

**Inviting Expression of Interest For Bringing In Strategic Partner in BOB  
Financial Solutions Limited A Subsidiary of Bank of Baroda**

March 10, 2023

## 1) About BoB Financial Solutions Limited (“BFSL” or “Company”)

BFSL was incorporated in 1996 as a wholly owned subsidiary of Bank of Baroda (“BOB”). It is one of the two standalone NBFCs allowed to issue credit cards by RBI. Registered office of BFSL is situated in Mumbai. As of Dec-22, it has 17.5 lakhs cards in force and total spends of INR 12,155 Cr for 9MFY23. Please refer to Annexure A for further details.

## 2) Transaction Overview and Broad terms of the transaction

BFSL is desirous to bring in a suitable partner and also leverage its growth potential to enlarge presence and market share substantially. To achieve this, BFSL needs additional capital to meet its business growth and upgrade infrastructure.

BOB intends to divest up to 49% in a combination of primary and secondary capital (“Proposed Transaction”) from one or multiple investors, in order for the incoming investors to create more value in BFSL and take it to the next level of growth (BOB and BFSL are collectively referred to as “BOB Team”).

### Process Parameters

The Proposed Transaction process (the “**Process**”) will be conducted in two phases. In the initial phase (“**Phase I**”), BOB Team will invite potential bidders to submit an Expression of Interest (the “**EOI**”) to invest in BFSL in accordance with the terms described in this letter.

Following receipt and review of the EOI, BOB Team would then invite a limited number of potential bidders to participate in the next phase of the transaction process (“**Phase II**”) during which we will provide such shortlisted bidders with access to more detailed information on the Company and access to the management team before submitting a final binding written offer (the “**Final Offer**”).

Post the submission of the Final Offers, BOB Team would then select preferred bidder(s) to negotiate and agree on final terms.

### Phase I: EOI Stage

BOB Team will review your EOI and will revert to (i) clarify any questions that may arise and (ii) set out next steps, if any, in the Process.

Further, such interested parties would be considered to participate in Phase II, subject to them executing a Non-Disclosure Agreement (“**NDA**”) in the format as enclosed in Annexure B.

BOB Team reserves the right, at its sole discretion, to amend or revise the Process, including all factors in the selection of prospective bidders and to reject any and all EOIs without disclosing the reason for any such decision.

In order to allow us to effectively evaluate your EOI, please address, at a minimum, all the matters set forth below in the EOI.

- a) **Description of the Bidder:** A summary description of the acquiring entity, including a description of its ultimate shareholder(s) (if any), its principal business lines, legal name and legal entity structure, operational and financial qualifications and details of any operations and licenses of the acquiring entity that may be relevant in connection with acquiring stake in credit card issuing entity.
- b) **Rationale:** A description of your rationale for investing in the Company. In addition, please also list out your recent strategic investment or relevant deals that you may have completed.
- c) **Internal Approvals:** Details of internal approvals that have been obtained prior to your submission of the EOI and details of any further approvals or authorizations required before you would be able to submit a Final Offer, to execute the definitive transaction agreements and subsequently to complete the Proposed Transaction.
- d) **Regulatory Approvals / Consents:** A summary of any regulatory, and other approvals or consents required to (i) submit your EOI, (ii) submit your Binding Offer, (iii) execute the definitive transaction agreements and (iv) subsequently complete the Proposed Transaction.
- e) **Key Contacts:** The names of the key members of your organization who are working on, or expected to work on the Proposed Transaction. You should also designate one lead officer from your organization that will be available to discuss any questions related to your EOI. Please include relevant contact information for all organization members, including work telephone number, mobile telephone number and email.

Without limiting your obligations under the Confidentiality Agreement, your EOI should also disclose whether you are acting alone or in conjunction with any other party. Your EOI must include the identity of the parties with whom you have any agreements or understandings and you should outline the terms on which such agreements or understandings have been reached. Please also provide relevant contact details for the key members working for your partners.

- f) **Other Relevant Information:** Details of any other matters underpinning your EOI that you believe BOB Team should take into account when conducting its review. These could include, but are not limited to, material contingencies, conditions precedent to the closing of the Proposed Transaction and any other material terms to be included in a definitive transaction agreement which are of fundamental importance to you in submitting your EOI.
- g) **Eligibility Proof:** Self Declaration / Certificate from Statutory Auditor / Independent chartered accountant certifying Net worth or assets under management shall be submitted.
- h) **Consortium:** In case of consortium of Bidders, you are requested to provide aforesaid details (a to g) for each consortium partner. Also provide the investment share of each consortium member in the transaction.

You are strongly encouraged to ensure that your EOI addresses all of the above as failure to do so will put you at a disadvantage relative to other bidders.

The terms of the confidentiality agreement to be signed by you in connection with the Proposed Transaction (the “**Confidentiality Agreement**”) will remain in full force and effect and apply both to the existence of, and to all aspects relating to, this Process and to any materials and information provided to you (in whatever form) including this Phase I and Phase II.

## Phase II (Binding Offer Stage)

In the Phase II Process, you will be provided an opportunity to:

- i. Access the Confidential Information Memorandum, due-diligence report on the Company and other relevant information through access to a Virtual Data Room (“VDR”) hosted on Microsoft OneDrive with detailed information on the Company and a question and answer process (“Q&A process”) organized by the Advisor.
- ii. Up to two detailed management meetings

### 3) Contact details for Clarification

If you should have any questions regarding the procedures described in this letter, please contact at [projectresurrect@icicisecurities.com](mailto:projectresurrect@icicisecurities.com)

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As part of the Process, any prospective investor who consults directly or indirectly with any other prospective investor without first obtaining BOB Team’s approval will be considered to be compromising the integrity of the Process and will be subject to removal from the Process at the sole discretion of BOB Team, in addition to any recourse stipulated in the Confidentiality Agreement.

### 4) Important Dates

Sr. No.	Activity	Dates and Timelines
1	Last date for submission of queries on Process Letter	March 24, 2023 by 5pm IST
2	Last date for submission of EOIs	April 10, 2023 by 5pm IST

The above dates and timelines may change at the discretion of BOB.

### 5) Eligibility Criteria

Any company with net worth of at least INR 500 Cr or any private equity fund vehicle having AUM of at least USD 1bn or equivalent as on Dec 31, 2022 are eligible to bid either as a sole party or as part of a Consortium. The eligible amount shall be computed by taking the equivalent USD at the exchange rates (reference rate as published by Financial Benchmarks India Private Limited or any other authentic data source) prevailing on Dec 31, 2022. In case of consortium, the financial eligibility of bidders will be assessed on the basis of aggregate networth / AUM. BOB reserves the right, and ability, to prescribe additional and/ or specific eligibility criteria at Phase II stage.

### 6) Submission of EOI

We request that you deliver your EOI no later than **5PM Indian Standard Time on April 10, 2023**. Your EOI must be submitted in writing, delivered by email and executed by an authorized officer. Your EOI should be password protected. Please send your EOI to Advisor addressed to Ms. Amandeep Sidhu at [projectresurrect@icicisecurities.com](mailto:projectresurrect@icicisecurities.com).

### 7) Other Matters

This letter does not constitute an offer or invitation to enter into the Proposed Transaction described herein

or any other transaction and is not a commitment on the part of BOB Team in any respect. In evaluating submitted proposals, BOB Team will consider, at its sole and absolute discretion, such factors as valuation, financial capability, further due diligence requirements, the prospective investor's ability to consummate a transaction in a timely and seamless manner, formation of a consortium between prospective investors, and risks associated with regulatory approvals and other legal considerations. BOB Team has no obligation to pursue any EOI and may terminate the Process at any time (either in its entirety or with respect to one or more prospective investors). In addition, BOB Team reserves the right, at its sole and absolute discretion without giving reason therefore and at any time and in any respect, without any liability therefor, and without notice to any prospective investor, to modify, change or adjust any aspect of the Process, to terminate discussions or negotiations with any prospective investor (including, without limitation, negotiating with any prospective investor, irrespective of whether such party is a participant in the Process, and entering into definitive transaction agreements without prior written notice to any person), and to accept, suggest modifications to, or reject any EOI as submitted or modified. Neither BOB Team nor any of its affiliates or its subsidiaries will be liable for losses, costs or damages of any kind that may directly or indirectly be incurred by you or your representatives as a result of or in connection with the Process and/or BOB Team exercising any of its rights referred to in the preceding sentence or by virtue of the Proposed Transaction not being entered into for any reason.

Unless and until a definitive written agreement providing for a Proposed Transaction is executed and delivered by BOB Team, BOB Team shall not have any liability or legal obligation of any kind whatsoever, by virtue of any written or oral expression by it or its representatives, with respect to a Proposed Transaction. In furnishing information concerning the Company to you as part of the Process, BOB Team undertakes no obligation to update such information or to correct any inaccuracies which may become apparent. Neither BOB Team nor its representatives nor its affiliates make any representation or warranty, either express or implied, as to the adequacy, accuracy or completeness of any information supplied to you, including any statements, estimates, projections or other information contained in any oral or written information furnished or made available to any prospective purchaser, other than to the extent (if any) expressly set forth in a definitive agreement with respect to the Proposed Transaction. By submitting a EOI, each prospective purchaser acknowledges that it is relying solely upon its own independent investigation and evaluation of the Proposed Transaction. You are solely responsible for any expenses incurred in connection with your evaluation of the Company and the preparation of your EOI, including, but not limited to, the fees and expenses of your counsel and advisors. By submitting a proposal, you agree not to make any claims against BOB or BFSL or any of their officers, directors, employees, advisors, agents or representatives with respect to this Process, the information furnished to you, or in the event that any discussions do not lead to a definitive transaction with you.

This letter and the conduct of the Process for the Proposed Transaction shall be governed by, and construed in accordance with Arbitration and Conciliation Act 1996 and rules / amendments there under. The place of Arbitration shall be at Mumbai. The language of arbitration shall be English and the courts at Mumbai shall have the exclusive jurisdiction to try any matters arising from this Agreement.

#### **8) Exclusion of liability**

BoB, the Advisors, the Company, each other member of their group and their respective advisors expressly disclaims any and all liability in respect of the contents of the VDR and any other written material furnished or information orally transmitted to a potential investor (including, but not limited to any information or commentary that may be provided to a potential investor by any officer, director, shareholder, employee, agent, representative or consultant of BoB or the Company or by either Advisor) and in particular does

not make and should not be regarded as having made any representation or warranty, express or implied, with respect to the accuracy, reliability and/or completeness of such information, excepting only those particular representations and warranties that may be made to an investor in the Definitive Agreements when and if such agreements are ultimately executed and subject to such limitations and restrictions as may be contained therein.

Statements relating to future plans, projections, events or conditions are forward-looking statements. Actual results could differ materially due to changes in market conditions, political events or disturbances, the outcome of commercial negotiations, changes in technical or operating conditions, and other factors.

Furthermore, no person has nor is held out as having any authority to give any statement, warranty, representation or undertaking on behalf of BoB, the Advisors or the Company.

BoB, the Advisors or the Company or any of their advisors shall not owe any duty of care to you or any other person in relation to the Proposed Transaction or any information provided to you or any other person related hereto. The right is reserved to amend the contents of the VDR or any other written material furnished or information orally transmitted to a potential investor of the Company.

The Advisors are acting as financial advisors to BoB Team with respect to the Proposed Transaction and will not regard any other person as a client in relation to this Proposed Transaction and will not be responsible to anyone other than the BoB Team for providing the protections afforded to their clients nor for providing advice to any other such person.

#### **9) General**

None of this Process Letter, the contents of the VDR or the release of any other material information to the prospective investor constitutes or will constitute an offer to sell or an invitation to purchase or tender for the Company or any of its operations.

The existence and content of this Process Letter as well as the receipt of any information relating to the Company, will be subject to the provisions of the Confidentiality Agreement. If BoB Team determines that you are in breach of any of the terms of the Confidentiality Agreement, you could be excluded from the process in relation to the Proposed Transaction, without prejudice to any other remedies that the investors may have in relation to the Confidentiality Agreement.

Yours Truly,

Bank of Baroda

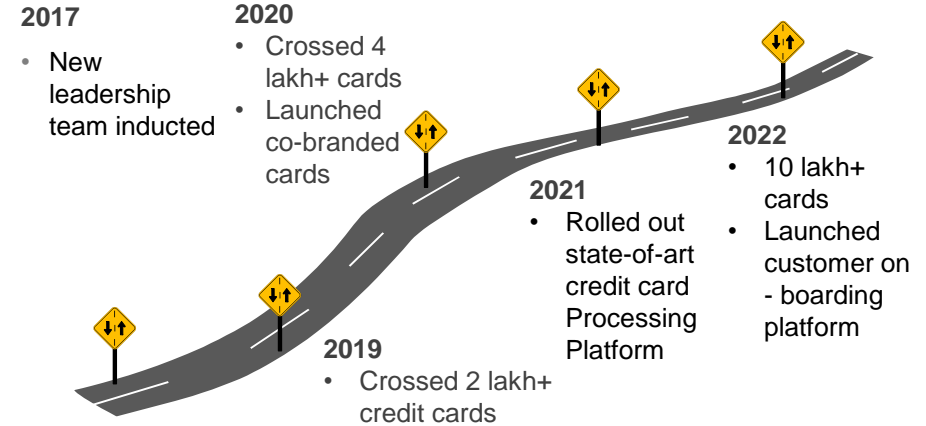
# Leading credit card issuer in India with consistently improving market share

Annexure - A

## Overview

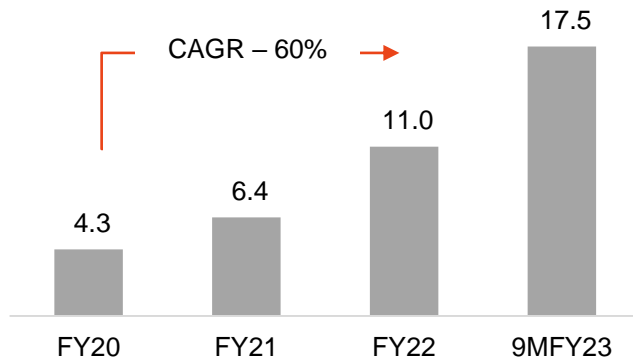
- Wholly owned subsidiary of Bank of Baroda (BOB)
- One of the two standalone NBFC allowed to issue credit cards
- Industry ranking jumped from 19<sup>th</sup> to 9<sup>th</sup> (in terms of number of cards) in a span of less than 5 years
- PAN India presence through BOB branches & own channels (on ground & digital)

## Key Milestones



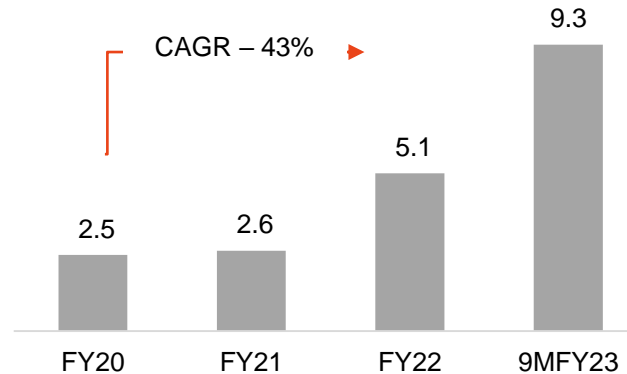
## Active Cards in Force

Nos in Lakh



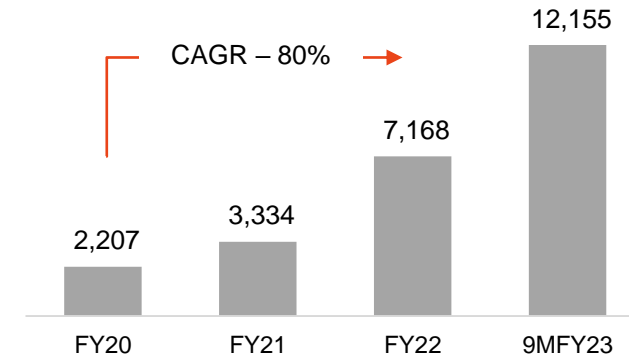
## New Cards Issued

Nos in Lakhs



## Total Spends

INR Cr



# Unique opportunity to invest in the rapidly growing standalone pure-play credit card issuer in India

Under penetration in the industry supported by favourable tailwinds

- Industry witnessing double digit growth across metrics (CAGR FY16-22 - 21% for no. of cards & 27% for total spends)
- Significant room for growth considering the huge under penetration

Fastest growing credit card issuer with the strategy to become one of the top players in the segment

- BFSL has **quintupled the market share in a period where leaders have lost market share. BFSL has also outpaced industry growth**

Comprehensive range of products and best in class alliances to suit varied customer segments

- Diverse range of products to meet the customer needs
- Building a suite of branded products through careful selection of partners

Robust card growth through sourcing strategy supported by strong parentage of Parent Bank

- With a **focus on quality customers**, targets to **increase penetration in the BOB ecosystem**
- **Sales team is focused on high potential branches** of BOB resulting in improved productivity
- Increasing focus on open market acquisition & digital sourcing

Well defined IT processes leading to increasing efficiency

- Strong IT infrastructure & automated processes to minimize risk
- Implementing **machine learning models for underwriting, targeted offers, customer management**

Robust Risk management practices and Credit Due Diligence norms exhibiting cautious aggression

- **Well-defined approach & processes** towards risk management, with timely reviews and monitoring of the customer portfolio to identify risks on a regular basis
- Stringent risk management methods resulting in improved collection efficiency

Led by a significantly experienced Board & management team

- Led by a board with cumulative **220+ years** of experience
- Management team brings highly complementary skillsets to the table with **over 160 years** of cumulative experience



# Financial Statement

Particulars (INR Cr)	FY20	FY21	FY22	9MFY22*
Interest Income	84	110	185	245
Income from fees & Services	217	228	296	332
Other Income	25	28	19	19
<b>Total Income</b>	<b>326</b>	<b>366</b>	<b>500</b>	<b>596</b>
Finance Expenses	16	28	44	78
Impairment of Financial Instruments	48	85	103	127
Employee Cost	51	59	56	44
<i>Other Expenses</i>	262	217	303	367
<b>Total expenses</b>	<b>377</b>	<b>389</b>	<b>506</b>	<b>616</b>
PBT	(51)	(23)	(6)	(19)
<b>PAT</b>	<b>(43)</b>	<b>(10)</b>	<b>(10)</b>	<b>(14)</b>
NNPA	-	-	-	1%
CRAR	31.5%	19.6%	17.9%	17.8%

Particulars (INR Cr)	FY20	FY21	FY22
Non-Financial Assets	99	138	164
<b>Loans</b>	<b>398</b>	<b>743</b>	<b>1,245</b>
Trade Receivables	45	36	24
Cash & Bank	13	16	70
Other Assets	7	14	15
<b>Total</b>	<b>562</b>	<b>947</b>	<b>1,518</b>
Share Capital & Reserves	200	191	281
Borrowings	280	665	1,112
Other Liabilities	82	91	125
<b>Total</b>	<b>562</b>	<b>947</b>	<b>1,518</b>

**Annexure - B**

**CONFIDENTIALITY AGREEMENT**

**THIS CONFIDENTIALITY AGREEMENT (“Agreement”)** is made on \_\_\_\_\_, 2023 (the “**Effective Date**”) between:

[●], a [●] incorporated under the [●], having its registered office at [●], (the “**Receiving Party**” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns).

**And**

**BOB FINANCIAL SOLUTIONS LIMITED** (formerly known as ‘BOB cards Limited’), a wholly owned subsidiary of Bank of Baroda Limited, incorporated under the Companies Act, 1956, having CIN U65990MH1994GOI081616 and also registered as a Non-Banking Financial Institution with the Reserve Bank of India vide Registration No. 13.01305 having its registered office at 2nd Floor, Baroda House, Behind Dewan Centre, S.V. Road, Jogeshwari (West) Mumbai – 400 102 and corporate office at 15<sup>th</sup> Floor, DLH Park, S.V. Road, Goregaon (West), Mumbai – 400104, (“**Disclosing Party**”, which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns).

**And**

**ICICI Securities Limited** (“Transaction Advisor”), a company incorporated under the (Indian) Companies Act, 1956/2013 and whose registered office is at ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 through its authorized representative \_\_\_\_\_ as referred, which expression shall, unless it be repugnant to the meaning or context thereof, be deemed to mean and include its successors and permitted assigns)

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

**PREAMBLE:**

- (i) Disclosing Party is considering a proposal as more particularly specified in **Schedule 1** of this Agreement (the “**Proposal**”), for which Disclosing Party through Transaction Advisor will divulge information in relation to its business which is confidential or proprietary in nature.
- (ii) Disclosing Party intends that the aforesaid information be kept confidential as between the Receiving Party.

**In consideration of Disclosing Party making available such confidential information as aforesaid to the Receiving Party, the Parties agree as follows:**

- 1. The Receiving Party agrees that all confidential, proprietary or trade secret information disclosed to it by the Disclosing Party through Transaction Advisor and marked “Confidential” shall be deemed to be confidential information (the “**Confidential Information**”) and kept confidential by the Receiving Party. The Receiving Party also agrees to limit the access to the Confidential Information to funds directly or indirectly advised and/or managed by it, and its and such funds’ shareholders, partners, directors, employees, advisors, lenders, co-investors and other persons, who have reason to require access to the Confidential Information. The Receiving Party will inform such persons of the confidential nature of the Confidential Information disclosed to them.
- 2. The Disclosing Party represents and warrants that it has the full power and authority to provide the Confidential Information through Transaction Advisor to the Receiving Party and the

provision of such Confidential Information to the Receiving Party does not and will not constitute a breach of any obligation to which the Disclosing Party is subject or any agreement by which Disclosing Party is bound.

3. The Receiving Party will return all Confidential Information to Disclosing Party forthwith and within a period of 30 (thirty) days upon request by Disclosing Party. Should Disclosing Party permit the destruction of such Confidential Information, the Receiving Party shall destroy the Confidential Information within the period as may be specified by Disclosing Party. Notwithstanding the foregoing, the Receiving Party has advised the Disclosing Party that, in the ordinary course of the Receiving Party's business and as a part of the Receiving Party's customary practices, after the destruction and deletion of other copies of the Confidential Information, electronic copies of such Confidential Information may still remain on hard drives, backup tapes and similar formats, and the Disclosing Party acknowledges that and such remaining copies shall not be deemed a breach of this Agreement. Furthermore, notwithstanding anything to the contrary herein, the Receiving Party may retain copies of any Confidential Information in order to comply with the Receiving Party's legal and regulatory record-keeping obligations, and the Receiving Party does not have to return or destroy Confidential Information to the extent that the Receiving Party's retention of such Confidential Information is, in good faith, in order to comply with the Receiving Party's regulators' and/or auditors' expectations of best practices and/or applicable law or to defend the Receiving Party in litigation.
4. The restriction on use and disclosure set out above shall not apply to any Confidential Information which at the date of its disclosure to the Receiving Party is public knowledge or which subsequently becomes public knowledge other than by way of a breach of the terms of this Confidentiality Agreement; or was available to the Receiving Party prior to its disclosure to the Receiving Party by Disclosing Party under the terms of this Agreement; or is required to be disclosed by way of an action, subpoena or order of a court of competent jurisdiction or of any requirement of legal process regulation or governmental order, decree, regulation or rule; or when Disclosing Party agrees that it can be disclosed; or is or becomes available in writing to the Receiving Party from sources which to the Receiving Party's knowledge are under no obligation of confidentiality to Disclosing Party.
5. The Receiving Party agrees that Disclosing Party shall be entitled, in addition to any other remedies available to it, to seek injunctive relief and/or other equitable relief to prevent or restrain any breach by the Receiving Party, or otherwise to protect its rights, under this Agreement.
6. This Agreement shall be binding upon and shall inure for the benefit of the successors and assigns of the Parties hereto.
7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.
8. Nothing in this Agreement shall obligate either Party to consummate any transaction discussed as a result hereof or to otherwise act upon the Proposal in any manner whatsoever.
9. This Agreement, the relationship between the Parties and all rights and obligations arising from any act done or required to be done under this Agreement and the terms herein shall be governed by and construed in accordance with the laws in India. The courts at Mumbai shall have the jurisdiction to try any matters arising out of or in connection herewith.
10. This Agreement shall become binding on the Parties from the Effective Date and shall be in force till the expiry of 12 (twelve) months from the date hereof, or till the date of signing of the definitive documents (if any), whichever is earlier ('Termination Date'). For the avoidance of any doubt, it is hereby clarified that the confidential obligations of the Receiving Party shall survive for a period of 12 (months) after the Termination Date.

11. Unless otherwise provided herein, all notices or other communications under or in connection with this Agreement shall be given in writing and may be sent by personal delivery or post or courier or facsimile at the address specified against the name of the Parties on the first page of this Agreement. Any such notice or other communication will be deemed to be effective if sent by personal delivery, when delivered, if sent by post, 4 (four) days after being deposited in the post and if sent by courier, one day after being deposited with the courier, and if sent by facsimile, when sent (on receipt of a confirmation to the correct facsimile number).

*[Schedule 1 follows]*

**SCHEDULE 1**

**PROPOSAL**

The funds directly or indirectly advised and/or managed by the Receiving Party are evaluating an investment in the BOB Financial Solutions Limited, credit card issuer in India.

*[Signature page follows]*

**IN WITNESS WHEREOF** the Parties have signed and delivered this Agreement on the date first above written.

Signed and delivered for and on behalf of

[●]

the Receiving Party

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Name :

Title :

Signed and delivered for and on behalf of

BOB Financial Solutions Limited

the Disclosing Party

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Name :

Title :

Signed and delivered for and on behalf of

ICICI Securities Limited

the Transaction Advisor

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Name : \_\_\_\_\_

Title : Authorized Signatory