read with NCLT order dated September 26, 2024, to manage, protect, sell and liquidate the property, assets, business, and other affairs of the Company and the Personal Guarantors in accordance with the IBC and Liquidation Process Regulations and SARFAESI Act, and the Rules framed thereunder;

2.24. **“Person”** shall mean an individual, sole proprietorship firm, a partnership firm, a limited liability partnership, an association whether incorporated or not, a joint venture, a limited company, a trust, a body corporate, bank or financial institution or any other body whether or not required to be incorporated or registered under Applicable Law;

2.25. **“Public Advertisement”** shall mean an announcement inviting an expression of interest from the Bidders, who shall submit their Bid to participate in the liquidation process of the Company in accordance with the provisions of IBC and Liquidation Process Regulations and SARFAESI Act, and the Rules framed thereunder;

2.26. **“Qualified Bidder(s)”** shall mean the Bidder who has submitted the necessary documents and applicable annexures in terms of the requirements of this Process Memorandum to fulfill the eligibility requirements to the satisfaction of the Liquidator and qualifies the criteria as specified in the Clause 6 hereof to the satisfaction of the Liquidator and has been accepted by the Liquidator as a Qualified Bidder;

2.27. **“Reserve Price”** shall mean the minimum price at which a bid will be accepted on the auction portal from a participating Qualified bidder and as arrived pursuant to the provisions of the Liquidation Process Regulations and SARFAESI Act, and the Rules framed thereunder.

2.28. **“Sale as a Going Concern”** shall mean the sale of Corporate Debtor as a going concern as provided in regulation 32 (e) of IBBI (Liquidation Process) Regulations, 2016 together with certain properties of the Personal Guarantors mortgaged exclusively to the secured creditors and claimed by the secured creditors under SARFAESI Act and the Rules framed thereunder. In this case, the existing shareholding of

the Corporate Debtor will be extinguished and the successful bidder will be allotted fresh share capital. The liabilities of the Company will be settled/dealt with under section 53(1) of the Code. On the payment to secured lenders under section 53(1) of the code, the charges on the assets will be released. The title deeds of the assets will be handed over to the successful bidder.

2.29. **“Site”** shall mean the location of the immovable and moveable properties including land parcels, premises, buildings owned, leased or occupied by the Company, for the purposes of conducting business;

2.30. **“Site Visit”** shall mean a visit to the Site as per clause 7 and within the timelines as provided in Clause 29 of this Joint E-Auction Process Memorandum; and

2.31. **“Successful Bidder” or “Successful Auction Participant”** means, the Qualified Bidder whose Bid is approved and who is declared successful by the Liquidator after the e-auction.

Capitalized terms used herein but not defined otherwise shall have the meaning prescribed to them under the provisions of the IBC and the Liquidation Process Regulations and SARFAESI Act and the Rules framed thereunder and applicable laws thereunder.

3. INTRODUCTION

3.1. The Liquidation process of the Company had been initiated under the provisions of the IBC and by virtue of an order of the Hon'ble NCLT with effect from August 2, 2024 read with Honorable NCLT order dated 27-03-2023. In the said orders, Mr. Kasi Srinivas (Liquidator IBBI Registration No. IBBI/IPA-003/IPA-ICAI-N-000237/2019-2020/12840) has been appointed as the Liquidator. Pursuant to the Liquidation Order, the RP was appointed as the Liquidator to perform its duties as per the provisions of the IBC and Liquidation Process Regulations. The liquidator received the claims pursuant to the public announcement in this regard and has constituted stakeholder's committee in accordance with the provisions of IBC and Liquidation Process Regulations.

3.2. The Liquidator jointly with other secured creditors endeavors to sell these assets comprising the Liquidation estate of the Company in the manner specified under Regulation 32 of the Liquidation Process Regulations, and any other rules, regulations, orders, circulars, directions or notifications or the like, issued pursuant to or under the IBC or the Liquidation Process Regulations, and SARFAESI Act and the Rules framed thereunder, as the case may be, and as per directions, if any, of the Adjudicating Authority in respect of the Liquidation process of the Company and in the manner specified in this Process Memorandum.

3.3. The E-Auction would be conducted in the manner specified in Schedule I as provided under Regulation 33 of the Liquidation Process Regulations, and SARFAESI Act and the Rules framed thereunder and any other rules, regulations, orders, circulars, directions or notifications or the like, issued pursuant to or under the IBC or the Liquidation Process Regulations, as the case may be, and as per directions, if any, of the Hon'ble NCLT or Hon'ble NCLAT in respect of the Liquidation process of the Company and in the manner specified in this Process Memorandum.

3.4. The Bidders are encouraged to acquaint themselves with the provisions of the IBC and the Liquidation Process Regulations and SARFAESI Act and the Rules framed thereunder, and any other rules, regulations, orders, circulars, directions or notifications or the like, issued pursuant to or under the IBC or the Liquidation Process Regulations, as the case may be.

4. OVERVIEW OF THE COMPANY

Brief Background:

M/s. Ethnic Tobacco (India) Limited ("**Corporate Debtor**") having CIN - U16001AP2005PLC048552 is a Public Limited Company incorporated on December 23, 2005. M/S. ETHNIC TOBACCO (INDIA) LIMITED, was having well-recognized and acknowledged presence in the business of processing and export of tobacco.

Pursuant to section 7 of the Insolvency & Bankruptcy Code, 2016 ("**Code**"), State Bank of India, Financial Creditor of the Corporate Debtor, had filed an application with Hon'ble National Company Law Tribunal ("**NCLT**"), Amravati Bench for Initiation of Corporate Insolvency Resolution Process ("**CIRP**"). The said application was admitted by the Hon'ble NCLT on December 23, 2021 ("**CIRP Order**") and vide the order appointed Mr. Kasi Srinivas (IBBI Registration: IBBI/IPA-003/IPA-ICAI-N-000237/2019-2020/12840) as the Interim Resolution Professional ("**IRP**").

The RP published Form-G inviting Expression of Interest (“**EoI**”) from Prospective Resolution Applicants and 4 Resolution Plans were received and after revisions, only 1 was placed before the CoC Meeting. The CoC held that the Resolution Plan received needs revision and hence the CoC resolved to extend the CIRP period by Ninety (90) days. Therefore, the RP filed IA 104/2022 before the NCLT seeking extension of CIRP period by Ninety (90) days and the same was allowed vide orders dated June 17, 2022.

However, later on in the CoC Meeting held on September 03, 2022, the Resolution Plans submitted by the Prospective Resolution Applicants were not accepted and alternative steps for revival of the Corporate Debtor were decided to be explored. Therefore, the CoC with 100% voting resolved to extend the CIRP for a further period of Sixty (60) days and has directed the RP to file an I.A. for the extension of CIRP. Thereafter, the RP filed I.A. No. 219/2022 for an extension of the CIRP for a period of further Sixty (60) days and the same was allowed by the Hon’ble NCLT vide orders dated September 21, 2022.

The revised resolution plan submitted by the Prospective Resolution Applicants was not approved by the CoC before the expiry of the maximum period of Three Hundred and Thirty (330) days on November 18, 2022. With no special circumstances or any hope for revival of the Corporate Debtor, the RP filed I.A. No. 343/2022 for liquidation of the Corporate Debtor and consented to act as Liquidator and the same was allowed by the NCLT vide order dated March 27, 2023. As the OTS offered by the CD /Promotor Guarantor failed, the Hon’ble NCLT vacated the stay and again allowed the liquidated to start liquidation process vide orders dated August 2, 2024.

Further, in compliance with the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 read together with Rules framed thereunder, the State Bank of India and other secured creditors has taken symbolic possession of the properties vide possession notice dated 22-08-2019.

5. ELIGIBILITY/ PRE-BID QUALIFICATIONS

As per the proviso to section 35(1)(f) of the IBC, (as amended from time to time) the Liquidator shall not sell the immovable and movable property or actionable claims of the Corporate Debtor in Liquidation to any person who is not eligible to be a Resolution Applicant. Accordingly, an Auction Participant who is not eligible to be a Resolution Applicant in terms of section 29A of IBC shall not be eligible to submit a Bid for purchase of the assets of the Corporate Debtor.

As on date, as per Section 29A of the IBC,

“A person shall not be eligible to submit a resolution plan, if such person, or any other person acting jointly or in concert with such person –

- a) *is an undischarged insolvent;*
- b) *is a wilful defaulter in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 (10 of 1949);*
- c) *at the time of submission of the resolution plan has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as a non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 (10 of 1949) or the guidelines of a financial sector regulator issued under any other law for the time being in force, and at least a period of one year has lapsed from the*

date of such classification till the date of commencement of the corporate insolvency resolution process of the Corporate Debtor.

Provided that the person shall be eligible to submit a resolution plan if such person makes payment of all overdue amounts with interest thereon and charges relating to nonperforming asset accounts before submission of resolution plan:

Provided further that nothing in this clause shall apply to a resolution applicant where such applicant is a financial entity and is not a related party to the corporate debtor.

Explanation I.- For the purposes of this proviso, the expression "related party" shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares, or completion of such transactions as may be prescribed, prior to the insolvency commencement date.

Explanation II.— For the purposes of this clause, where a resolution applicant has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset and such account was acquired pursuant to a prior resolution plan approved under this Code, then, the provisions of this clause shall not apply to such resolution applicant for a period of three years from the date of approval of such resolution plan by the Adjudicating Authority under this Code;

- d) has been convicted for any offence punishable with imprisonment –
- (i) for two years or more under any Act specified under the Twelfth Schedule; or
 - (ii) for seven years or more under any law for the time being in force:

Provided that this clause shall not apply to a person after the expiry of a period of two years from the date of his release from imprisonment:

Provided further that this clause shall not apply in relation to a connected person referred to in clause(iii) of Explanation I;

- e) is disqualified to act as a director under the Companies Act, 2013 (18 of 2013):

Provided that this clause shall not apply in relation to a connected person referred to in clause (iii) of Explanation I;

- f) is prohibited by the Securities and Exchange Board of India from trading in securities or accessing the securities markets;

- g) has been a promoter or in the management or control of a corporate debtor in which a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place and in respect of which an order has been made by the Adjudicating Authority under this Code:

Provided that this clause shall not apply if a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place prior to the acquisition of the corporate debtor by the resolution applicant pursuant to a resolution plan approved under this Code or

pursuant to a scheme or plan approved by a financial sector regulator or a court, and such resolution applicant has not otherwise contributed to the preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction;

- h) has executed a guarantee in favour of a creditor in respect of a corporate debtor against which an application for insolvency resolution made by such creditor has been admitted under this Code and such guarantee has been invoked by the creditor and remains unpaid in full or part;*
- i) is subject to any disability, corresponding to clauses (a) to (h), under any law in a jurisdiction outside India; or*
- j) has a connected person not eligible under clauses (a) to (i).*

Explanation I— *For the purposes of this clause, the expression "connected person" means—*

- (i) any person who is the promoter or in the management or control of the resolution applicant;*
or
- (ii) any person who shall be the promoter or in management or control of the business of the corporate debtor during the implementation of the resolution plan; or*
- (iii) the holding company, subsidiary company, associate company or related party of a person referred to in clauses (i) and (ii):*

Provided that nothing in clause (iii) of Explanation I shall apply to a resolution applicant where such applicant is a financial entity and is not a related party of the corporate debtor:

Provided further that the expression "related party" shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares, or completion of such transactions as may be prescribed, prior to the insolvency commencement date;

Explanation II—*For the purposes of this section, "financial entity" shall mean the following entities which meet such criteria or conditions as the Central Government may, in consultation with the financial sector regulator, notify in this behalf, namely:—*

- a) a scheduled bank;*
- b) any entity regulated by a foreign central bank or a securities market regulator or other financial sector regulator of a jurisdiction outside India which jurisdiction is compliant with the Financial Action Task Force Standards and is a signatory to the International Organisation of Securities Commissions Multilateral Memorandum of Understanding;*
- c) any investment vehicle, registered foreign institutional investor, registered foreign portfolio investor or a foreign venture capital investor, where the terms shall have the meaning assigned to them in regulation 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 made under the Foreign Exchange Management Act, 1999 (42 of 1999);*

- d) *an asset reconstruction company register with the Reserve Bank of India under section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);*
- e) *an Alternate Investment Fund registered with the Securities and Exchange Board of India;*
- f) *such categories of persons as may be notified by the Central Government.*

The bidder should also comply the requirements of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 read with the Security Interest (Enforcement) Rules, 2002 regarding eligibility, this auction being a joint auction.

6. DOCUMENTS TO BE SUBMITTED BY BIDDERS

In addition to the above, the Auction Participant who fails to fulfil the requirements set out in this Joint E-Auction Process Memorandum, including but not limited to failure of providing the documents/ information to be submitted by the Auction Participant in terms of Clause 6 hereof, shall not be eligible to submit a Bid for purchase of assets of the Corporate Debtor.

6.1. The Joint E-Auction Process Applicant(s) or the Bidder(s) would need to submit the following documents to the satisfaction of the Liquidator in accordance with the timelines prescribed in clause 29 of this Process Memorandum.

- i. Application Form as provided in Annexure 2 hereof along with the certified copies of Ownership Structure and composition of the Joint E-Auction Applicant(s)/ Bidder(s), self-attested copy of Aadhaar Card, PAN, passport/ driving license, valid email ID, mobile number, certified copies of Certificate of Incorporation/ Registration, Memorandum and Article of Association/ Limited Liability Partnership Agreement/Partnership Deed, in case of Company/ LLP/ Partnership.
- ii. Affidavit towards eligibility under Sec 29A of IBC in a format provided in Annexure 3 hereof;
- iii. Confidentiality Undertaking as provided in Annexure 4 hereof;
- iv. Extracts of the resolution passed by the Board of Directors of the Company or Partners of LLP/ Partnership Firm in a format provided in Annexure 5 hereof;
- v. Other necessary documents to complete the eligibility check formalities (collectively referred to as **“Eligibility Documents”**)

6.2. A Bidder may use additional sheets to submit the information for its detailed response. Additionally, at any stage of the auction process, the Liquidator may ask for any documents from the prospective Bidders to evaluate their eligibility. The Liquidator shall, at his discretion, disqualify the prospective Bidder for non-submission of the requested documents.

6.3. On the receipt of the Eligibility Documents relating to the Bidders, the Liquidator shall assess the Eligibility Documents of the Bidders to his satisfaction & finalize the Qualified Bidders and declare the names of Qualified Bidders as per the timelines mentioned in clause 29 below.

6.4. Qualified Bidders will make a request to the liquidator for necessary information required for due diligence on cirp.ethnictobacco@gmail.com. Further, site visits will also be arranged (if required) only for Qualified Bidders in accordance with clause 7 hereof.

Upon completion of the due diligence, site visit, and discussion meeting (if any) by the Qualified Bidders within the timeframe set out in clause 29, the Qualified Bidders shall deposit the Earnest Money Deposit (EMD) in accordance with clause 11 of this Joint E-auction Process memorandum within the timeframe mentioned in clause 29 below. The Liquidator shall, at his discretion disqualify the Qualified Bidder for non-submission of the EMD.

7. SITE VISIT AND DISCUSSION MEETING

7.1. If requested by the Qualified Bidders, the Liquidator may arrange a discussion Meeting and a site visit at any time prior to the closure of the auction process.

7.2. The details, terms, and conditions with respect to the discussion Meeting and site visit shall be communicated to the Qualified Bidder in advance.

7.3. Each eligible bidder may visit the site from 06-11-2024 to 13-11-2024 on request only along with his team (consisting of a reasonable number of persons) with prior intimation to the Liquidator with the details of the persons. The properties can be inspected by the prospective Bidder(s) at the site with prior appointment on request only contacting the Liquidator in advance.

7.4. The Liquidator reserves the right to not arrange a discussion meeting or site visit for any reason whatsoever, irrespective of the request of the Qualified Bidder. Qualified Bidder (considering site visit) will be provided prior notification of date and time 3 (three) days in advance by the Liquidator.

7.5. The Qualified Bidders shall not take any photographs of the Site or take any documents back with it.

8. DUE DILIGENCE

8.1. The Liquidator will endeavor to provide all necessary documents through e-mail, i.e. cirp.ethnictobacco@gmail.com for the conduct of due diligence by the Qualified Bidders upon the request made by Qualified Bidders for providing such documents. The information and documents shall be provided by the Liquidator in good faith and confidential mode. The Qualified Bidders may note that the Liquidator would not have verified any of the information, data or documents shared by the Company and shall not accept any responsibility or liability, whatsoever, in respect of any statements or omissions contained in the shared data.

8.2. The Assets of the Corporate Debtor and the Personal Guarantors are to be sold on "as is where basis," "as is what is basis", "whatever there is basis" and "no recourse basis". All statutory/ non-statutory liabilities/ taxes/ demands/ claims/ maintenance fee/ electricity/ water charges etc., outstanding as on date or yet to fall due in respect of the assets of the Corporate Debtor should be ascertained by the Qualified Bidders and shall be borne by the Successful Bidder. The information and documents shall be provided by the Liquidator in good faith. The bidders may note that the Liquidator would not have verified any of the information, data or documents shared and shall not accept any responsibility or liability, whatsoever, in respect of any statements or omissions contained in the shared data.

8.3. The intending bidders, prior to submitting their bid, should make their independent inquiries regarding the title of the property, zone of the land, dues of local taxes, electricity and water charges, development charges, maintenance charges, if any, and other applicable approvals/ renewals etc. and inspect the property at their own expenses and satisfy themselves fully before making the bid.

8.4. The Liquidator reserves the right not to respond to any query or provide any clarification, at their sole discretion, and no extension of time and date referred to in this Joint E-Auction Process Memorandum shall be granted on the basis of not having received a response to clarifications sought from the Liquidator. Nothing in this Clause shall be considered or read as compelling or requiring the Liquidator to respond to any query or to provide any clarification to the queries raised by a bidder. The Liquidator will not be held responsible for any delay in response or non-response to clarifications raised by the Qualified Bidder.

8.5. The Onus of the SARFAESI Act related compliance shall be primary responsibility of the Secured Lenders. The Liquidator shall not be held responsible in any way with regard to the said Act.

9. ASSETS TO BE AUCTIONED

9.1. The sale of Corporate Debtor as going concern as proposed to be along with available licenses, permits, approvals, and registrations to the extent they are transferable under the applicable law on "As is where is", "As is what is", "Whatever there is" and "No recourse basis". The proposed Joint E-Auction sale of the Corporate Debtor as a going concern does not entail transfer of any other title except the title which the Corporate Debtor had on its assets as on date of transfer including assets belonging to the Personal Guarantors and mortgaged to the secured creditors which is jointly sold in this e auction for value maximization: The Liquidator under this Joint E-Auction Process Document, proposes sale of Company on going concern basis is in accordance with Regulation 32 (e) and Regulation 32A of the IBBI (Liquidation Process) Regulations, 2016 and Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 read with proviso to Rule 8(6) of the Security Interest (Enforcement) Rules, 2002. The same regulation is reproduced herein:

32A. Sale as a going concern

(1) Where the committee of creditors has recommended sale under clause (e) or (f) of regulation 32 or where the liquidator is of the opinion that sale under clause (e) or (f) of regulation 32 shall maximize the value of the corporate debtor, he shall endeavour to first sell under the said clauses.

(2) For the purpose of sale under sub-regulation (1), the group of assets and liabilities of the corporate debtor, as identified by the committee of creditors under sub-regulation (2) of regulation 39C of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 shall be sold as a going concern.

(3) Where the committee of creditors has not identified the assets and liabilities under sub-regulation (2) of regulation 39C of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the liquidator shall identify and group the assets and liabilities to be sold as a going concern, in consultation with the consultation committee.

(4) If the liquidator is unable to sell the corporate debtor or its business under clause (e) or (f) of regulation 32 within ninety days from the liquidation commencement date, he shall proceed to sell the assets of the corporate debtor under clauses (a) to (d) of regulation 32."

It is further clarified that the successful bidder shall approach the Adjudicating authority for any particular relief they would require and specifically but not limited to the relief of the past legal proceedings on the corporate debtor, as contemplated u/s 32 A of the IBC ,2016. In case such an application is made to the Adjudicating Authority, the Liquidator would co-operate with the bidder during the process but the liquidator, and any of his officers, or IPE shall not be responsible for the outcome of the application so made by the bidder.

9.2. Description of the Assets sold:

Details of Properties to be Sold	Person selling the Property
Plant and Machinery erected on 8 acres and 60 cents at Edulapalem village, Guntur District	Liquidator under Liquidation Process
Financial Assets	
Buildings and Industrial Roof (2,92,038 Sq ft) erected on 8 acres and 60 cents	
8 Acres and 60 cents of Land more fully described in <u>Annexure- 7</u>	Secured Financial Creditors under SARFAESI Process

9.3. Total Reserve Price: Rs.50,35,00,000.00 (Rupees Fifty Crore Thirty-Five Lakhs only)

9.4. Total Earnest Money Deposit (EMD): Rs.5,03,50,000.00 (Rupees Five Crore Three Five Lakhs Fifty Thousand only)

Notes:

- a) The assets are sold jointly and bidding for individual assets is not allowed.
- b) The bidders cannot place a bid at a value below the reserve price.
- c) Bidding shall be allowed on submission of EMD. EMD has to be paid separately for each asset class/ option. The EMD paid to one asset class/ option cannot be adjusted/ clubbed for other asset classes/ options.
- d) The successful bidders shall be required to provide 25% (including EMD money) of the Bid amount within 2 days from the successful auction date.
- e) The Liquidator reserves the right to amend the key terms of the auction process including reserve price, earnest money deposit, and bid incremental values at its sole discretion, to the extent permissible under the applicable laws and regulations. Accepting/ rejecting any or all the bids is at the sole discretion of the Liquidator without assigning any reason whatsoever.
- f) The minimum increase in the bid amount must be Rs. 10,00,000/- to the last higher bid of the bidders.
- g) All other liabilities pertaining to the Corporate Debtor being sold as a going concern, shall be settled, paid, and extinguished as per Section 53 of IBC, 2016.
- h) In case there is an order of the Adjudicating authority on this settlement of the liabilities, the same should be binding on the successful bidder and the liquidator.
- i) On receipt of the entire sale consideration (plus applicable taxes and costs as determined by the Liquidator) i.e. within Ninety (90) days from the date of issue of the Letter of Intent.
- j) The Liquidator shall not be responsible in any manner for assisting/ coordinating/ obtaining any transfers/ renewals/ permissions/ approvals whether of any documents/ license and permissions/ approvals/ insurance policies either in the name of the Corporate Debtor or the Successful Bidder and the sole responsibility for the same shall vest with the Successful Bidder.
- k) The Successful Bidder agrees and acknowledges that it shall be solely responsible for carrying out necessary actions and obtaining necessary approvals in order to effectuate fully the purposes, terms, and conditions of the sale of the Company as a going concern to it, including but not limited to, obtaining or renewing any license, consent, certificate, permit or other authorization, including procuring all necessary approvals from Persons governmental and statutory authorities, if any, as may be required.

- l) Preference will be given to those bidders who bid for M/s. Ethnic Tobacco (India) Limited (ETIL) and M/s. Ind Tob International Private Limited. (ITIPL) together as the ETIL and ITIPL properties are located in the same premises, which are interlocked and inseparable with a common compound wall.

Please refer to Annexure-7 “Description of Assets” for a detailed description of above-mentioned assets.

10. MODE OF SALE AND RESERVE PRICE AND BID INCREMENTAL VALUE

10.1. The liquidator proposes to conduct the sale of the Corporate Debtor on a going concern basis as contemplated under Regulation 32(e) of the Liquidation Process Regulations, 2016 through Joint E-Auction Process Document jointly with other Secured Creditors represented by the State Bank of India for certain portion of assets of the Personal Guarantor (Land measuring 8 acres 60 cents) under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 read with the Security Interest (Enforcement) Rules, 2002.

10.2. It is clarified that on being declared as Successful Bidder, the said Successful Bidder shall be required to complete the sale of Corporate Debtor as a going concern in accordance with the provisions of IBC and Liquidation Process Regulations 2016 and sale of assets of the Personal Guarantors in accordance with the provisions of SARFAESI Act and the Rules framed thereunder.

10.3. Upon the payment of the balance sale consideration, the sale of the Company on a going concern basis and the sale of assets of the Personal Guarantors shall stand completed and the Liquidator shall execute a certificate of sale or sale deed to consummate the sale transaction as contemplated under this Joint E-Auction Process Memorandum (Sale of Corporate Debtor as a Going Concern) and the Liquidation Process Regulations.

10.4. For the assets belonging to the Personal Guarantor, the final sale certificate, after receiving the whole amount under this joint auction would be issued by the authorised officers of the State Bank of India under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 read with the Security Interest (Enforcement) Rules, 2002.

10.5. The Successful Bidder agrees that it shall be bound to pay the balance sale consideration for the consummation of sale of the Corporate Debtor as a going concern and the sale of assets of the Personal Guarantors within the time frame stipulated in the Liquidation Process Regulations. It is clarified that any necessary approvals, consents, reliefs that may be required to be obtained by the Successful Bidder with respect to the Sale of Corporate Debtor as a going concern and sale of assets of the Personal Guarantors as contemplated in this Joint E-Auction Process Memorandum have to be obtained by the Successful Bidder without any deviation from the time frame for payment of balance sale consideration as stipulated under the Liquidation Process Regulations.

10.6. Any failure to obtain such necessary approvals, consents, or reliefs that may be required by the Successful Bidder in respect of the Sale of Corporate Debtor as going concern and sale of assets of the Personal Guarantors shall not affect the e-auction process of Sale of assets of the Corporate Debtor as contemplated under this Joint E-Auction Process Memorandum. On payment of the full amount, the Sale of assets of the Corporate Debtor and sale of assets of the Personal Guarantors shall stand completed and the Liquidator shall execute a certificate of sale or sale deed to consummate the sale transaction as contemplated under this Joint E-Auction Process Memorandum and the Applicable Law.

10.7. The Liquidator reserves the right to alter, modify, cancel or relax any of the terms and conditions mentioned in this Joint E-Auction Process Memorandum in the interest of the liquidation process of the Company including cancellation of the e-auction process at any point of time. Any such alteration, modification, cancellation or relaxation of the e-auction process shall be binding on the Bidders.

10.8. The Qualified Bidders, participating in the e-auction process, will have to Bid for an amount not less than the Reserve Price for acquiring the assets of the Company. The attention of Qualified Bidders is invited to the fact that the Qualified Bidders cannot place a Bid for a value below the Reserve Price. Such a Bid will stand automatically disqualified.

10.9. The other terms and conditions relating to the e-auction process to be complied by the Qualified Bidders are set out in Annexure 1.

11. EARNEST MONEY DEPOSIT

All the qualified bidders shall follow the below process for submission of EMD:

11.1. The non-interest bearing EMD to be paid by the Qualified Bidder along with Earnest Money Deposit Form attached vide Annexure 6 prior to auction in accordance with the timelines provided in clause 29.

11.2. Mode of Payment of EMD and balance sale consideration and other instructions relating to EMD Payment of EMD shall be made through RTGS/ NEFT/ Bank Transfer to the account number provided as or by way of DD in favour of M/s ETHNIC TOBACCO INDIA LTD UNDER LIQUIDATION

Account Number	40771082669
Type of Account	Current Account
Beneficiary Name	ETHNIC TOBACCO INDIA LTD UNDER LIQUIDATION
Bank Name	State Bank of India
Branch	Gunfoundry, Hyderabad
IFSC Code	SBIN0020066

The entire EMD amount shall be remitted by the Qualified Bidder (s) from one bank account.

11.3. Qualified Bidders shall preserve the remittance challan and shall produce the same in front of the Liquidator as and when demanded.

11.4. The non-interest-bearing EMD, to be paid by the bidder prior to providing the bid form to the Liquidator.

11.5. The EMD should be credited to the above-mentioned bank account on or before 20-11-2024 and the same shall be intimated to the Liquidator through email on cirp.ethnictobacco@gmail.com.

11.6. No interest will be paid to the Qualified Bidders in relation to any such amounts mentioned above. The EMD of the Successful Bidder shall be retained towards part sale consideration and the EMD of

unsuccessful bidders shall be refunded within the timeframe mentioned in Clause 29 of this Joint E-Auction Process Memorandum.

11.7. EMD of unsuccessful bidders shall be refunded. The Liquidator will issue a letter to the Successful Bidder and the Successful Bidder shall have to deposit the balance consideration (after adjustment of the EMD) of the sale price within Thirty (30) days of issuance of Letter of Intent (Letter of Intent). On payment of the full amount, the sale shall stand completed and the Liquidator shall execute certificate of sale or sale deed to transfer such Assets and the Assets shall be delivered to the Successful Bidder in the manner specified in the terms of sale.

11.8. Forfeiture of Earnest Money Deposit from the Qualified Bidder

The EMD furnished can be forfeited at any time, upon the occurrence of any of the following events:

- a. any of the conditions under this Joint E-Auction Process Memorandum are breached by the Qualified Bidder or in case the Qualified Bidder is found to have made any misrepresentation; or
- b. if the Qualified Bidder is found to be ineligible to submit the Bid under Section 29A of the IBC (as amended from time to time) or is found to have made a false or misleading declaration of eligibility under Section 29A of the IBC (as amended from time to time); or
- c. if the Qualified Bidder is found to be, directly or indirectly or through an agent, engaged in corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice in the auction process or has, undertaken any action in respect of such process which results in the breach of any applicable law including the Prevention of Corruption Act, 1988; or
- d. if the Successful Bidder does not accept the Letter of Intent issued by the Liquidator within the period and in the manner specified; or
- e. Default in payment of the balance sale consideration by the Successful Bidder within the timeframe set out in Clause 29 of this Process Memorandum for reasons other than specifically specified in this E-Auction Process Document.

Return of Earnest Money Deposit

- a. The Earnest Money without interest shall be returned to the unsuccessful Qualified Bidder(s) within 7 (seven) days of the date of closure of the E-Auction process or cancellation of the E-Auction process, except that the Liquidator may retain the Earnest Money of the next highest Qualified Bidder for up to 15 (fifteen) days from the date of conclusion of the E-Auction (where a Successful Bidder has been identified) in order to consider that bid (at the discretion of the Liquidator) in the event the original Successful Bidder is disqualified or fails to adhere to the terms of the Letter of Intent.
- b. Provided that, in the event, the Liquidator proposes to cancel the E-Auction process on the scheduled date or decides not to accept any of the bids submitted during the E-Auction process, and in both instances, proposes to follow up the same with another E-Auction process, then if a Qualified Bidder indicates in writing its desire to receive refund its Earnest Money deposit, then the Earnest Money shall be returned to the Qualified Bidder, within 7 (seven) days of giving notice requesting for the return of the Earnest Money deposited.

- c. Provided further that, failure to participate in a round of E-Auction or requesting a refund of the Earnest Money shall not debar a Qualified Bidder from participating in any subsequent round(s) of E-Auction.
- d. The Earnest Money without interest shall also be returned to a Qualified Bidder, within 7 (seven) days of a demand being raised by such Qualified Bidder on the basis of any of on the following grounds:
 - i. Any increase in the Reserve Price or minimum incremental value;
 - ii. Any increase in EMD amount by more than 10% of the immediately previous specified EMD;
 - iii. Any reduction on the timelines within which the balance sale proceed is required to be paid;
 - iv. Change in eligibility requirement post the submission of the Earnest Money, such that the Interested Bidder becomes ineligible. However, imposition of additional compliance requirements (such as requirement of providing additional undertakings) shall not be considered as change in eligibility norms.
 - v. Postponement of the date of the scheduled auction beyond 30 (thirty) days, except on account of any direction from Adjudicating Authority.

Further, the Liquidator shall:

- a. Verify the details mentioned in the Forms based on the documents submitted pursuant to the terms and conditions mentioned herein and
- b. Ascertain submission of the EMD, and the adherence of timelines specified in Annexure 1 clause 3 of this document.
- c. Pursuant to such verification, the Agency/ Liquidator shall notify the Bidders (via email) regarding their eligibility to participate in the e-auction for the assets.
- d. Such Bidders shall hereinafter be referred to as the "Eligible Bidders". It is clarified that an Eligible Bidder shall be entitled to submit a bid only with respect to the specified auction for which he has submitted the Form and in respect of which he has paid the EMD.

Only Eligible Bidders will gain access to documentation, additional information required for due diligence, after submission of the Bid Form, Declaration and other documents as required. Further, site visits will also be arranged only for Eligible Bidders.

12. BIDDING PROCESS

- a) Bidding will be through the E–Auction. After submission of all documents/ EMD by the Interested Bidder to the satisfaction of the Liquidator, M/s. 4 Closure, will provide User Id and password after due verification of PAN of the eligible bidders to participate in the e-auction on the appointed date i.e. 22-11-2024 between 11:00 A.M. to 04:00 P.M. for sale of Corporate Debtor and sale of assets of the Personal Guarantors.
- b) Bidders shall hold a valid email ID. E-mail ID is necessary for the Intending bidder as all the relevant information and allotment of ID & password by M/s. 4 Closure, will be conveyed through e-mail.
- c) Bidders are cautioned to be careful while entering the bid amount

d) The Liquidator and the Agency shall not have any liability towards bidders for any interruption or delay in access to the Platform irrespective of the cause, issues relating to the Platform, failure of internet connections, server problems, etc.

e) Any problem arising out of the e-auction sale of the assets shall be decided by the Liquidator, whose decision shall be final and binding.

f) A training manual has been provided on the website of the E–Auction Service Provider at <https://bankauctions.in/>. The intending bidder may avail online training/demonstration on the e-auction process from the E – Auction Service Provider.

For any queries related to reserve price for the assets shall be as per the details set out in clause E hereof. The Incremental bids shall be in multiples of amount given in clause E hereof and the eligible bidders shall increase their bids in multiples of that amount to technical issues of the e-auction portal, bidders may contact as per details below:

Contact person – VSV Satyanarayana; Contact No. - +91 9440836500;

Email id: raghu032010@gmail.com

13. DURATION OF AUCTION SALE

- a) The auction will be conducted via an electronic auction platform of M/s. 4 Closure, on 22-11-2024 with Start Time at 11:00 AM and End Time at 04:00 PM for Sale of Corporate Debtor as a going concern and sale of assets of the Personal Guarantors.
- b) The e-Auction shall commence strictly at the scheduled time and at a price equal to the reserve price. The closing time of the auction is system controlled; the time will get automatically extended by 5 (Five) minutes if any bid is received during the last 5 (Five) minutes, i.e. while an active bid is in process and kept open till the auction-sale concludes.
- c) If any market-leading bid (bid higher than the highest at the point in time) is received within the last 5 (Five) minutes of closing time, the bidding time will be extended automatically by 5 (Five) minutes and if no bid higher than last quoted highest bid is received within the said extended 5 (Five) minutes, the auction sale will automatically get closed at the expiry of the extended 5 (Five) minute period. There will thus be an extension of bidding-time, each of 5 (Five) minutes duration, till auction is concluded.
- d) Eligible Bidders are advised to enter their bid accordingly keeping in mind the duration as specified above.
- e) No complaint on the time-factor for bidding or paucity of time for bidding will be entertained by the Agency and/ or the Liquidator.

14. DECLARATION OF SUCCESSFUL BIDDER

14.1 The Liquidator shall determine and at his sole discretion (which discretion shall not be used arbitrarily), declare at the end of the E-Auction, the Successful Bidder(s) for any asset. Determination of the Successful Bidder(s) shall be done on the basis of the highest bid (not below the reserve price) received for the assets via the E-Auction, unless the Liquidator determines, acting reasonably, that the highest bidder shall not be identified as the Successful Bidder.

14.2 The declaration of the Successful Bidder(s) for the Sale of Corporate Debtor as going concern and sale of assets of the Personal Guarantors shall be done by the Liquidator within the timeframe set out in Clause 29 of this Joint E-Auction Process Memorandum after the closure of e-auction process. The Successful bidder shall be required to provide 25% of the Bid amount (including EMD money) within 2 days of the closure of the successful auction.

14.3 Where the Earnest Money has been provided by means of a remittance to the Company's bank account, such funds will be retained by the Liquidator as part payment of the consideration that the Successful Bidder has agreed to pay for the relevant asset.

14.4 The Liquidator is not bound to accept the highest offer and has the absolute right to accept or reject any or all offer(s) or adjourn/postpone/ cancel the e-Auction or withdraw any asset or portion thereof from the E-Auction proceedings at any stage without assigning any reason therefor.

14.5 The Liquidator shall issue to the Successful Bidder, a Lol, after receiving 25% of the successful bid amount (including EMD) within 2 days of closure of the e-Auction, inviting the Successful Bidder to pay the balance sale consideration (plus any applicable GST/taxes, registration fees etc. if any, on 100% of the bid amount) within the timeframe set out in Clause 16 of this Joint E-Auction Process Memorandum. The Lol outlines preliminary commitment and does not constitute conclusion of sale in favour of the Successful Bidder.

14.6 In case of any dispute/ discrepancy, the Liquidator shall assess the auction applications and declare the successful bidder (s) offering maximum value for the auctioned assets. This right of selecting and declaring the successful bidder(s) shall always solely rest with the Liquidator, and his decision will be final and binding on all participants.

15. COMPLETION OF SALE

On payment of the full amount of sale consideration and applicable taxes (if any), the sale shall stand completed, and the Liquidator and/or Banks shall execute Certificate of sale or Sale deed and the assets shall be delivered / transferred to the Successful Bidder. The Certificate of sale or Sale deed will be issued and / or transaction / sale documents will be executed in the name of the Successful Bidder only and will not be issued in any other name(s). It is expressly stipulated that there are no implied obligations on the part of the Liquidator to do all acts, things and deeds whatsoever for the completion of the sale.

The Successful Bidder shall be responsible for undertaking necessary actions and compliances for obtaining requisite regulatory or statutory or third-party approvals, no-objections, permission or consents, if any, that are or may be required under Applicable Law including SARFAESI Act for purchasing the assets of the Corporate Debtor.

Default in payment of the balance sale consideration and applicable taxes, if any, on 100% of the bid sum by the Successful Bidder will result in disqualification of the Successful Bidder including forfeiture of Earnest Money and subsequent payments. The asset may be put to re-auction or sold to the next highest Qualified Bidder and the defaulting Successful Bidder shall have no claim/right in respect of such asset.

16. ISSUANCE OF LETTER OF INTENT (LoI)

The Liquidator shall, as soon as reasonably possible following the end of the E-Auction, issue to the Successful Bidder a LoI inviting the Successful Bidder to provide entire Sale Consideration within Thirty (30) days of issuance of LOI, after adjusting the amount already paid. Provided the payment made after 30 days shall attract interest @ 12% p.a. (plus any applicable GST/taxes, registration fees, etc if any, on 100% of the bid sum). Further provided that the sale shall be cancelled if the payment is not received within 90 days from the date of issuance of LoI.

This LoI per se does not confirm sale in favour of the Successful Bidder. Confirmation of sale is subject to the fulfilment of conditions stated hereunder and the approval of the Liquidator:

- a) The Successful Bidder shall, within a period of 2 (two) days from the date of issuance of the LoI, unconditionally accept the LoI, and record such acceptance by providing the Liquidator with 1 (one) copy of the LoI with an endorsement stating that such LoI is, "Accepted Unconditionally", under the signature of the authorized Director / Authorized Signatory of the Successful Bidder.
- b) Failure to accept the LoI within the time period specified may result in the disqualification of the Successful Bidder along with cancellation of the LoI and forfeiture of the Earnest Money.
- c) In case of disqualification of a Successful Bidder, the Qualified Bidder who had submitted the next highest bid may be asked to match the Successful Bidder's bid and be considered the new Successful Bidder. If the latter is unwilling to match the bid submitted by the earlier Successful Bidder, the Liquidator, at his sole discretion, may decide to carry out a fresh auction, withdraw the Asset Lot(s) from the auction or sell the Asset Lot to the next highest Qualified Bidder at its bid amount.

17. BALANCE SALE CONSIDERATION

- a) The successful bidders shall be required to provide 25% (including EMD money) of the Bid amount within 2 days from the successful auction date.
- b) The Successful Bidder shall be required to provide balance Sale Consideration of 75% within 30 days of the date of issuance of LOI in a single tranche payment after adjusting clause (a) amount already paid.
- c) Provided further that if the payment is made after Thirty (30) days shall attract interest @ 12%. If payment is not received within 90 days then sale shall stand cancelled.
- d) It is also clarified that any necessary approvals, consents, reliefs that may be required to be obtained by the Successful Bidder with respect to the Sale of Assets as contemplated in this Process Memorandum have to be obtained by the Successful Bidder without any deviation from the time frame for payment of balance sale consideration as stipulated under the Liquidation Process Regulations, 2016.
- e) Any failure to obtain such necessary approvals, consents, reliefs that may be required by the Successful Bidder in respect to the Sale of assets of Corporate Debtor shall not affect the e- auction process or

Sale of assets of Personal Guarantors contemplated under this Process Memorandum. On payment of the full amount, the Sale of assets of Corporate Debtor shall stand completed and the Liquidator shall execute a certificate of sale or sale deed to consummate the sale transaction as contemplated under this Process Memorandum and the Applicable Law.

- f) Where the Successful Bidder has provided Earnest Money by remittance of cash to the bank account of the Company the balance sale consideration shall be an amount equal to the bid sum (plus any applicable GST/taxes, registration fees, etc if any, on 100% of the bid sum) as reduced by the Earnest Money already paid.
- g) All the payments of the bid amount made by the Successful Bidders shall be made through DD/RTGS/ NEFT modes as per the details mentioned in Clause 9 above. The payments of the bid amounts shall be made by the Successful Bidder from the same bank account from which he has made payment of the EMD amounts.

18. DEFAULT IN PAYMENT

Default in payment of the balance sale consideration and any applicable GST/taxes, registration fees, etc if any, on 100% of the bid sum by the Successful Bidder will result in disqualification of the Successful Bidder including forfeiture of Earnest Money and all subsequent money paid, unless such default in payment is pursuant to any event stipulated under Clause 11.7 of this E -Auction Process Document. Any auction may be put to re-auction or sold to the next highest Qualified Bidder and the defaulting Successful Bidder shall have no claim/right in respect of such auction.

19. CONFIRMATION OF SALE

- a) On payment of the full amount of sale consideration, and any applicable GST/taxes, registration fees, etc. if any, the sale shall stand completed, and the Liquidator and/or Banks shall execute Certificate of sale or Sale deed.
- b) It is expressly stipulated that there are no implied obligations on the part of the Liquidator to do all acts, things and deeds whatsoever for the completion of the sale.
- c) The sale shall be subject to conditions prescribed under the IBC and provisions and regulations thereunder.
- d) The sale attracts stamp duty, registration charges, GST and other applicable taxes as per relevant laws.
- e) The Successful Bidder shall bear all the necessary expenses like applicable stamp duties/ additional stamp duty / transfer charges, registration expenses, fees, etc., for transfer of the Property (ies) in his / her name.
- f) The payment of all dues, taxes (including any local tax, property tax, municipal tax and society charges), rates, assessments, charges, fees, etc., owed by the Company to anybody in respect of the Properties shall be the sole responsibility of Successful Bidder only.

20. ISSUE OF SALE CERTIFICATE

- a) The sale certificate will be issued within 30 (thirty) days from date of last date of payment of full bid amount subject to compliance of all terms and conditions of sale, unless cancelled by the Liquidator for any reason as per applicable law and the assets shall be delivered to the Successful Bidder in the manner specified in the terms of sale.