

# Companies

WEDNESDAY, FEBRUARY 27, 2019

## Quick View



### Panacea to raise ₹864 crore for one-time settlement

PANACEA BIOTECH on Tuesday said its board has approved raising up to ₹864 crore for one-time settlement with its lenders and other purposes. The company will raise the funds through issue of non-convertible debentures on a private placement basis, Panacea Biotec said in a regulatory filing. The capital once raised would be utilised for one-time settlement with the consortium of lenders and for the settlement of stretched payables, employees' dues and for working capital requirements, among others, it added.

### Thyssenkrupp inks pact with B&W for green tech

THYSSENKRUPP INDUSTRIES India has signed an exclusive licence agreement with Babcock & Wilcox Vølund A/S, Denmark, for renewable energy technology. Thyssenkrupp India is part of the industrial solutions business of Thyssenkrupp. Vivek Bhatia, CEO and MD, Thyssenkrupp Industries India, said burning of crop waste in the field has been one of the reasons for pollution in north India during winter. Through this agreement, we will be able to find a sustainable solution by utilising this crop waste for clean energy generation, Bhatia said.

### Zomato drops 300 users due to 'solicitation'

ONLINE FOOD delivery platform Zomato on Tuesday said it has removed over 300 users from the platform who engaged in unethical means to influence restaurant ratings and reviews. "Over the past two months, our Neutrality team has removed over 300+ high activity users from the Zomato platform on grounds of "solicitation," founder and CEO Deepinder Goyal wrote in a blog. "The time has now come to shift our focus to restaurant owners who also play an active role in promoting solicitation." From March, Zomato will be aggressively warning users of suspicious reviews and ratings for such restaurants on the platform, the company said.

### MakeMyTrip gets ₹73.9-cr tax refund

MAKEMYTRIP HAS received a tax refund of ₹73.9 crore, an amount it had deposited with the Directorate General of Central Excise Intelligence (DGCEI) under protest pursuant to a probe into service tax matters, according to a filing. In a filing to the US SEC, the NASDAQ-listed company said that after the Supreme Court upheld the decision of the Delhi HC directing DGCEI to refund the tax amounts due to the company, DGCEI has refunded the amount to MMT India and Ibibo India.

### HomeLane.com raises ₹33 crore for expansion

HOMELANE.COM, AN online home interiors brand, said it has raised ₹33 crore from JSW Ventures, Accel Partners and Sequoia Capital. The company will deploy the bridge round funding for expansion of its experience centres in existing and new markets, it said. A part of the funds will also be utilised to boost technology and for brand strengthening, it added.

### 'Global PE deal value in 2018 highest since 2007'

THE VALUE of private equity (PE) deals reached \$1.4 trillion globally in 2018, surpassing the previous peak of 2007, says a report. Global PE deal volume fell 5% to about 9,000 transactions, down from 9,500 deals in 2017, the report McKinsey Global Private Markets Review 2019 said. "Even with the slowdown, 2018 was the third-highest fund-raising year on record. And despite the flat trend in deal count, the value of PE deals reached a new high in 2018 at \$1.4 trillion, finally surpassing the pre-crisis peak in 2007," it said.

## FIREFIGHTING

# SBI calls lenders' meeting with Jet's Goyal, Etihad CEO

Meeting to be held at SBI's office in Mumbai, which assumes significance as differences persist between Goyal, lenders and Etihad

PRESS TRUST OF INDIA  
New Delhi, February 26

STATE BANK OF India (SBI) has called an urgent meeting of lenders with Jet Airways chairman Naresh Goyal and Etihad Airways' CEO Tony Douglas on Wednesday to discuss a way forward for the debt-laden airline, sources said.

The meeting, to be held at SBI's office in Mumbai, assumes significance amid differences persisting between Goyal, the lenders, and Etihad, which has 24% stake in Jet Airways. SBI is the lead lender of a consortium that has extended loans to Jet Airways.

While there was no official word from the airline, as also from the lenders, officials aware about the development said the meeting has been called by SBI and both Goyal and Douglas would be present.

Earlier on Monday, Jet and Etihad said in a joint statement they along with key financial stakeholders are working towards finalisation of bank-led provisional resolution plan for the debt-laden domestic airline.

The two carriers have also expressed confidence that once the plan is implemented, Jet Airways would "re-emerge as a viable and robust airline to reclaim its rightful place as airline of first choice for its customers". The joint statement has been



issued by Goyal and Douglas.

Jet Airways, which has been in operation for over 25 years, has been grappling with financial woes and is looking to re-ignite debt as well as raise funds. Officials said Goyal is not agreeable to Etihad's demands that he should pledge his shares in the airline as well as in the loyalty programme, Jet Privilege, with lenders to raise funds.

Another bone of contention is that the Gulf carrier wants Goyal to be the sole promoter of Jet Airways but without board representation and management control, sources said.

Besides, there are also differences between the lenders and Etihad, including on the airline's demand it should be exempted from any open offer requirement from Sebi in case its stake in Jet Airways is hiked.

Lenders had originally proposed a rights issue of shares worth ₹4,000 crore, in which SBI and other banks could have infused

₹600 crore and NIIF ₹1,400 crore for shares of the airlines. However, Etihad wants a rights issue worth ₹5,000 crore while expecting SBI-led lenders and NIIF to bring an additional ₹1,000 crore.

Etihad wants to restrict its contribution to ₹1,400 crore. Besides, it does not want to pledge its shares to raise funds and also does not want to be classified as a promoter in the company.

On February 14, Jet Airways board had approved a Bank-Led Provisional Resolution Plan (BLPRP), whereby lenders would become the largest shareholders in the airline. Its shareholders have also approved conversion of loan into shares and other proposals during the Extraordinary General Meeting (EGM) last Thursday.

On Monday, SBI had also said no decision has been taken on moving the National Company Law Tribunal (NCLT) against Jet Airways.

However, officials associated with the lenders and key shareholders have said SBI was considering various options, including eventually moving the tribunal seeking insolvency proceedings, if other attempts to recover its loans fail to yield desired results.

In their joint statement, Goyal and Douglas had said rising oil prices, a depreciating rupee and market saturation, among other things, have combined to critically impact the civil aviation sector as a whole. "Some airlines have been hit harder than others; Jet Airways, India's premier full-service airline, being one of them," they said.

The statement further said Jet Airways' network load factor has risen to a high of 87% through December 2018 and January 2019 while flight cancellation rate in December stood at 0.2% - the lowest among Indian carriers.

# Jaypee Infra creditors vote against another forensic audit demand

MITALI SALIAN  
Mumbai, February 26

THE MAJORITY OF financial creditors to Jaypee Infratech have voted against a demand from homebuyers for an additional forensic audit of the debt-laden company since its incorporation till March 31, 2014.

The voting took place at the sixth committee meeting of creditors on February 18, according to a regulatory filing put out on Tuesday. Syndicate Bank voted in favour of the audit while a few lenders abstained.

Bids from two potential resolution applicants - state-run NBCC and Sudhir Valia-promoted Suraksha ARC - were also discussed at the meeting. However, no decision was taken. Senior bankers indicated that homebuyers have been told they were free to conduct an independent forensic audit if they wished.

The item on vote, which also included the provision to consider the cost of the audit, as part of the corporate insolvency resolution process expenses, received only 34.45% votes in favour against the required 51%.

"Lenders have already closed a forensic audit in the past following back and forth of queries, observations, replies from borrower and deliberations, and saw no reason to conduct a fresh one. The process may be time-consuming though homebuyers' demand for a fresh forensic audit was mainly to figure out the transactions between Jaiprakash Associates and JIL, which we do not see as a pressing need at this juncture," a banker aware of the developments told FE. "Even then, we as financial lenders have expressed that while they are unwilling to carry out another audit as part of the CoC, homebuyers could still

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carry out an audit."

Of the financial creditors who represent a 40.8% of the voting share, banks representing 32.20% of the vote share dissented while 7.10% including State Bank of India, Bank of Maharashtra, ICICI Bank and Axis Bank abstained. Syndicate Bank representing 1.6% of the voting share was the sole financial creditor to assent.

Home buyers represent 59.1% of the total vote share, of which 32.85% assented, 1.20% dissented while the remaining 25% abstained. Most fixed deposit holders, who represent 0.1% of the voting share, also abstained.

As reported by FE earlier, NBCC's proposed plan includes payment of the entire due to the financial creditors initially through an upfront payment of ₹1,000 crore. On a later date, it would pay ₹3,000 crore through a land swap deal and the remaining ₹5,782 crore by giving the lenders 100% stake in the expressway SPV. It has also offered to infuse ₹500 crore to complete the real estate project in four years.

Meanwhile, Suraksha's plan includes an offer to pay ₹10 crore upfront to the financial creditors and ₹5,000 crore via swapping debt with land. Suraksha has also offered to complete the projects in four years, but it would infuse ₹3,000 crore towards working capital requirements.

# NCLT rejects RIL plea to be heard as operational creditor

FE BUREAU  
Ahmedabad, February 26

THE AHMEDABAD BENCH of the National Company Law Tribunal (NCLT) on Tuesday turned down Reliance Industries' application to be heard as an operational creditor.

RIL opposed ArcelorMittal India's ₹42,000 crore resolution plan for Essar Steel before the two-member bench of Harihar Prakash Chaturvedi and Manorama Kumari.

The bench, in its order on Tuesday, however, accepted admitting right of RIL to get its claim registered as an operational creditor. RIL had joined the other operational creditors in the Essar Steel Insolvency case and knocked the doors of NCLT Ahmedabad and claimed ₹16.41 crore believed to be accrued out of fuel and other services provided to Essar Steel's Hazira plant near Surat in south Gujarat.

In its application, RIL had made the resolution professional (RP) for Essar Steel and State Bank of India, the lead banker of ESIL's Committee of Creditors (CoC) as respondents.

As per the Supreme Court order, only one operational creditor to be heard in the case and hence RIL plea cannot be considered as its claim is less than 10% said NCLT adding that RIL is not eligible to oppose resolution professional.

Responding to the application, RP's counsel told the NCLT that claims by operational creditors, including RIL's, worth over ₹1 crore will only get up to ₹99 lakh under the plan. Scores of operational cred-



The tribunal has accepted admitting right of RIL to get its claim registered as an operational creditor

itors, including the Gujarat government's distribution company Dakshin Gujarat Vij Company and Gujarat Energy Transmission have filed petitions seeking dues worth crores of rupees.

RIL has filed two separate pleas, one seeking its entire claim to be considered, giving it status of an operational creditor, and be heard as one. The second plea opposed ArcelorMittal resolution plan. The tribunal said that the application succeeds on partial ground and allowed RIL to approach resolution professional and get its claim registered on the books and be submitted before the panel of financial lenders as operational creditor.

RIL's application has come after ArcelorMittal's resolution plan was approved by 92% of lenders and placed before the NCLT.

# BPSL lenders urge NCLT not to give operational creditors further hearing

FE BUREAU,  
New Delhi, February 26

APPREHENDING FURTHER DELAY in the resolution process, lenders to Bhusan Power and Steel (BPSL) on Tuesday urged National Company Law Tribunal (NCLT) not to give operational creditors any further hearing as the adjudicating authority proceeds to approve the resolution plan for the debt-ridden steelmaker.

Senior counsel Ramji Srinivasan, appearing on behalf of the Committee of Creditors (CoC), said that more than 570 days have gone past since NCLT's principal bench admitted insolvency proceedings against BPSL and each day, lenders are incurring a ₹12 crore loss for their exposure to the insolvent firm.

"BPSL has 1,778 operational creditors. It will take a hell lot of time to hear out their applications. They should also not have any grudge since they will have to take only 50% haircut compared with 60% by the financial creditors," Srinivasan said.

BPSL's operational creditors have moved a series of applications to NCLT seeking to attract its attention on a range of issues including alleged trimming of



the operational creditors' list by the resolution professional and not getting copies of the resolution plan, among others.

NCLT's principal bench admitted on July 26, 2017, Punjab National Bank's plea for initiation of the corporate insolvency resolution process (CIRP) against BPSL. In July last year, lenders voted in favour of JSW Steel's resolution plan for BPSL, rejecting Tata Steel's offer.

JSW Steel has offered to pay ₹19,350 crore to the financial creditors of the debt-ridden BPSL, implying a near 60% haircut for lenders. Apart from this, the Sajjan-Jindal promoted company has offered to pay operational creditors a sum of ₹350 crore

against their admitted claims of ₹733 crore.

The NCLT on Tuesday said it would hear the matter on March 5 and decide whether notices are to be issued to the operational creditors or not, and also on whether other parties would be served notice on their applications.

Paving the way for JSW Steel to take over BPSL, National Company Law Appellate Tribunal (NCLAT) on February 4 had dismissed Tata Steel's objections that lenders had given the Sajjan Jindal-led firm undue chances to revise its bid even after declaring Tata Steel as the preferred bidder.

In its order, NCLAT also asked the resolution professional to submit the best plan to the NCLT and asked the adjudicating authority to pass an order after evaluating the bid and keeping in mind the interests of operational creditors.

A clutch of 34 financial creditors have claimed ₹47,303 crore from the company as on January 3, 2019, of which, the RP has admitted claims worth ₹47,150 crore. Operational creditors, numbering 1,778, have claimed ₹2,320 crore from BPSL though the admitted amount is ₹733 crore.

# JM Financial files insolvency case against Hotel Leelaventure



PRESS TRUST OF INDIA  
New Delhi, February 26

HOTEL LEELEVENTURE SAID on Tuesday JM Financial Asset Reconstruction Company (JMARC) has filed an insolvency petition with the Mumbai bench of National Company Law Tribunal (NCLT) against the company.

The application has been filed under Section 7 of the Insolvency and Bankruptcy Code, 2016, Hotel Leelaventure said in a filing to BSE. "The company is continuing to engage with prospective investors for a resolution," it added.

On June 30, 2014, the erstwhile corporate debt restructuring lenders with exposure of 95.6% of the CDR debt had assigned their debt to JM Financial Asset Reconstruction Company and one lender with exposure of about 1% of the CDR debt to Phoenix ARC. Shares of Hotel Leelaventure closed at ₹10.41 on BSE, down 6.55% from the previous close.

# Most IL&FS companies in second list are 'red': Secy

FE BUREAU  
New Delhi, February 26

THE MINISTRY OF corporate affairs secretary Injeti Srinivas on Tuesday said that most of the IL&FS subsidiaries in the second list of 100 domestic entities that are part of the debt-laden group are classified under 'red' - meaning they are unable to meet their payment obligations.

The ministry had earlier submitted a classification for 70 companies under green (22 companies), amber (10 companies) and red (38 companies). Of the remaining among the 348 subsidiaries, 133 are incorporated outside India, while some entities have been closed or divested or struck off or liquidated. "That's just a process and the list should come out any time now. It is in an advanced stage. It is unlikely that in the remaining 100 companies there will be any green (who can pay their dues) company. So, there will be essentially red companies and some amber," Srinivas told reporters. It has to now submit the classification list for the 100 domestic entities of IL&FS.

Speaking to reporters on the resolution process of IL&FS, Srinivas said, "I think a lot of headway is being made and in the next few months the first phase of resolution should be completed."

On the National Company Appellate Tribunal's (NCLAT) direction that banks or financial institutions cannot declare accounts of IL&FS and its group companies

as non-performing assets without its permission, he said IL&FS is not an NPA as it is a one-off cases. It's being done in the national interest.

"In the framework, there is a provision that if liquidation is not the best option, then the tribunal can give whatever dispensation that may be required to allow the other best option to be implemented, which in this case is resolution. So, based on the spirit of these provisions, the NCLAT agreed with the government's proposal to allow moratorium. So, there is no regulatory gap. In other cases, if a company is brought to NCLT they do not get this dispensation," he said.

Srinivas said that the ministry is now focused on discouraging frivolous bids under the Insolvency and Bankruptcy Code (IBC) to ensure that post admission of the resolution plans and consequent spend of time and resources, the bids do not fall apart. Performance security and proposed punitive action against frivolous bids are some of the ways the government is approaching to streamline the implementations.

"Some cases saw that after a year or more after the settlement had taken place, resolution applicant failed to implement the plan. So much time and resources are wasted. So, should the resolution applicant bear the entire resolution cost or should there be some criminal proceedings or should they be banned from becoming resolution applicants again, that's what needs to be analysed," he added.