

# Birla Fights Bain-Backed Binani Plan With \$1.1 Billion Offer

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- UltraTech signs in-principle pact with Binani's owner: filing
  - Move could undermine Dalmia led-consortium's winning bid
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UltraTech Cement Ltd. has signed an “in-principle” pact with Binani Industries Ltd. to buy its holdings of a distressed unit as India's largest cement maker attempts to beat out a Bain-backed consortium, which earlier made the winning bid in ongoing bankruptcy proceedings.

UltraTech, controlled by billionaire Kumar Mangalam Birla, said it had agreed to pay 72.7 billion rupees (\$1.1 billion) for a 98.43 percent stake in Binani Cement Ltd. “subject to termination of” the insolvency proceedings that are underway, according to an exchange filing. The Dalmia Bharat Ltd. group, backed by Bain Capital Credit and Ajay Piramal's Piramal Enterprises Ltd., had secured support for a panel of creditors for its resolution plan last week.

The latest missive in the fight for Binani's cement assets will test India's fledgling bankruptcy code and set a standard for whether counteroffers for a distressed asset can be considered even after a court-appointed insolvency professional has closed the bidding process and backed one of the bidders. The Kolkata bench of the National Company Law Tribunal will next hear the case on March 22.

“If bankers agree to this, they will be jeopardizing the entire process of IBC as they have many other assets to liquidate,” Anil Singhvi, chairman of Ican Investment Advisors Pvt. and former managing director of Ambuja Cements Ltd., said referring to the new law. “Everyone in hindsight will think of putting higher bids,” said Singhvi, who was part of a separate bidding consortium for Binani.

India's policy makers are attempting to use its newly-minted bankruptcy code and courts to resolve about \$210 billion in stressed loans that are weighing on banks and crimping lending growth. The central bank has directed lenders to restructure the borrowings of all companies within 180 days of default or take steps to recover the dues through the insolvency route.

UltraTech's board has agreed to issue a “letter of comfort” to Binani Industries, which controls the distressed firm, and this can be used as support to terminate insolvency proceedings, according to the exchange filing. UltraTech stock closed 1.3 percent lower at 3,972.40 rupees per share in Mumbai.

“The promoters of Binani Industries can no longer take decisions on behalf of its subsidiary,” Arjun Gupta, a corporate insolvency lawyer with Nishith Desai Associates said, referring to a local term for the company's majority owners. Any direct line of communication between the owners of the defaulting company and one of the

bidders “goes against the spirit and scope of the code,” Gupta said, adding that Dalmia’s bid, which has creditors’ approval, should be honored unless set aside in line with the law.

The disclosure creates uncertainty about the fate of the Dalmia-led consortium’s bid of about 63.5 billion rupees, including the offer of a 20 percent stake in Binani Cement to lenders. Dalmia Cement declined to comment on UltraTech’s offer.

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