

I N S O L V E N C Y



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

## **CASEBOOK: ISSUE 6**

### **CORPORATE INSOLVENCY** **PROCESS OF UTTAM GALVA STEEL**



**UTTAM GALVA STEEL**

## **Uttam Galva Steels: NCLT to hear insolvency proceedings**

The Mumbai bench of the National Company Law Tribunal (NCLT) has admitted insolvency proceedings under the Insolvency and Bankruptcy Code, 2016, filed against Uttam Galva Steels by DF Deutsche Forfait. According to an interim order dated April 10, the petition is scheduled to be heard on April 17 for the appointment of an interim insolvency resolution professional.

**Source: Indianexpress.com**

<https://indianexpress.com/article/business/companies/uttam-galva-steels-nclt-to-hear-insolvency-proceedings-4612340/>

## **Edelweiss ARC, AION Capital and two others vie for Uttam Galva Steel**

Debt-laden steel company Uttam Galva Steel has four suitors including Edelweiss ARC and AION Capital. While the promoter group has also submitted its own restructuring proposal, Miglani said banks were still vetting the proposals on how to bolster the financials of the company carrying debt of about Rs 8,000 crore.

**Source: Economic Times**

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/edelweiss-arc-aion-capital-and-two-others-vie-for-uttam-galva-steel/articleshow/61027719.cms?from=mdr>

## **Will ArcelorMittal shed Uttam Galva for Essar Steel?**

ArcelorMittal's plan to exit the debt-loaded Uttam Galva (UVL) triggers the speculation that the world's largest steelmaker may posture bullishly in its bid for Essar Steel. Earlier, the company had withdrawn from bidding in the insolvency proceedings for other big steel companies Bhushan Steel, Bhushan Power, and Steel and Monnet Ispat after doing due diligence.

**Source: Business Today**

<https://www.businesstoday.in/current/corporate/will-arcelormittal-shed-uttam-galva-for-essar-steel/story/270015.html>

## **ArcelorMittal to sell entire 29% stake in Uttam Galva for Rs 1 per share**

ArcelorMittal is set to sell its entire 29 per cent stake in Uttam Galva Steels to its co-promoter in the company, the Miglani family's Sainath Trading Company, for Rs 1 a share. The average share price in the past six months was Rs 24 a share. ArcelorMittal will cease to be a promoter of Uttam Galva, a bank defaulter undergoing insolvency proceedings, and become eligible to take part in auctions for stressed assets in the country.

**Source: Business Standard**

[https://www.business-standard.com/article/companies/arcelormittal-sells-entire-29-stake-in-uttam-galva-for-rs-1-per-share-118020501526\\_1.html](https://www.business-standard.com/article/companies/arcelormittal-sells-entire-29-stake-in-uttam-galva-for-rs-1-per-share-118020501526_1.html)

## **ArcelorMittal to exit India's Uttam Galva to make way for new steel bids**

ArcelorMittal is set to sell its entire stake in India's Uttam Galva Steels to the company's founders at less than the market price of the stock. The sale could free ArcelorMittal, the world's biggest steelmaker, to bid for other Indian steel assets which are being auctioned off as part of insolvency proceedings.

**Source: Reuters.com**

<https://www.reuters.com/article/arcelormitta-uttam-galva-stake/arcelormittal-to-exit-indias-uttam-galva-to-make-way-for-new-steel-bids-idUSL4N1PW2V4>

## **To avoid auction, Uttam Galva offers 51% of outstanding loan**

Uttam Galva Steels has offered to settle the Rs 56.5 billion loan default by paying 51 per cent amount upfront to the public sector banks so as to abort the auctioning of the company's assets. The company, part of the Reserve Bank of India's (RBI) second list of loan defaulters who have been referred to the bankruptcy tribunal for insolvency proceedings, on March 15 wrote to the State Bank of India (SBI), proposing a "one-time settlement" of all dues of lenders "through an upfront payment mechanism".

**Source: Business Standard**

[https://www.business-standard.com/article/companies/insolvency-to-avoid-auction-uttam-galva-offers-51-of-outstanding-loan-118031900932\\_1.html](https://www.business-standard.com/article/companies/insolvency-to-avoid-auction-uttam-galva-offers-51-of-outstanding-loan-118031900932_1.html)

## **ArcelorMittal to offer Rs3,000cr to Uttam Galva Steels to settle debts**

ArcelorMittal is likely to pay Rs 3,000cr to Uttam Galva Steels Ltd to allow the company to settle its debts, according to media reports. Under Article 29 A of the IBC, promoters of companies that have been declared as non-performing assets are ineligible for participation without clearing their dues. This payment by ArcelorMittal would allow it to re-bid for Essar Steel, without its resolution plan getting upheld under Article 29 A of the IBC.

**Source: Indiainfoline.com**

[https://www.indiainfoline.com/article/news-top-story/arcelormittal-to-offer-rs3-000cr-to-uttam-galva-steels-to-settle-debts-118032100024\\_1.html](https://www.indiainfoline.com/article/news-top-story/arcelormittal-to-offer-rs3-000cr-to-uttam-galva-steels-to-settle-debts-118032100024_1.html)

### **ArcelorMittal declassified as Uttam Galva Steels promoter**

Uttam Galva Steels Ltd on Saturday said it has received approvals from the National Stock Exchange and BSE Ltd for declassification of ArcelorMittal Netherlands B.V. as a promoter of the company. Last month, ArcelorMittal Netherlands B.V. transferred its entire shareholding (4,13,27,931 equity shares) in Uttam Galva Steel to Sainath Trading Company Pvt Ltd by way of inter-se transfer. Uttam Galva Steel had informed the exchanges about this transaction on February 7.

**Source: Hindu Business Line**

<https://www.thehindubusinessline.com/companies/arcelormittal-declassified-as-uttam-galva-steels-promoter/article23340540.ece>

### **Uttam Galva minority shareholders accuse ArcelorMittal of indulging in illegalities**

ArcelorMittal has been accused by the minority shareholders of Uttam Galva of indulging in “illegalities” in connivance with banks that caused losses of Rs 6,000 crore to the banking system of the country, a charge denied by the world’s largest steel maker. The minority shareholders of Uttam Galva have flagged concerns over declassification of ArcelorMittal as promoters of Uttam Galva.

**Source: Economic Times**

<https://www.financialexpress.com/industry/uttam-galva-minority-shareholders-accuse-arcelormittal-of-indulging-in-illegalities/1117868/>

### **Bankruptcy proceedings: Uttam Galva to repay SBI if kept from NCLT**

Uttam Galva Steels said on Monday it proposed to repay State Bank of India (SBI) if the lender agreed not to seek a resolution for the bankrupt firm in the National Company Law Tribunal (NCLT). The company owed lenders around Rs 5,637 crore as of March 2017. Uttam Galva sought four to five weeks from the Mumbai bench of the NCLT, indicating it planned to rope in a foreign investor to help repay its debts.

**Source: Financial Express**

<https://www.financialexpress.com/industry/bankruptcy-proceedings-uttam-galva-to-repay-sbi-if-kept-from-nclt/1135543/>

## [SAT adjourns Uttam Galva investors' petition challenging reclassification of ArcelorMittal](#)

The Securities Appellate Tribunal (SAT) on Monday adjourned the hearing in a petition filed by minority shareholders of Uttam Galva Steels Ltd challenging the reclassification of ArcelorMittal Netherlands BV as a public shareholder by stock exchanges. The case will be heard next on 18 June. A few minority shareholders of Uttam Galva Steels on 28 March had approached the tribunal against the exchanges reclassifying ArcelorMittal as a public shareholder of their company, a change that enabled the world's largest steelmaker to bid for bankrupt Essar Steel Ltd.

**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 Metalics Ltd, subsidiaries of debt-laden Uttam Galva Steels Ltd. Uttam Value Steel and Uttam Galva Metalics 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/DkyhD1RfgrQcF6DpouoQN/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. The company had earlier offered Rs. 30,500 crore 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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