Bid Deadline for Bhushan Power & Steel Extended to February 8

Committee of Creditors wants to consider some encouraging bids

Rakhi Mazumdar & Saikat Das

Kolkata | Mumbai: The last date for submitting bids for debt-laden Bhushan Power & Steel has been extended by 10 days to February 8 to consider some 'encouraging' offers, the Committee of Creditors decided on Saturday.

The committee wants to assess the offers, including one by a UAE-based investor believed to be close to the company's promoters, and check the credentials of the bidders, two people familiar with the matter told ET. Tata Steel, Vedanta, JSW and AION Capital are among those in the fray for Bhushan Power, which faces claims of about ₹17,000 crore from lenders. ArcelorMittal opted out of the race.

Officials involved in the process now plan to approach Kroll, an analytics firm, to investigate the background of bidders, sources said.

"There are quite a few encouraging bids for the company with some seeking more time. The deadline for submission of bids has been extended to consider the bids carefully," said an official involved in the resolution process. "We will seek help from Kroll to investigate the background of some of the bidders to ensure transparency in the entire process." Individual bidders could not be contacted immediately for comments.

Earlier, the last date for bids was January 29.

Reshmi Khurana, head of South Asia for Kroll, declined to comment on specific cases, citing confidentiality agreements. She said Kroll has been working with banks on several cases that are a part of the bankruptcy court proceedings with a mandate to identify ownership of bidders and whether they are linked to the promoters of stressed assets.

The other objective of such audits is to establish the financial wherewithal of bidders and their operating experience and track record.

Bidders are also examined to gauge their resolve and experience in turning around stressed assets. Lack of information about a bidder is enough reason to be wary, according to Khurana. The bankruptcy court process is mainly to preserve assets and bankers are aware that any mistake in selecting a bidder can derail the whole process.

The company faces claims of about ₹47,000 crore from lenders

Bhushan Power, which is not listed, runs a 506 MW captive power plant and operates 3.5 million tonnes of steel making facilities across Odisha, West Bengal and Chandigarh, producing cold rolled and galvanised steel sheets used in automobiles and consumer durables.

It has a pellet plant and an iron ore beneficiation plant. The Sanjay Singal-promoted company ran into rough weather following the cancellation of its iron ore and coal mine permits. Bhushan Power was admitted by the dedicated bankruptcy court in July last year.

Gajanan Oil Moves NCLT Against Sale of Murli Inds to Dalmia

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Mumbai: Gajanan Oil, the number two in the race to acquire debt-laden Murli Industries, has moved the NCLT to challenge the resolution professional's decision in favour of Dalmia Bharat, citing a last-minute change in rules that strengthened the case for India's second-oldest cement manufacturer.

Nagpur-based Gajanan Oil, which had submitted a higher bid for the cement and paper firm, said that the "resolution professional altered the rules midway" by asking them to furnish a bank guarantee during the advanced stages of the deal — and after the valuation was known to both the parties.

"The IRP changed the rules of the game midway," the counsel for Gajanan Oil argued in the tribunal. Gajanan offered ₹500 crore as against Dalmia's bid of ₹401 crore. It also argued that Gajanan offered to pay the amount within 60 days, while Dalmia would spread the payment over a year.

"Even then, the clause of furnishing a bank guarantee of 10% of the value (of the bid) and letter of comfort was added midway," said the counsel, hinting at a possible bias for the New Delhi-based Dalmia Bharat, India's third-biggest cement conglomerate that has among the highest per-ton operating margins in the industry.

The counsel said that though it was not possible for Gajanan to procure a bank guarantee in the window of time available, the company was willing to give a bond as a guarantee but it was not considered. The counsel for the IRP from Deloitte sought more time to contest and, therefore, the hearing has been adjourned to February 2.

A source close to the developments said that the reason for choosing Dalmia Bharat over Gajanan was that the latter was unable to disclose its source of funds, besides being unable to provide the required guarantees.

Ebix, London-based Investor Vie for Debt-ridden Educomp

Both bidders submit binding offers; lenders, who are owed ₹3,000 crore, face a haircut of up to 90%

Mohit Bhalla & Varuni Khosla

New Delhi: Ebix and a London-based investor are competing to buy debt-laden Educomp Solutions after they submitted binding offers for the company on Saturday, according to people briefed on the matter.

Nasdaq-listed Ebix's offer includes upfront payments and values the company below ₹300 crore, which is 90% less than the ₹3,000 crore owed by Educomp to lenders. The London-based investor has offered a deferred payment plan to the creditors. The offers will be evaluated by a committee of creditors on Thursday.

Educomp, promoted by Shantanu Prakash, filed for bankruptcy in May last year. The group of creditors include State Bank of India, Axis Bank, ICICI Bank, International Finance Corporation and French development finance institution Proparco.

PricewaterhouseCoopers is advising the creditors on the bidding process. A spokesperson for the firm declined comment in response to ET's queries. Ebix had not responded to emailed queries till press time on Sunday.

Two prospective bidders, FIITJEE and ExtraMarks, which had completed due diligence on Educomp Solutions, did not submit offers after their plea for a two-week extension to evaluate the company was dismissed by the National Company Law Tribunal.

The two parties had sought more time on the grounds that they had not been provided adequate information on the subsidiaries of Educomp, ET reported on Wednesday. Two subsidiaries – Edusmart and Educomp Learning Hour – are also undergoing insolvency proceedings at the NCLT. Two others, Edu Infra and Vidya Mandir Classes, are slated to be admitted for insolvency proceedings.

A Singapore-based arm of the company is already facing liquidation.

Educomp has a joint venture with Ebix to bid for government tenders in the education sector. Atlanta-based Ebix acquired digital payments platform ItzCash from Zee group last year for about ₹800 crore. Ebix is a supplier of software and ecommerce services to the insurance, financial, e-governance and healthcare industries.

"Ebix would be interested in the access that the Educomp platform can provide to a network of schools and its sales force which can be used to sell its own products such as its payments platform," said Danish Faruqui, Partner at L.E.K Consulting's global education practice.

Ebix and the London-based investor will be called for discussions and further negotiations after the offers are reviewed, according to people in the know.

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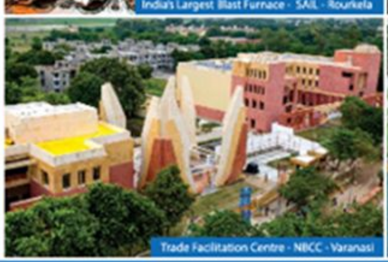
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