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IIPI Newsletter

NCLT approved Vedanta's Plan for Meenakshi Energy

NCLT Hyderabad has approved ₹1,440 Crores' Resolution Plan of the Vedanta Limited to acquire Meenakshi Energy Ltd. As per the Resolution Plan Vedanta Limited will pay ₹312 Crores as Upfront Payment.

The CIRP of Meenakshi Energy Ltd. was admitted on November 07, 2019, on a petition filed by the State Bank of India. Subsequently, claims amounting ₹12,944 Crores were filed out of which ₹4,625 Crores were approved as 'Admitted Debt'. The Average Liquidation Value of the CD was ₹1,100 Crores while Average Fair Value was estimated to be ₹2,150 Crores.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/order/38088c4a6ca0b9d235a4b4a0ccc0f24f.pdf>



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NARCL gets NCLT's approval to acquire twin SREI companies

NCLT Kolkata on August 11 approved the Resolution Plan submitted by National Asset Reconstruction Company Ltd. (NARCL) with respect to the Corporate Insolvency Resolution Process (CIRP) of the twin companies – SREI Infrastructure Finance Ltd (SIFL) and SREI Equipment Finance Ltd (SEFL). The Plan has already received 'fit and proper' approval from the Reserve Bank of India (RBI). It will be the first acquisition by the government-owned Asset Reconstruction Company (ARC).

The insolvency proceedings against SIFL and SEFL commenced in October 2021 after the insolvency petitions filed by the Reserve Bank of India (RBI) were approved by the Kolkata bench of the NCLT. The total admitted claims of financial creditors are ₹32,750.22 crore. State Bank of India, Punjab National Bank, Axis Bank, HDFC Bank, Union Bank of India, Canara Bank, IDBI Bank, UCO Bank and Indian Overseas Bank, among others, are the financial creditors to the Corporate Debtors.

The Resolution Plan submitted by NARCL was approved with an 89.2% voting share of the consolidated CoC for SIFL and SEFL while the Resolution Plan submitted by Authum Investment and Infrastructure received 84.86% vote, and the consortium of Varde Partners and Arena Investors got only 9% vote. These three bidders had participated in the challenge mechanism process, adopted by the CoC in which NARCL won the bid.

For More Details, Please Visit: <https://www.financialexpress.com/industry/nclt-approves-narcls-resolution-plan-for-two-srei-firms/3207937/>

News Roundup

NCLAT to examine, whether CCD would fall under the Covid-19 pandemic-related insolvency moratorium?

NCLAT, Chennai has stayed the CIRP proceedings against Coffee Day Global Limited (CDGL) that owns the popular coffee chain Cafe Coffee Day. This order came on an appeal filed by Malavika Hegde, the suspended Director of CDGL and wife of late V. G. Siddhartha, the founder of CCD.

In her appeal, Hegde has raised the issue of whether CCD would fall under the Covid-19 pandemic-related insolvency moratorium imposed by the Central government. "Since we have found that there are arguable points involved in this appeal, therefore, we issue a formal notice to the Respondents who are already on caveat," said the Court and asked the matter to be listed for hearing on September 20, 2023.

For More Details, Please Visit:

<https://www.businesstoday.in/latest/corporate/story/nclat-chennai-stays-nclt-bengaluru-order-on-cafe-coffee-day-stock-surges-2-393814-2023-08-11>

Ather Energy dismisses 'bankruptcy' projection for OpenAI

The Ather Energy, according to media reports, has rejected the bankruptcy projections for Open AI as it is expending ₹5.8 crore per day. "5.8cr/day is 2000cr/year=\$250M/year. Your friendly neighborhood Swiggy, Meesho, Paytm, Ola, Flipkart have burnt through more of it for months and even years," said the CEO of the company. "Most Indian startups have burn through that kind of capital at their peaks and several of them are largely fine. And OpenAI is perhaps the most important startup in the last few years and has a \$10B funding lined up," he added. Analytics India Magazine has reportedly predicted that the San Francisco-based AI firm might be go bankrupt by the end of 2024.

For More Details, Please Visit: <https://www.hindustantimes.com/technology/ather-energy-ceo-dismisses-bankruptcy-projection-for-openai-he-explains-101691924273743.html>

Euroboden GmbH, Germany's real estate giant files for bankruptcy

The Munich based property developer has reportedly filed to 'open insolvency proceedings' with a local court. Euroboden GmbH, which has 115 million euros (\$126 million) in bonds outstanding and is facing possible downgrades in its credit rating, said in a statement that negotiations for property sales had fallen through, hurting its finances. Germany has long benefited from an era of cheap money that fueled a boom in real estate, but now the sector is grappling with a major turn of fortune.

For More Details, Please Visit: <https://www.reuters.com/markets/europe/munich-developer-insolvent-latest-blow-german-property-sector-2023-08-11/>



Sudal Industries' Resolution Plan approved from Canara Bank under Pre-Pack

The resolution plans for Sudal Industries, an aluminum products manufacturer, were also invited from external parties but no other investor submitted resolution plan. Finally, Canara Bank, the financial creditor of the company approved the Resolution Plan that was tabled by the company's existing promoters.

The Company had an outstanding dues of ₹150 crore out of which ₹96 crore was owned by the Canara Bank. As the Company failed to pay back, it was admitted to Pre-Pack Insolvency Resolution Process for MSMEs (PPIRP for MSMEs) in April. So far only six cases have been admitted under PPIRP for MSMEs, which was introduced in 2021. Out of the six cases, four are ongoing while one – Amrit India - has been resolved and one case was withdrawn. Amrit India had not availed any bank loan.

As per the Resolution Plan, Canara Bank will receive ₹32 crore while unsecured financial creditors, will get less than 1% of their claims. The operational creditors, employees and workmen will be paid their full dues.

For More Details, Please Visit:

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/aluminum-co-becomes-first-to-get-debt-resolution-from-banks-under-pre-pack-rules/articleshow/102657564.cms?from=mdr>