

Special Report

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Debtwire Asia- Pacific

India Bankruptcies Status Report: NCLT Sanctioned Plans

Debtwire Asia-Pacific

SUMMARY

Debtwire's India Bankruptcy Resolved Cases Report tallies the data on the 45 companies whose resolution plans have been sanctioned by the National Company Law Tribunal (NCLT). Publicly available information shows that at least 12 of those plans have actually been implemented, and four are being contested at the National Company Law Appellate Tribunal (NCLAT). There doesn't appear to be public information on which, if any, of the remaining 29 plans have been implemented.

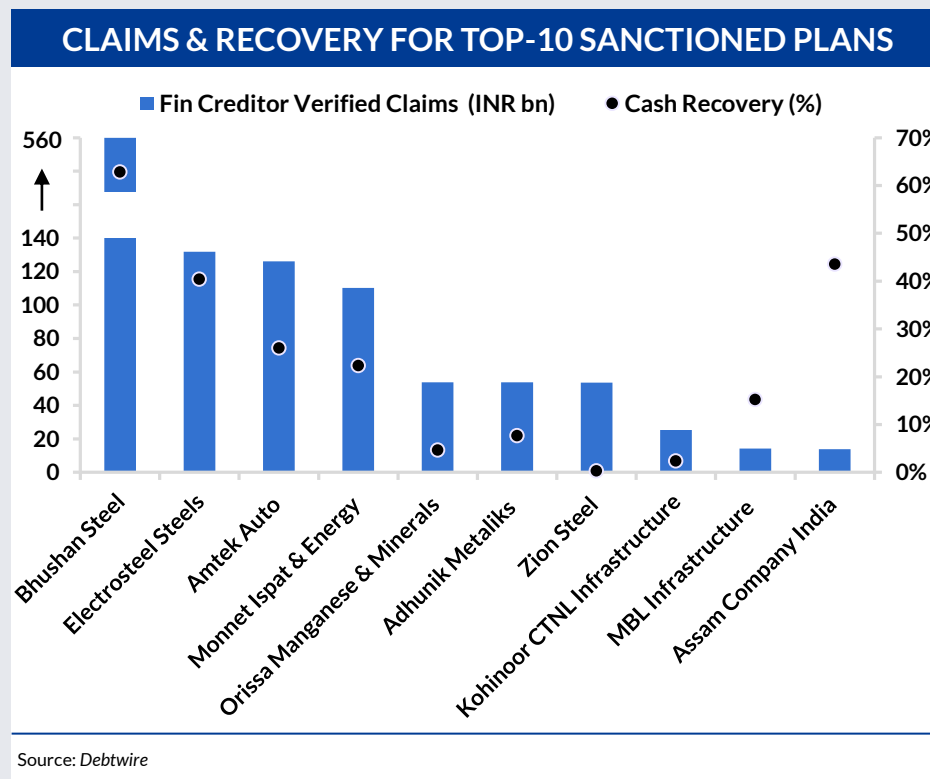
This report also includes information on the 19 companies with at least INR 7bn financial creditor claims that were ordered into liquidation by the NCLT (see page 10).

Key datapoints about the plans sanctioned so far:

- The covered INR 1.21trn total verified financial claims (excluding three companies whose financial creditor claims were not available).
- Financial creditors were to receive a total INR 498.99bn upfront cash, indicating an average cash recovery of 41.16%,⁽¹⁾ although total recoveries could end up being higher because at least six plans – including for three of the largest bankruptcies – include equity. The cash rate is skewed by the 63% cash recovery for financial creditors of so-called Dirty Dozen member [Bhushan Steel Limited](#), whose INR 560.22bn verified financial claims made up 46.2% of the total financial creditor claims covered by sanctioned plans.
- Including Bhushan Steel, four of the Dirty Dozen have had resolutions sanctioned. They are the only sanctioned plans covering verified claims exceeding INR 100bn and combined accounted for 76.6% of total claims covered by sanctioned plans. The other three are [Electrosteel Steels](#) (INR 131.75bn verified financial claims, 40%

cash recovery), [Amtek Auto](#) (INR 126.05bn, 26%) and [Monnet Ispat](#) (INR 110.15bn, 22%).

- Two other Dirty Dozen members – [Jyoti Structures](#) and [Lanco Infratech](#) – were ordered into liquidation. However, the Jyoti order has been temporarily stayed.

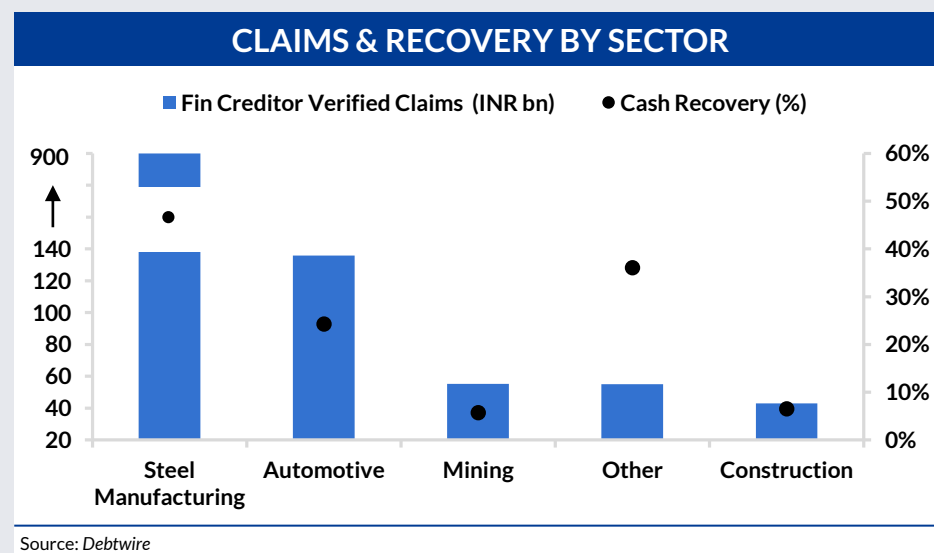


1. For 27 cases included in this recovery calculation it was not clear if the amount given to financial creditors was upfront cash or some other type of consideration. Debtwire assumed in these cases that the amount given to financial creditors was upfront cash. However, these case are small, in total they had verified financial creditor claims of INR 50.76bn, or 4.2% of total financial creditor verified claims.

- The Insolvency and Bankruptcy Board of India (IBBI) lists seven small cases in which [financial creditors were to receive 100% recovery](#) but it doesn't make clear how much of the recovery was to be cash. In one of the cases, **Burn Standard Company**, financial creditors were actually to receive a consideration *valued* in excess of their INR 588m verified claims, according to the IBBI report. In total, these cases had verified financial creditor claims of only INR 1.45bn and thus had a negligible impact on the overall cash recovery rate figures.
- Promoters were the white knights in 14 cases, including four cases resolved prior to November 2017 anti-promotor Section 29A amendment⁽¹⁾ while the remainder were exempted in some other way. The 23 November 2017 amendment bars promoters of companies in default for more than one year from acting as a white knight. There is public data on the recoveries for only 13 of the 14 promotor buybacks. Of those, the IBBI discloses only a total consideration value for 11, implying a maximum average recovery level of 24.43% on a total INR 21.25bn verified financial claims. For the other two cases, there are upfront cash payment figures: zero and 24%. The zero was for the largest of these promotor buybacks, **MBL Infrastructure**, whose resolution plan calls for financial creditors to swap their INR 14.28bn verified claims into INR 15.97bn new debt to be amortized over ten years.
- Including the 14 promoters, the white knights in thirty-five of the sanctioned cases are India-based. In five cases, the white knights are foreign entities with Indian-origin promoters: UK-based Liberty House, Abu Dhabi-based BRS Ventures and Miami based-Atyant Capital. The only non-Indian-linked white knight is German-based asset manager Peter Beck & Partners, which as a holder of **Sharon Bio-Medicine** convertible bonds, prompted the company's resolution process. (For the four remaining cases, it isn't clear who the white knight is.)
- Liberty House is the only entity to be sanctioned as white knight in more than one case, though it doesn't appear to have closed on its three resolution agreements despite them all being NCLT-sanctioned in July.

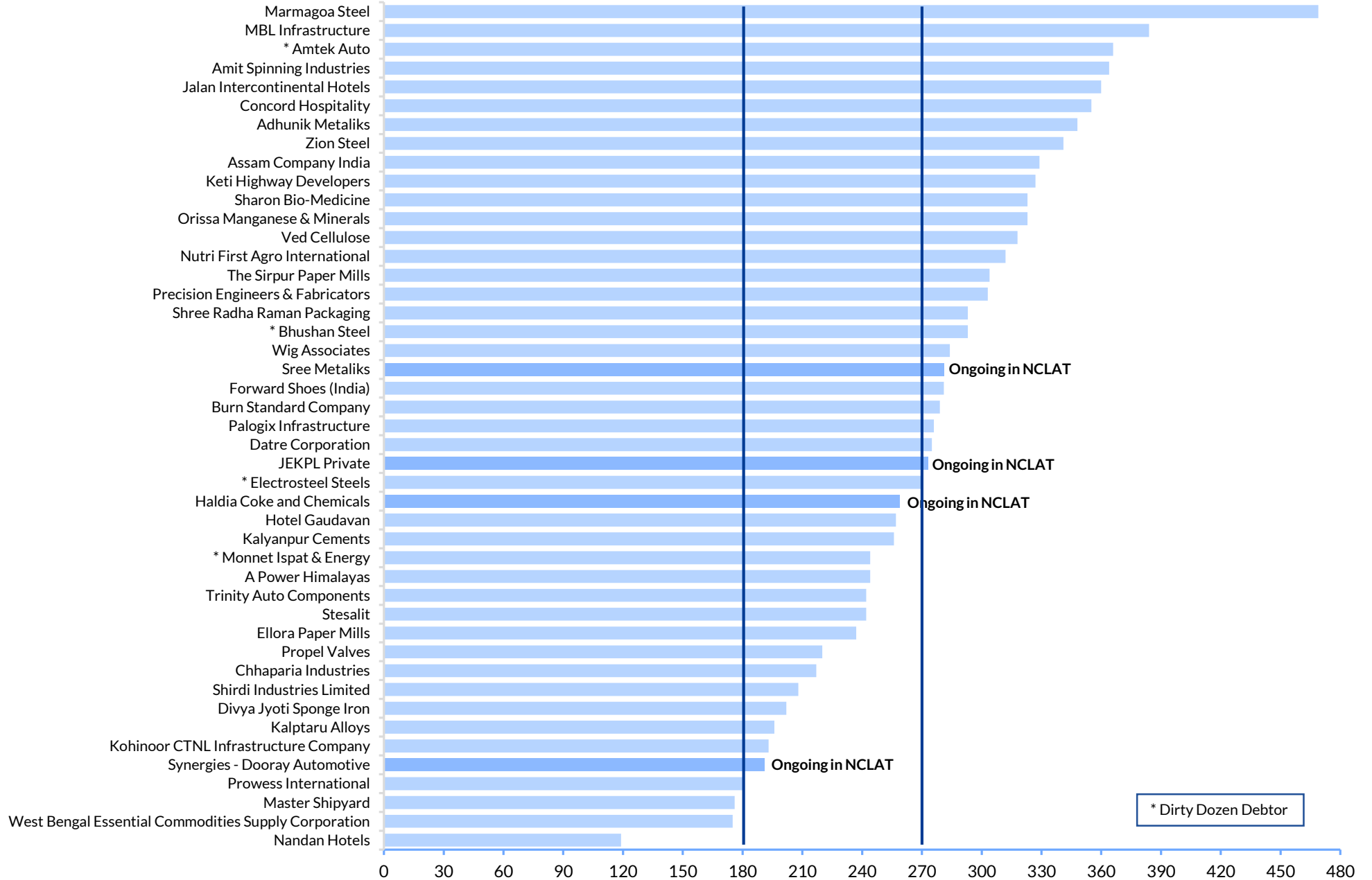
It agreed to buy Amtek Auto for a total consideration of INR 44.06bn, [Adhunik Metaliks](#) for INR 4.44bn and **Zion Steel** for INR 150m. As *Debtwire* reported, Liberty House [missed the original deadlines to provide performance bank guarantees](#) for the acquisitions of Adhunik and Zion.

- On average, the NCLT took 275 days to sanction a resolution from the time a debtor was admitted into bankruptcy. Generally, larger cases took longer to receive sanctioning – the average for a debtor with at least INR 10bn verified financial claims was 306 days.
- NCLT Kolkata sanctioned the most plans (15), followed by Mumbai (10). New Delhi sanctioned plans covering the most financial claims – INR 561.79bn or 46.3% of total claims resolved – though that is again heavily skewed by Bhushan Steel.
- As the below chart indicates, steel manufacturing had by far the most claims resolved, with 76% of the total, as well as the highest average recovery rate for any significant sector, of 47.7%.



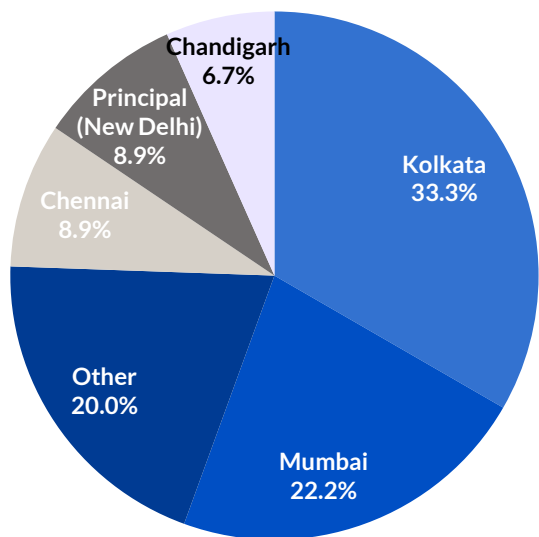
1. Section 29a was promulgated on 23 November 2017 and formally adopted on 19 January 2018 with effect from 23 November 2017.

NUMBER OF DAYS FROM BANKRUPTCY ADMISSION TO RESOLUTION SANCTIONING



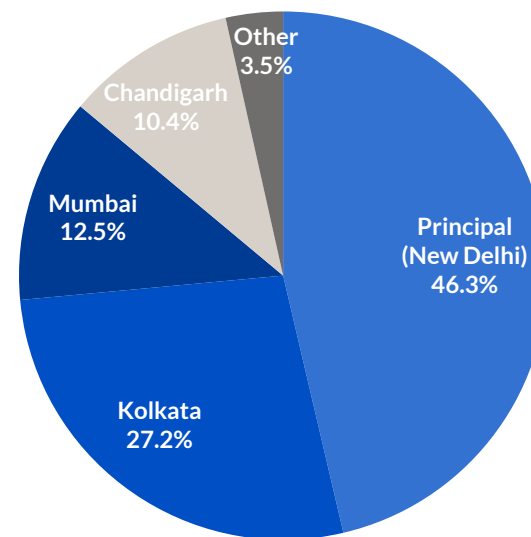
Bench	No. of Debtors	% of Cases	Financial Verified Claims (INR m)	% of Financial Verified claims
Ahmedabad	2	4.4%	1,278	0.1%
Allahabad	1	2.2%	6,066	0.5%
Bengaluru	1	2.2%	11	0.0%
Chandigarh	3	6.7%	126,439	10.4%
Chennai	4	8.9%	4,665	0.4%
Guwahati	2	4.4%	15,336	1.3%
Hyderabad	2	4.4%	15,052	1.2%
Kolkata	15	33.3%	329,663	27.2%
Mumbai	10	22.2%	152,078	12.5%
New Delhi	1	2.2%	14	0.0%
Principal (New Delhi)	4	8.9%	561,785	46.3%
Total	45	100%	1,212,387	100%

% OF CASES



Source: Debtwire

% OF FINANCIAL CREDITORS VERIFIED CLAIMS



Source: Debtwire

LARGEST SANCTIONED RESOLUTIONS

Debtor	Former Promoter	Sector	NCLT Bench	Bankruptcy Acceptance Date	Plan Approval Date	Restructuring Effective Date	White Knight	Fin. Creditor Verified Claims (INR bn)	Fin. Creditor Cash Recovery Rate	Notes on Restructuring
Amtek Auto	Dham Family	Automotive	Chandigarh	24-Jul-17	25-Jul-18	-	Liberty House Limited	126.0	26%	Liberty House is to pay INR 32.25bn upfront to financial creditor, implying a 26% recovery based on INR 126.04bn verified financial claims. It is also to infuse INR 5bn into Amtek and pay INR 25m to existing shareholders to be able to delist the recognized company.
Bhushan Steel Limited	Brij Bhushan Singal, Neeraj Singal	Industrial products and services	New Delhi Principal	26-Jul-17	15-May-18	18-May-18 ¹	Tata Steel Limited	560.2	57%-63%	Tata Steel's wholly owned Bannipal Steel purchased a 72.65% stake in Bhushan Steel for INR 352bn cash. Based on Bhushan Steels' total verified financial claims of INR 560.49bn, financial creditors received a 63% cash recovery plus a 12.27% stake in the reorganized company. The actual ratio appears to vary. Yes Bank announced that it recovered INR 1.84bn on INR 3.25bn verified claims, implying a 57% recovery. IFCI announced that it recovered INR 2.8bn on INR 4.47bn verified claims, implying a 63% recovery.
Electrosteel Steels Limited	Kejriwal Family	Industrial products and services	Kolkata	21-Jul-17	17-Apr-18	22-Jun-18 ²	Vedanta Limited	131.8	40%	Vedanta made a INR 53.2bn upfront payment to the lenders, implying a 40% recovery based on INR 131.75bn verified financial creditor claims. Financial creditors also received a 7.5% stake in the reorganized company, in which Vedanta holds a 90% stake, with the rest remaining with pre-resolution shareholders. Vedanta also lent INR 35.54bn to Electrosteel.
Monnet Ispat & Energy Limited	Jajodia Family	Industrial products and services	Mumbai	22-Nov-17	24-Jul-18	31-Aug-18 ³	JSW Steel and Aion Capital	110.2	22%	JSW Steel/AION Investments consortium made a INR 24.57bn upfront payment to the lenders, implying a 22.3% cash recovery based on INR 110.2bn verified financial creditor claims. JSW also provided a working capital advance facility of INR 1.25bn. Creditors were also to be allotted a 25.71% stake in the reorganized company. As of 31 August, The Bombay Stock Exchange website shows bank and financial institutions holding a 20.59% stake of the reorganized company. Creditors were also issued an unspecified amount of optionally convertible preference shares. The white knight group holds 74.37%, as of 31 August.
Adhunik Metaliks	Ghanshyam Das Agarwal and Family	Industrial products and services	Kolkata Bench	3-Aug-17	17-Jul-18	-	Liberty House Group Pte. Ltd.	53.7	8%	Liberty House to purchase Adhunik for a total consideration of INR 4.44bn, with INR 4.1bn to be paid upfront for a 8% cash recovery. Liberty House also agreed to purchase sister company Zion Steel for a INR 150m upfront payment to financial creditors to settle their INR 53.7bn in claims.
Orissa Manganese & Minerals Limited	Ghanshyam Das Agarwal and Family	Mining	Kolkata Bench	3-Aug-17	22-Jun-18	-	Ghanashyam Misra & Sons Private Limited	53.9	5%	Ghanashyam is to purchase Orissa for total consideration of INR 3.18bn. Financial creditors are to receive an upfront payment of INR 2.5bn, implying a 5% cash recovery. They are would also to be granted INR 600m convertible preference shares.

1. [An announcement from 18 May states that as of that time the consideration had been paid to financial creditors.](#)

2. [An announcement from 22 June states that as of that time, the upfront payment of INR 53.2bn had been remitted to financial creditors.](#)

3. [An announcement from 31 August states that as of that day creditors have received their upfront cash payment as well as equity in the reorganized company.](#)

COMPANIES WITH NCLT SANCTIONED RESOLUTION PLANS

Debtor	NCLT Bench	Date Sanctioned by NCLT	Restructuring Effective Date (if applicable)
A Power Himalayas Ltd.	Chandigarh	23-Jul-18	-
Adhunik Metaliks Limited (NSE: ADHUNIK)	Kolkata	17-Jul-18	-
Amit Spinning Industries Ltd. (NSE: ASIL)	New Delhi Principal	31-Jul-18	-
Amtek Auto Limited (NSE: AMTEKAUTO)	Chandigarh	25-Jul-18	-
Assam Company India Limited ⁽¹⁾	Guwahati	20-Sep-18	09-Oct-18
Bhushan Steel Limited (NSE: BHUSANSTL)	New Delhi Principal	15-May-18	18-May-18
Burn Standard Company Ltd.	Kolkata	06-Mar-18	17-Apr-18
Chhaparia Industries Pvt. Ltd.	Mumbai	29-Sep-17	-
Concord Hospitality Pvt Ltd	Chandigarh	25-Jul-18	25-Jul-18
Datre Corporation Ltd.	Kolkata	22-Jun-18	-
Divya Jyoti Sponge Iron Pvt. Ltd.	Kolkata	13-Mar-18	-
Electrosteel Steels Limited (NSE: ELECTROSL)	Kolkata	17-Apr-18	22-Jun-18
Ellora Paper Mills Ltd. (BSE: ELLOPAP)	Mumbai	13-Mar-18	10-Aug-18
Forward Shoes (India) Ltd.	Chennai	27-Mar-18	-
Haldia Coke and Chemicals Pvt. Ltd. ⁽²⁾	Chennai	27-Mar-18	-
Hotel Gaudavan Pvt. Ltd.	New Delhi Principal	13-Dec-17	-

(1) The official details of the resolution plan are unavailable. The recovery amount has been sourced from *Business Standard* article dated 21 September.

(2) The case is currently before the NCLAT.

COMPANIES WITH NCLT-SANCTIONED RESOLUTION PLANS			
Debtor	NCLT Bench	Date Sanctioned by NCLT	Restructuring Effective Date (if applicable)
Jalan Intercontinental Hotels Pvt Ltd.	Kolkata	24-Apr-18	-
JEKPL Private Limited ⁽¹⁾	Allahabad	15-Dec-17	-
Kalptaru Alloys Pvt Ltd	Ahmedabad	20-Mar-18	-
Kalyanpur Cements Ltd.	Kolkata	31-Jan-18	-
Keti Highway Developers Pvt Ltd	Ahmedabad	10-Jul-18	-
Kohinoor CTNL Infrastructure Company Pvt. Ltd.	Mumbai	26-Dec-17	-
Marmagoa Steel Limited	Mumbai	02-Jul-18	-
Master Shipyard Pvt. Ltd.	Chennai	15-Jun-18	-
MBL Infrastructure Limited (NSE: MBLINFRA)	Kolkata	18-Apr-18	10-Jul-18
Monnet Ispat & Energy Ltd (NSE: AIONJSW)	Mumbai	24-Jul-18	31-Aug-18
Nandan Hotels Ltd	Bengaluru	14-Dec-17	14-Dec-17
Nutri First Agro International Pvt. Ltd.	Mumbai	08-Jun-18	-
Orissa Manganese & Minerals Limited	Kolkata	22-Jun-18	-
Palogix Infrastructure Pvt. Ltd.	Guwahati	12-Feb-18	-
Precision Engineers & Fabricators Pvt. Ltd	Kolkata	01-Feb-18	-

(1) The case is currently before the NCLAT.

COMPANIES WITH NCLT-SANCTIONED RESOLUTION PLANS

Debtor	NCLT Bench	Date Sanctioned by NCLT	Restructuring Effective Date (if applicable)
Propel Valves Pvt. Ltd.	Chennai	19-Mar-18	-
Prowess International Pvt. Ltd.	Kolkata	17-Oct-17	-
Sharon Bio-Medicine Limited (NSE: SHARONBIO)	Mumbai	28-Feb-18	-
Shirdi Industries Limited	Mumbai	12-Dec-17	-
Shree Radha Raman Packaging Pvt. Ltd	New Delhi	15-Feb-18	15-Feb-18
Sree Metaliks Limited ⁽¹⁾	Kolkata	7-Nov-17	-
Stesalit Ltd	Kolkata	20-Jul-18	-
Synergies - Dooray Automotive Limited ⁽¹⁾	Hyderabad	02-Aug-17	-
The Sirpur Paper Mills Ltd. (NSE: JKPAPER)	Hyderabad	19-Jul-17	20-Jul-18
Trinity Auto Components Ltd.	Mumbai	22-Jan-18	-
Ved Cellulose Ltd.	New Delhi Principal	14-May-18	-
West Bengal Essential Commodities Supply Corporation Limited ⁽¹⁾	Kolkata	20-Nov-17	20-Nov-17
Wig Associates Pvt. Ltd.	Mumbai	04-Jun-18	-
Zion Steel Limited	Kolkata	10-Jul-18	-

(1) The case is currently before the NCLAT.

LARGE⁽¹⁾ COMPANIES ORDERED INTO LIQUIDATION

Debtor	NCLT Bench	Liquidation Order Date
Asian Natural Resources (India) Ltd.	Ahmedabad	9-Feb-18
Cethar Ltd.	Chennai	25-Apr-18
Gujarat NRE Coke Ltd.	Kolkata	11-Jan-18
Gupta Coal India Pvt. Ltd.	Mumbai	1-Jan-18
Gupta Corporation Pvt. Ltd.	Mumbai	1-Feb-18
Gupta Energy Pvt. Ltd.	Mumbai	26-Mar-18
Innoventive Industries Ltd.	Mumbai	8-Dec-17
Jenson & Nicholson (India) Ltd.	Kolkata	12-Feb-18
Jyoti Structures Limited ⁽²⁾⁽³⁾	Mumbai	31-Jul-18
JODPL Pvt. Ltd.	Allahabad	18-Dec-17
Kamineni Steel & Power India Pvt Ltd	Hyderabad	13-Sep-18
Lanco Infratech Limited ⁽³⁾ (BSE: LITL)	Hyderabad	27-Aug-18
Loha Ispat Ltd.	Mumbai	26-Apr-18
Moser Baer India Limited (NSE: MOSERBAER)	New Delhi Principal	20-Sep-18
Rei Agro Limited	Kolkata	24-Aug-17
Roofit Industries Ltd.	Mumbai	22-Jan-18
Rotomac Exports Pvt Ltd	Allahabad	23-Mar-18
Rotomac Global Pvt. Ltd.	Allahabad	23-Mar-18
VNR Infrastructure Limited	Hyderabad	24-Aug-17

(1) At least INR 7bn financial claims

(2) Ordered into liquidation on 31 July 2018 by the NCLT after creditors rejected a bid from an investor group led by Netmagic Solutions' Sharad Sanghi. However the NCLAT stayed the order to hear an appeal by company employees.

(3) Jyoti Structures and Lanco Infratech are Dirty Dozen debtors.

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