



**बैंक ऑफ महाराष्ट्र**  
**Bank of Maharashtra**  
One Family One Bank

Recovery Department. Head Office:  
Lokmangal, 1501, Shivajinagar Pune-411005  
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**APPOINTMENT OF RESOLUTION AGENTS: TERMS AND CONDITIONS.**

**REF: BOM Advertisement dated 22.08.2014 published in Financial Express on 23.08.2014**

- i) Units of Resolution : Standalone or pool basis
- ii) ARCs are expected to quote in auction maximum amount of recovery that would be registered within a period of five years from the date of agency agreement. A R C offering best quote would be selected for resolution.
- iii) ARCs shall offer cash collateral equal to 10 % of bid amount. The amount shall be placed as Term deposit for five years or terms of agreement, whichever is lower and shall carry interest at the rate applicable to such deposit as per policy of the Bank. The said deposit shall be discharged in Bank's favour and shall be forfeitable should the following events occur:
- a) Agreement is terminated for non compliance of terms of agreement.
- b) Agency fails to register recovery milestones w.e.f. the end of second year as stated in this agreement. Should the cash collateral be forfeited; in order to keep the agreement alive, it has to be replenished within 30 days of its forfeiture.
- iv) Minimum recovery during the 5 years has to be as under :

Years	I	II	III	IV	V
% age of bid amount	15	15	20	25	25
Cumulative	15	30	50	75	100

Recovery in excess of minimum cumulative recovery up to that year shall be reckoned against the minimum recovery due in the subsequent years. Should the agency register full recovery at the end of 5 years or any time earlier, the amount of such collateral forfeited earlier if any shall be refunded to the extent of 75 % of the forfeited amount at the end of the term on achieving recovery assured, i.e. additional resolution fee shall be paid to that extent..

- v) The Resolution Agent shall be entitled to resolution fee as under:
- For Loss / Doubtful Assets:
- a) Recoveries effected within 3 years : 20 % of the amount recovered



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b) Recoveries effected within a period beyond 3 years : 15 % of the amount recovered

For Sub Standard Assets:

a) Recoveries effected within 2 years : 15 % of the amount recovered

b) Recoveries effected within a period beyond 2 years. : 10 % of the amount recovered

vi) In case of upswing in the recovery beyond the bid amount excess recovery shall be shared in following proportion:

	Loss/ Doubtful Assets.	Substandard Assets.
a) Upswing up to 25 % of the bid amount	BOM:ARC - 70 : 30	70 : 30
b) Upswing above 25 % up to 50 %	BOM:ARC - 50 : 50	50 : 50
c) Upswing above 50 %	BOM:ARC - 30 : 70	30 : 70

For this purpose, recovery to be construed shall be

a) In case of Cash Credit account, the amount that was responsible for up gradation of the account.

b) The amount recovered in all other cases.

vii) Assets shall remain on Bank's book. Bank shall continue to enforce securities as usual.

All action shall be fine tuned as per advice of ARC. Advocates / valuers selected by ARC shall be used provided they agree to work on our schedule or on such additional fees as may be mutually agreed. ARC shall take all such steps within legal frame work for expeditious resolution of NPAs.

viii) Bank reserves the right to add or delete any account any point of time before the date of final approval without ascribing any reasons.

ix) ARC shall submit monthly report of progress in resolution. Based on this their performance shall be evaluated. Should the recovery come out of Bank's efforts, i.e. efforts unspelt in the monthly progress report; the same shall not be eligible for recovery incentive. ARC shall have the right to refer their claim to Settlement Advisory Committee (SAC) should they feel aggrieved and decision of SAC shall be binding on both the parties.



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- x) Any dispute as to the payment of commission shall be taken up before the Settlement Advisory Committee of the Bank where representation of the ARCs shall be heard. Decision of SAC shall be binding on both Bank and the Resolution Agent.
- xi) All expenses of resolution shall be to banks accounts though no direct expenses shall be disbursed to ARC. ARC shall use their resolution skill and bank shall act as per their advice. Bank shall appoint Advocates / Valuers as per ARC's advice provided they agree to abide by the schedule of fees fixed by the Bank or on such additional fees as may be mutually agreed. .
- xii) Bank shall have right to sell / assign the asset entrusted for resolution at any point of time with an advance intimation as discussed in point no xiii below. The ARC appointed for resolution will have the first right of refusal and the amount of recovery brought in (net of commission) or the amount of security deposit forfeited from the ARC shall be reckoned for deciding the bid amount at the time of sale.
- xiii) The resolution agreement in general or the agreement in respect of any particular asset / pool of asset can be terminated by either party by giving a notice of 30 days. On such termination, claim on either side be crystallized and the commission amount of ARC shall be decided accordingly subject to the events described under point no. xii.
- xiv) Should any account be restructured by the bank, such accounts would not be covered by the agreement. Should such restructure occur on account of efforts of the ARC resulting in upgradation of the asset, the ARC will be granted with flat fee of 1 % of the amount contributing to upgradation of the asset, subject to maximum of Rs. 25.00 lakh.

**Asst. General Manager**  
**Recovery**  
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