

Continuing with efforts to clean up its balance sheet, the country's largest lender, State Bank of India, has put on sale [non-performing assets](#) (NPAs) worth over Rs 13 billion. [Banks](#) intend to sale these bad loans, covering sectors such as [steel](#) and textile on a 100 per cent basis.

There are 12 corporate accounts from branches in Chandigarh, Kolkata and Hyderabad.

According to information document placed on [SBI](#) website, [Ankit Metals](#) and [Power](#) with an exposure of around Rs 6.9 billion, is the largest among them.

[SBI](#) executives said this was the second auction in the current financial year. Only asset reconstruction companies (ARCs), banks, [finance](#) companies and financial institutions can participate in the auction.

The first auction held in April 2018 was for NPAs worth Rs 8.48 billion.

The bank is offloading homes, office spaces and factories, kept as collateral for various loans, through a separate process. There is also an option for cash-cum issuance of security receipts (SRs) for the sale of these assets.

The sale on cash-cum security receipts basis will be governed by following rules. The management fee would be 1.50 per cent per annum of net asset value (NAV) at the lower end of the range of the NAV specified by the [credit](#) rating agency for first 3 years.

The management fee would be reduced later — 1.25 per cent for the fourth and fifth year, and 0.75 cent for the sixth year onward.

The excess recovery after redemption of security receipts i.e. upside, if any, will be shared by the holders of security receipts and the asset reconstruction companies on 80:20 basis.

Gross NPA ratio (gross NPA as a percentage of advances) for the quarter ended March 2018 was at 10.91 per cent, against 6.90 per cent a year ago, and 10.35 per cent in the third quarter ended December 2017.