

TRENDING# M Karunanidhi NRC Assam Ind vs Eng Narendra Modi

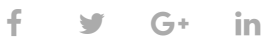
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Hyderabad's VNR Infra first firm to be liquidated under IBC



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Manju AB

Hyderabad-based VNR Infrastructures Ltd, owned by Vakati Narayana Reddy, a member of legislative council of Andhra Pradesh, has become the first company to be liquidated by the Hyderabad bench of National Company Law Tribunal (NCLT) on August 4, 2017.

The company which owes Rs 1,000 crore to a clutch of banks led by State Bank of India, will be liquidated under the Insolvency and Bankruptcy Code 2016 (IBC) for defaulting on its repayments to banks. Other bankers who have exposure to the company include Punjab National Bank, Indian Overseas Bank, Bank of Baroda and Bank of India.

The company which is into engineering procurement construction (EPC) of railway projects had asked bankers for a 15-year repayment period with a two-year moratorium, but the bankers refused the plan. The company has now been asked to pay an upfront fee of Rs 100 crore for considering the resolution.

Devendra Jain, a chartered accountant who had been appointed as the interim resolution professional (IRP), said there are no cash flows for the company to make this payment. According to Jain, the resolution plan was

Jain told DNA money, "Banks felt that the plan was not supported by an upfront payment. Also, the corporate debtors were requesting a 15-year time period to repay the debt, which they felt was unreasonable."

"This is an EPC company working on railway contracts, so there are no fixed assets to sell. With fresh contracts, the company could have turned around. But with no support from lenders, the company had to be dissolved. I had also suggested the banks to reconsider the resolution plan by the debtor after some modification because the company still has potential to revive and also sell out some assets to recoup some of the losses," said Jain.

IFCI Ltd, the secured (financial) creditor, which has cumulative exposure of over 25% of VNR's debt, had simultaneously proceeded against the promoters under the Sarfaesi Act, 2002.

The Committee of Creditors (CoC), which is constituted under section 18 of the IBC Code was unable to arrive at a resolution plan to revive the corporate debtor whose net worth has been completely eroded. While the IRP sought to extend the moratorium period by 90 days by invoking section 12 of the Code, the CoC unanimously rejected for any such extension, making it the first company to be liquidated under the IBC.

BAD-LOAN BLUES

- VNR owes Rs 1,000 crore to a clutch of banks led by State Bank of India
- Other bankers include PNB, Indian Overseas Bank, BoB, Bank of India

Andhra Pradesh

Hyderabad

India Business Report

Punjab National Bank

Indian Overseas Bank

Bank of Baroda

State Bank of India

Devendra Jain

IFCI

National Company Law Tribunal

Insolvency and Bankruptcy Code 2016

NCLT

VNR Infrastructures

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