

52856/ITSL/OPR/2022-23.

28th December, 2022.

To,

Bank of Baroda

Corporate Financial Services Branch,
Laxmi Tower, C-8, 2nd Floor,
G-Block, Bandra Kurla Complex,
Bandra East, Mumbai – 400 051.

Sirs,

- Re:**
- i. News report in The Economic Times dated 27th December 2022 in relation to recovery of “settlement amount” from Reliance Home Finance Limited; and
 - ii. Your letter dated 30th April 2022 in response to our letter dated 27th April 2022

-
1. We, IDBI Trusteeship Services Limited (“We” or “our” or “ITSL”) are addressing this letter in reference to the captioned news report titled as “*Lenders set to recover settlement amount for Reliance Home Finance*” (a copy of which is annexed herewith for your reference as Annexure I). The captioned news report mentions that “Authum Investment will distribute Rs. 1565 crores to 33 lenders that had signed an Inter-Creditor Agreement” and “the biggest beneficiary of the distribution of the proceeds would be Yes Bank as it would recover Rs. 319 crores followed by Bank of Baroda at Rs. 262 crores. Among other lenders, Life Insurance Corp would receive Rs. 184 crores, Canara Bank Rs. 150 crores and Punjab & Sind Bank Rs. 138 crores.”
 2. We understand that the Delhi High Court vide its order dated 21st December 2022 in the matter of Always Remember Properties Private Limited v. Reliance Home Finance Limited & Anr. (being O.M.P. (I) (Comm.) 420 of 2019) has vacated the injunction orders dated 15th November 2019 and 20th November 2019 passed in the said matter while allowing a joint application which was preferred by you and the Petitioner therein.
 3. The captioned news report mentions that pursuant to the order passed by the Delhi High Court, lenders under the Inter-Creditor’s Arrangement (“ICA”) are set to recover “settlement amount” from Reliance Home Finance Limited (“RHFL”) and Authum Investment and Infrastructure Ltd. (“Authum”) will be distributing funds, as per the details set out herein above. At the outset, you are urgently called upon to confirm or deny the contents of the captioned news report, specifically the contents in respect of

distribution of funds by Authum within 1 (one) day from the date of receipt of this letter.

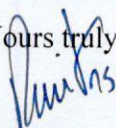
4. As you are aware, the Resolution Plan proposed by Authum was subject to the approval of the non - ICA lenders, which includes ITSL. As you are further aware, RHFL had filed an application before the Bombay High Court seeking an approval of the Resolution Plan which was tabled in the meeting of the Debenture Holders held on 13th May 2022 (*being Interim Application (L) No. 33514 of 2022 in Comms. Suit (L) No. 26568 of 2021*). The Bombay High Court vide its order dated 16th December 2022 has categorically recorded that it is a conceded position that the requisite majority for approval of the Resolution Plan in terms of the Circular dated 13th October 2020 issued by Securities Exchange Board of India has not been achieved. The Bombay High Court has thereafter disposed off the said application, while observing that the reliefs sought by RHFL cannot be granted. Therefore, as on date, there exists no resolution plan which is capable of implementation by Authum. Any actions in furtherance to the purported Resolution Plan proposed by Authum will therefore be illegal and bad in law.
5. Further, the captioned news report records that “*the Lenders that signed the ICA need to ink a consent agreement stating that they will reverse the settlement amount in case of any adverse order by the adjudicating authority*”. On a bare perusal of the above, it is evident that this is an ill-advised and blatant attempt on your part (acting as the Lead Bank for the ICA Lenders) to circumvent the order dated 9th July 2021 passed by the National Company Appellate Tribunal, New Delhi (“NCLAT”) in the appeal preferred by you (*Comp. Appeal (AT) 69 of 2021*) where the NCLAT had directed parties to the said appeal (including RHFL) to maintain status quo prevailing as on the date of the order, which is binding upon you and the ICA Lenders.
6. It is clarified that the order passed by the NCLAT directed parties to maintain a status quo on the date of the said order, which included you as an Appellant to the said appeal. The said order does not in any manner give you a right to appropriate the assets/ funds of RHFL, where ITSL has a *pari passu* charge, under the garb of implementation of the purported resolution plan. Further, a purported “*consent agreement*” cannot be a basis for blatantly contravening the order passed by the NCLAT. It is necessary to emphasise that such an agreement will in any event be void in law.
7. We reiterate that such attempts on your part to circumvent the order dated 9th July 2021 passed by the NCLAT, by appropriating RHFL’s assets through entering into such purported “*consent agreements*” as stated in the captioned news report are bad in law and in the teeth of the order passed by the NCLAT.
8. In these circumstances, please note that in the event, you fail to respond to this letter or initiate any such actions as stated in the captioned news report, particularly in respect of distribution of the funds available with RHFL, we will be constrained to approach the NCLAT or any other forum to seek appropriate orders/remedies.



9. This letter is being issued without prejudice to all our rights and contentions in either law or contract. All our rights are expressly reserved.

Kindly acknowledge receipt.

Yours truly,



IDBI Trusteeship Services Limited
Authorized Signatory

CC:

Reliance Home Finance Limited,
The Ruby, 11th Floor, North-West Wing,
Plot No. 29, Senapati Bapat Marg,
Dadar (West), Mumbai 400 028

Authum Investment will distribute ₹1,565 crore to 33 lenders

Lenders Set to Recover Settlement Amount for Reliance Home Fin

Sangita.Mehta
@timesgroup.com

Mumbai: Eight months after agreeing to sell Anil Ambani-promoted Reliance Home Finances (RHFL) to Authum Investment and Infrastructure, lenders are finally set to recover the settlement amount later this week, two people aware of the development told ET.

The Delhi High Court on December 21 vacated a stay on the distribution of proceeds from the sale of RHFL after two disputing creditors — a Shapoorji Pallonji entity and lenders led by Bank of Baroda — agreed on a 'conditional settlement'.

Authum Investment will distribute ₹1,565 crore to 33 lenders that had signed an intercreditor agreement (ICA), the people cited above said.

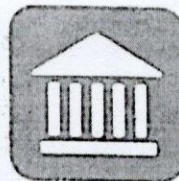
As per the terms of the settlement, Shapoorji Pallonji (SP) entity Always Remember Properties, which claimed ₹200 crore, will receive a settlement amount of ₹46 crore. That is proportionate to the amount distributed to other lenders as per the resolution plan and the court order.

Following an appeal by SP Group in November 2019 seeking a settlement of ₹200 crore, the Delhi High Court prohibited RHFL from disposing of, alienating, or encumbering either di-

rectly or indirectly any of its assets. This prevented lenders from concluding the debt resolution process of RHFL.

As per the settlement terms, a sum of ₹154 crore — the balance amount claimed by SP entity — will be deposited with the Delhi High Court. The order stated that this amount "will be paid to

the appropriate party based on the outcome of the arbitration" between the parties involved.



Yes Bank to receive ₹319 crore, followed by Bank of Baroda, at ₹262 crore, among others

The biggest beneficiary of the distribution of proceeds would be Yes Bank. It would receive ₹319 crore, followed by Bank of Baroda, at ₹262 crore. Among

other lenders, Life Insurance Corp would receive ₹184 crore, Canara Bank ₹150 crore and Punjab & Sind Bank ₹138 crore.

Lenders that signed the ICA need to ink a consent agreement stating that they will reverse the settlement amount in case of any adverse order from the adjudicating authority.

In June 2021, Authum emerged as the winning bidder for RHFL offering ₹2,683.23 crore to lenders and NCD holders. However, this offer did not include ₹200 crore overdue of the SP group entity.