

# SIDBI's petition against Alok Ind puts banks in fix

■ Moves Bombay HC for liquidation of assets

**Shayan Ghosh**  
Mumbai, Nov 20

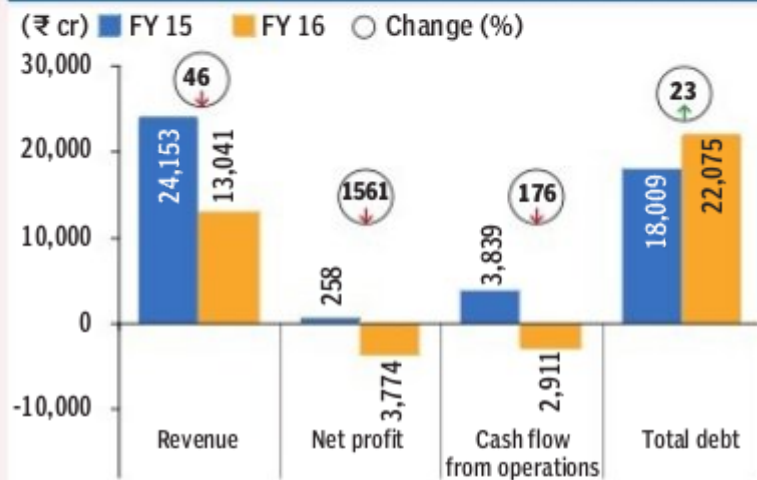
**B**ANKERS attempting to recover ₹24,000-crore loan to Alok Industries may be in a bit of a fix with the Small Industries' Development Bank of India (SIDBI) also having filed a winding-up petition against the company in the Bombay High Court.

Already efforts to initiate a strategic debt restructuring (SDR) scheme have come to nought because the Bombay HC stayed the company's sale of assets and change in its equity structure after HSBC filed a winding-up petition.

The London-based bank had filed the petition on behalf of unsecured lenders like VTB Capital to settle the outstanding dues worth \$55 million.

SIDBI has filed the petition under Sections 433 (E), 434 and 439 of the Companies Act, seeking to wind up Alok Industries and liquidate its assets. According to sources, SIDBI is not part of the 30-lender consortium to the company and is, therefore, classified 'other lender'

## Strained finances



Source: Company Annual Report

in its annual report.

Other petitioners include HSBC, Barclays Bank, Shreeji Steel Traders, Netherlands Development Finance Company (FMO) and Global Tradinglinks.

Alok Industries is currently ineligible for a loan recast even under the revised rules for the sustainable structuring of stressed assets (S4A) scheme — *FE* reported recently a techno-economic viability (TEV) study found sustainable debt to be at ₹10,800 crore, slightly less than 50% of the firm's total debt.

Bankers, however, are

hopeful that the Reserve Bank of India (RBI) will respond favourably to suggestions asking for some relaxations in the formula for calculating the sustainable debt. Currently, lenders can invoke the S4A only in companies where 50% of borrowings are sustainable or can be serviced by current cashflows.

A senior executive of a leading public sector bank pointed out that once a court orders a company to be wound up, banks find it virtually impossible to recover their loans.

■ **Continued on Page 2**