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**ON Saturday**

## SREI COS' RESOLUTION

# Authum Invest may Challenge NCLT Nod to NARCL's Plan

Joel Rebello & Maulik Vyas

**Mumbai:** Authum Investment & Infrastructure, the losing bidder in the race to acquire the twin Srei companies, is likely to challenge the Kolkata NCLT order approving the resolution plan submitted by the government-owned National Asset Reconstruction Co (NARCL).

A company spokesperson said Authum is examining the detailed order to determine its subsequent course of action.

Earlier on Friday, the Kolkata bench of the bankruptcy court approved the resolution plan okaying what will be NARCL's first outright acquisition since it was formed two years ago.

"We are satisfied that the resolution plan is in accordance with the IBC and also complies with regulations of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016," said the division bench of judicial member Rohit Kapoor and a technical member Balraj Joshi.

The court has granted one year to NARCL to comply with the statutory obligations and for seeking approvals from authorities.

"In case of non-compliance of this order or withdrawal of resolution plan, the payments already made by the resolution applicant shall be liable for forfeiture," the two judge bench said in a 187-page order.

Abizer Diwanji, partner-EY, who advised the administrator of Srei, said with the NCLT approval, NARCL will now own the Srei Infrastructure and Srei Equipment Finance. "The RBI and Competition Commission of India have formally approved NARCL as a successful resolution applicant. Now the monitoring committee will take charge for an ultimate transition," Diwanji said.

In February, 87% of verified creditors voted in favour of NARCL's resolution plan, while 77% voted for Authum.

NARCL had offered ₹5,555 crore on a net present value (NPV) basis for the assets, while Authum Investment offered ₹5,526 crore.

The Mumbai-based NBFC had challenged the decision of the committee of creditors (CoC) on what it had called a flawed evaluation matrix to judge its resolution plan. It also requested another 14 days for lenders to cast their votes on the resolution proposals with an updated evaluation matrix.

These were among the eight pleas that Authum had made before the bankruptcy court in February. On Friday, the NCLT dismissed all these pleas.

Authum had offered an additional upfront payment of ₹250 crore on top of its original offer of ₹3,240 crore. Its contention was that the additional amount will give it five more points in the evaluation matrix, helping it beat NARCL in terms of the net present value (NPV).

The administrator had admitted ₹32,750 crore in claims from verified creditors. The offer by NARCL will equate to a recovery of 17% on an NPV basis.

The Kolkata bench of the NCLT also rejected a petition filed by the promoter Kanoria family to submit a plan under section 12A of the Insolvency and Bankruptcy Code (IBC).

However, Akshat Khetan, founder of AU Corporate & Legal Advisory Services, says, "Resolving NBFC through the Insolvency and Bankruptcy Code can be a complex decision that depends on various factors, including the nature of the NBFC's operations, the extent of financial distress, and the regulatory framework in place nevertheless IBC seemingly helps achieve quick & consolidated resolution and revival."



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