

I N S O L V E N C Y



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

## CASEBOOK: ISSUE 7

### CORPORATE INSOLVENCY PROCESS OF ELECTROSTEEL STEELS LIMITED

IN SOLVENCY

### **Lenders of Electrosteel Steels initiates insolvency process**

Electrosteel Steels Limited informed that its lenders have unanimously decided to initiate the Corporate Insolvency Resolution Process against the company, the company stated in a filing on the BSE, on Thursday. The lenders consortium has filed the documents with National Company Law Tribunal (NCLT), Kolkata, for the company under the Insolvency and Bankruptcy Code (IBC), 2016. Electrosteel Steels is one of the 12 stressed accounts identified by the Reserve Bank of India (RBI) for immediate insolvency.

**Source: India Infoline**

[https://www.indiainfoline.com/article/news-top-story/electrosteel-steels-lenders-of-electrosteel-steels-initiates-insolvency-process-117062900250\\_1.html](https://www.indiainfoline.com/article/news-top-story/electrosteel-steels-lenders-of-electrosteel-steels-initiates-insolvency-process-117062900250_1.html)

### **NCLT extends time period for Corporate Insolvency Resolution Process for Electrosteel Steels Limited**

The National Company Law Tribunal (NCLT) has extended time period for Corporate Insolvency Resolution Process for Electrosteel Steels Limited (ESL) by a period of 90 days with effect from January 17, 2018. The decision was based on the application made by the Resolution Professional for extension of the insolvency resolution process. ESL is among the dozen-odd NPA accounts identified by RBI in June under the new Insolvency and Bankruptcy Code.

**Source: Economic Times**

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/nclt-extends-time-period-for-corporate-insolvency-resolution-process-for-electrosteel-steels-limited/articleshow/62283491.cms>

### **Summer haircut for Electrosteel Steels' lenders**

Lenders to Electrosteel Steels Ltd are staring at an over 50% haircut even as they have picked Vedanta Ltd as the top bidder for the assets amid a legal challenge to the bid's validity. Vedanta has offered to pay a little more than Rs 5,000 crore for the assets of the distressed steelmaker. It is "considerably higher" than the second highest bid from Tata Steel Ltd. Electrosteel Steels, which is setting up a 2.5 million tonne integrated steel plant near Bokaro town, owes its lenders Rs11,000 crore.

**Source: Vccircle.com**

<https://www.vccircle.com/vedanta-gets-nclt-nod-for-takeover-of-debt-ridden-electrosteel-steels/>

## **Vedanta wins bid to buy bankrupt Electrosteel Steels**

Vedanta Ltd, the Indian unit of diversified mining group Vedanta Resources plc, said on Saturday it had won in an auction to acquire bankrupt Electrosteel Steels Ltd. The transaction, financial details of which were not disclosed, is part of India's new bankruptcy law, which is aimed at cutting close to \$150 billion of accumulated soured loans by pushing loan defaulter firms into insolvency.

**Source: Market Screener**

<https://www.marketscreener.com/electrosteel-steels-ltd-9743831/news/vedanta-wins-bid-to-buy-bankrupt-electrosteel-steels-26263929/>

## **Vedanta gets NCLT nod for takeover of debt-ridden Electrosteel Steels**

Mining billionaire Anil Agarwal-led Vedanta Ltd said on Tuesday that its Rs 5,320 crore (\$812.6 million) resolution plan for the acquisition of debt-ridden Electrosteel Steels Ltd has been approved by the National Company Law Tribunal (NCLT). This makes Electrosteel the first of the 12 large stressed assets identified by the Reserve Bank of India last year to be resolved under the Insolvency and Bankruptcy Code.

**Source: Vccircle.com**

<https://www.vccircle.com/vedanta-gets-nclt-nod-for-takeover-of-debt-ridden-electrosteel-steels/>

## **Status quo for Electrosteel**

The NCLAT on Tuesday ordered status quo in the insolvency process of Electrosteel Steel India Pvt Ltd. A Bench headed by SJ Mukhopadhyay was hearing an appeal moved by Renaissance Steel India against the April order of the Kolkata Bench of the NCLAT, which had approved Vedanta's Rs. 5,320-crore resolution plan for the company. Renaissance said Vedanta was not eligible to bid for Electrosteel since one of its affiliates — a unit of its UK-based parent Vedanta Resources Plc — had been found guilty of criminal misconduct punishable with two or more years in jail.

**Source: Hindu Business Line**

<https://www.thehindubusinessline.com/companies/ibc-status-quo-for-electrosteel/article23740891.ece>

### **'Declare Tata bid ineligible'**

Renaissance Steel has approached the National Company Law Appellate Tribunal (NCLAT) requesting it to declare "ineligible" Tata Steel's bid for the debt-ridden Electrosteel Steels under the Insolvency and Bankruptcy Code. An NCLAT bench headed by Chairman Justice S J Mukhopadhyaya has issued a notice to Tata Steel, which was the second-highest bidder, and the resolution professional of Electrosteel.

**Source: India Today**

<https://www.indiatoday.in/pti-feed/story/electrosteel-allots-shares-worth-rs-7-400-cr-to-lenders-sbi-gets-largest-chunk-1252057-2018-06-06>

### **Electrosteel allots shares worth Rs 7,400 cr to lenders; SBI gets largest chunk**

New Delhi, Jun 6 (PTI) Electrosteel Steels, undergoing the insolvency resolution process, has allotted equity shares worth Rs 7,400 crore to lenders as loan conversion, with SBI getting the largest chunk -- about 37 per cent. The company had yesterday spelled out steps to be taken for completion of its takeover by Vedanta Star Ltd, an arm of mining giant Vedanta which won the bid to acquire the stressed firm.

**Source: India Today**

<https://www.indiatoday.in/pti-feed/story/electrosteel-allots-shares-worth-rs-7-400-cr-to-lenders-sbi-gets-largest-chunk-1252057-2018-06-06>

### **Electrosteel Insolvency case: IBBI fines Electrosteel resolution professional**

The Insolvency and Bankruptcy Board of India (IBBI) has imposed a monetary penalty on the resolution professional (RP) of insolvent Electrosteel Steels for "failure to consider" the claim of an operational creditor, and also for "disregarding" repeated requests of the Board for a response on the complaint. Passing an order, dated April 13, the bankruptcy board imposed the penalty, which is equal to one-tenth of the total fee payable to Dhaivat Anjaria, a partner at PwC, as the IRP and the RP in the corporate insolvency resolution process of the bankrupt steel maker.

**Source: Financial Express**

<https://www.financialexpress.com/industry/electrosteel-insolvency-case-ibbi-fines-electrosteel-resolution-professional/1133597/>

### **Rs 5,320 cr remitted to financial creditors: Electrosteel Steels**

Electrosteel Steels Ltd today said Rs 5,320 crore has been remitted to its financial creditors as per the resolution plan approved by the NCLT. In April, the NCLT had approved the resolution plan submitted by Vedanta Ltd for Electrosteel Steels, making it first among the 12 large stressed accounts identified by RBI last year to get resolved under the Insolvency and Bankruptcy Code. "The upfront payment of INR 5, 320, 00, 00,000 has been remitted to the financial creditors from the escrow account as per the approved resolution plan.

**Source: Business Standard**

[https://www.business-standard.com/article/pti-stories/rs-5-320-cr-remitted-to-financial-creditors-electrosteel-steels-118062101190\\_1.html](https://www.business-standard.com/article/pti-stories/rs-5-320-cr-remitted-to-financial-creditors-electrosteel-steels-118062101190_1.html)

### **NCLAT refuses to stop Vedanta from delisting Electrosteel**

The National Company Law Appellate Tribunal (NCLAT) on Wednesday refused to stay the delisting of Electrosteel Steel Ltd shares by its new promoter Vedanta Ltd, pursuant to the approval of the latter's insolvency resolution plan for the debt-ridden steel manufacturer. Vedanta Star Ltd, a wholly-owned subsidiary of Vedanta Ltd, intended to make a delisting offer to the existing shareholders of Electrosteel, offering an equivalent exit price of Rs. 9.54 per equity share after completion of the transaction steps for capital restructuring.

**Source: Livemint News**

<https://www.livemint.com/industry/v2bstt1ltbmhncmeatrdo/nclat-refuses-to-stop-vedanta-from-delisting-electrosteel.html>

### **NSE imposes Rs 1 crore penalty on Electrosteel Steels for non-compliance of disclosure norms**

Electrosteel Steels, which is undergoing insolvency resolution process, today said the NSE has imposed a penalty of over Rs 1 crore on the company for non-compliance of filing its financial results for the quarter and year ended on March 31, 2018, within the required time. As per regulatory norms, the company was under the obligation to submit its audited financial results for quarter and year ended March 31, 2018, within 60 days from the end of the financial year that is by May 30, 2018.

**Source: Economic Times**

<https://economictimes.indiatimes.com/markets/stocks/news/nse-imposes-rs-1-crore-penalty-on-electrosteel-steels-for-non-compliance-of-disclosure-norms/articleshow/64882608.cms?from=mdr>



### **SC seeks Vedanta response on plea against Electrosteel bid**

The Supreme Court (SC) on Monday sought a response from Vedanta Ltd on an appeal by Renaissance Steel India Pvt. Ltd challenging its eligibility to bid for Electrosteel Steels Ltd as one of its affiliates in Zambia, Konkola Copper Mines Plc., was found guilty of violating environmental laws punishable with two or more years in jail. Electrosteel is among the 12 initial accounts identified by the Reserve Bank of India (RBI) for resolution. Renaissance is one of the unsuccessful bidders for Electrosteel.

**Source: Livemint News**

<https://www.livemint.com/companies/w345wfsenfxcw22hpin/sc-seeks-vedanta-response-on-plea-against-electrosteel-bid.html>

### **Vedanta to invest \$3 bn in Electrosteel**

Vedanta Ltd., the Indian subsidiary of Vedanta Resources Plc., is planning to invest more than \$3 billion to expand the capacity of Electrosteel Steel's plant in Jharkhand whose possession it secured earlier this year through an insolvency resolution process. The investment is proposed to be made in two tranches. Vedanta Resources Ltd. executive chairman Anil Agarwal said an initial investment of about \$300 million would be made to increase Electrosteel's capacity from the current 1.5 million tonnes.

**Source: The Hindu**

<http://www.thehindu.com/business/Industry/vedanta-and-electrosteel/article25828487.ece>

### **Tata Steel pockets Rs 5,000 cr profit during insolvency case of Bhushan Steel**

Tata Steel has walked away with a profit of Rs. 5,000 crore made by Bhushan Steel during the insolvency period stretching over 18 months. This contrasts with the National Company Law Tribunal (NCLT) ruling that the profit made by Bhushan Power and Steel during the insolvency period belongs to the financial and operational creditors. JSW Steel, the winning bidder of Bhushan Power, has moved the National Company Law Appellate Tribunal (NCLAT) against the NCLT's order.

**Source: Livemint News**

<https://www.livemint.com/industry/03vvqn7fymkf3ufjkodutm/sat-adjourns-uttam-galva-investors-petition-challenging-rec.html>

### **NCLT reserves order on plea against Uttam Galva firms**

The National Company Law Tribunal (NCLT) on Friday reserved its order till 26 June in the insolvency plea filed by the State Bank of India (SBI) against BSE-listed Uttam Value Steel and Uttam Galva Metallica Ltd, subsidiaries of debt-laden Uttam Galva Steels Ltd. Uttam Value Steel and Uttam Galva Metallica owe banks Rs. 3,200 crore and Rs. 2,200 crore, respectively. Meghna Rajadhyaksha, partner of law firm Shardul Amarchand Mangaldas representing SBI, argued that this seems to be just delaying tactics by the debtor.

**Source: Livemint News**

<https://www.livemint.com/Companies/DkyhD1RfqrQcF6DpouoQN/NCLT-reserves-order-on-plea-against-Uttam-Galva-firms.html>

### **ArcelorMittal raises bid for Essar Steel to Rs. 42,000 crore**

ArcelorMittal SA, the world's largest steel maker, on Monday sharply raised its bid to acquire debt-laden Essar Steel Ltd to Rs. 42,000, said a person with direct knowledge of the matter. The National Company Law Appellate Tribunal in its judgement last Friday asked ArcelorMittal to first clear dues totaling Rs. 7,000 crore of Uttam Galva Steels Ltd and KSS Petron Pvt. Ltd by 11 September to be considered an eligible bidder for Essar Steel.

**Source: Livemint News**

<https://www.livemint.com/Companies/JmjUO1i29BckMVEM5UfZN/ArcelorMittal-ups-Essar-Steel-bid-to-42000-crore.html>

### **SBI withdraws bankruptcy petition against Uttam Galva Steels**

The State Bank of India (SBI) has withdrawn an insolvency petition against Mumbai-based Uttam Galva Steels Ltd. The state-run lender's move came after ArcelorMittal paid Rs. 7,469 crore to clear outstanding debts of Uttam Galva and KSS Petron, two companies in which Lakshmi Niwas Mittal had been a promoter. ArcelorMittal cleared the debts to become eligible to bid for debt-laden Essar Steel Ltd.

**Source: Livemint News**

<https://www.livemint.com/Companies/cPIHcqUnkpf66hr57i2cWI/SBI-withdraws-bankruptcy-petition-against-Uttam-Galva-Steels.html>

## Uttam Galva counters Deutsche's \$20-million recovery plea at NCLT

Uttam Galva Steel on Tuesday challenged Deutsche Bank's application at the National Company Law Tribunal (NCLT) for the recovery of \$20 million (Rs 142 crore). The Singapore branch of Deutsche Bank had given a \$20 million credit facility to Uttam Galva on May 2, 2013. Uttam Galva has raised two contentions opposing the petition — one that the debt was time-barred and the other that the loan agreement was not stamped.

**Source: Economic Times**

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/uttam-galva-counters-deutsches-20-million-recovery-plea-at-nclt/articleshow/73506893.cms>



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