Adani Power Back in Running for Lanco Unit, makes Improved Offer

Submits offer of ₹3,650 cr for Lanco Amarkantak Power versus earlier proposal of ₹2,950 cr

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Mumbai: Adani Power has rekindled its desire to acquire bankrupt Lanco Amarkantak Power after backing out of the race last December. This week the company submitted a revised, improved offer of ₹3,650 crore to lenders versus the ₹2,950 crore proposal it made in December, said two people aware of the development.

The thermal power company's lenders will meet Thursday (November 2) to review the offer from Adani, the people said. Adani's new offer comes several months after a majority of lenders voted for a ₹3,020-crore resolution plan from a PFC-led consortium.

Lanco Amarkantak Power, which is undergoing corporate insolvency, operates coal-based thermal power projects along the Korba-Champa highway in Chhattisgarh.

Adani Power did not respond to ET's request for comments.

In January, the PFC-led consortium's proposal secured 95% of votes, while Adani Power got 17% votes. Reliance Industries, which was also in the race offering ₹2,165 crore, did not receive any votes, ET had reported on January 10.

The PFC team was declared the winner since it won higher than 66% votes required to acquire a company under the bankruptcy process.

The PFC consortium that includes REC Ltd among others, emerged as the successful bidder partly because Adani and Reliance did not participate in the challenge auction for acquiring the power company, citing violation in the sale process, as reported by ET on December 1, 2022.

They objected to the challenge auction which was introduced at a late stage and also raised concern over the conflicting role played by the PFC-REC team.

Since the PFC-REC plan is not yet approved by the National Company Law Tribunal (NCLT), lenders can file a petition with the tribunal seeking to withdraw the approved plan, legal experts said.

This, however, may not happen until PFC and REC, who jointly hold 41% debt in Lanco Amarkantak, agree.

Effectively, the PFC-REC team is a bidder as well as lender to the company. The Insolvency and Bankruptcy Code (IBC) does not prevent debtholders from bidding for a company undergoing corporate insolvency. In this case, by virtue of being the largest debtholder, it can block a resolution. Conversely, a plan can be approved if 66% of lenders approve it.

In December 2022, when lenders voted for the PFC-REC offer, the company had ₹1,200 crore cash balance from operations. This has now risen to ₹1,800 crore. Thus, the increase in offer by Adani will compel lenders to reconsider their decision, said a consultant involved in this transaction.

The thermal power company's lenders will meet Nov 2 to review the offer from Adani

LOWER COSTS BOOST BOTTOM LINE

Ambuja Cements Profit Surges over 4-fold in Q2

Posts standalone profit of ₹644 cr, top line rises 8% to ₹3,970 cr

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Report Card

Adani Group company reports a standalone profit of ₹644 crore compared to ₹139 cr in 2022

Standalone top line improves 8% on-year to ₹3,970 cr

Cement and clinker sales volumes grew by 7% to 7.6 m tonnes

EBITDA margin more than doubled to 19.5%

Along with strong demand for our premium cement products, our business performance improved due to operational excellence, supply chain management and sales & marketing excellence"

AJAY KAPUR, CEO, Ambuja Cements

Mumbai: Ambuja Cements' profit for the July-September quarter more than quadrupled year-on-year aided by better cost efficiencies and lower fuel expenses.

The Adani Group company reported a standalone profit of ₹644 crore compared to ₹139 crore last year. The standalone top line improved 8% on-year to ₹3,970 crore while cement and clinker sales volumes grew by 7% to 7.6 million tonnes.

The company's expenses declined by 2% year-on-year despite higher volumes. This, after fuel costs declined by nearly a third. Subsequently, earnings before interest, tax, depreciation and amortisation (EBITDA) improved by nearly 150% to ₹774 crore. EBITDA margin more than doubled to 19.5%.

"Along with strong demand for our premium cement products, our business performance improved due to operational excellence, supply chain management and sales & marketing excellence," said Ajay Kapur, the chief executive officer of Ambuja Cements. "Adjacencies benefits with (Adani) group companies are lowering input costs which is boosting EBITDA & Margin growth."

Operational efficiencies also helped in reduction in kiln fuel cost by a third, Kapur said.

At a consolidated level, which includes the financials of subsidiary ACC Ltd, the cement maker reported revenue of ₹7,424 crore, up 4% year-over-year.

The consolidated bottom line increased 19-fold to ₹987 crore. Ambuja Cements' stock lost 1.18% on Wednesday to close at ₹406.75 on the BSE. Benchmark Sensex lost 0.44% during the session.

The cement maker has ordered the equipment and civil work has started for its upcoming 4 million tonnes per annum (MTPA) manufacturing facility at Bhatapara, Kapur said. The work is expected to be completed in the coming 24 months. For the corresponding grinding units at Sankrail and Farakka order has been placed on EPC vendor and piling work has also started, he said.

Adani Wilmar Posts ₹130-cr Loss on Sluggish Cooking Oil Business

New Delhi: Edible oil major Adani Wilmar on Wednesday reported a consolidated net loss of ₹130.73 crore for the September 2023 quarter, as profitability was badly impacted in the cooking oil business. The company, which sells edible oil and other food products under the Fortune brand, had posted a net profit of ₹48.76 crore in the year-ago period. Its total income also fell to ₹12,331.20 crore during the July-September period of 2023-24 from ₹14,209.20 crore in the corresponding period of the previous fiscal, according to a regulatory filing. The total expenses of Adani Wilmar — an equal joint venture between business conglomerate Adani Group and Singapore-based Wilmar — stood at ₹12,439.45 crore during the second quarter of this fiscal against ₹14,149.62 crore in the year-ago period. Adani Wilmar MD & CEO Angshu Mallick said, "While the profitability in edible oils was impacted consecutively for the second quarter, we believe that the abnormality will soon reverse". —PTI

Tata Power Appoints Deepesh Nanda as Prez-Renewables and CEO of Arm

New Delhi: Tata Power on Wednesday said Deepesh Nanda has been appointed as President-Renewables and CEO & MD of its subsidiary Tata Power Renewable Energy Limited (TPREL). His appointment is effective November 1, 2023, Tata Power said in a statement.

Nanda will be responsible for driving the growth and profitability of Tata Power's renewable energy portfolio, which encompasses solar, wind, hybrid, and ESC green energy solutions. He will also lead innovation and digital transformation initiatives in the renewable energy sector.

Nanda brings with him 28 years of experience across companies like GE, Flowserve and Tyco. He joins Tata Power from GE Gas Power, where he was the Chief Executive Officer for South Asia. Praveer Sinha, CEO & MD of Tata Power, said, "We welcome Deepesh Nanda to the Tata Power family. His illustrious career and proven track record of delivering excellence make him a valuable asset as we chart our path toward leadership in the renewable energy domain. —PTI

WeWork Global's Bankruptcy Won't Impact India Unit, says Top Exec

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Bengaluru: New York-headquartered WeWork's warning of a bankruptcy risk would not have an impact on its India unit as it is a separate unit from WeWork Global, the company's regional CEO Karan Virwani said.

WeWork, valued at $47 billion in 2019, is expected to file for bankruptcy within the upcoming week.

This move comes as the SoftBank Group-backed company grapples with a high debt load and financial losses.

"WeWork India is a separate entity from WeWork Global. The recent news around the potential bankruptcy and Chapter 11 filing in the US will have no impact on the members and stakeholders in India. Any development globally has no bearing on the operations of the business. In India, we will continue to operate and serve our members, landlords, and partners as usual," said Virwani.

WeWork India, which is backed and owned in majority by Indian real estate firm Embassy Group, said it was focused on growth with sustained profitability.

WeWork India, in which WeWork Inc owns about 27%, has been one of the company's fastest-growing affiliates outside the US.

The remaining 73% is owned by Embassy Group, one of the country's leading office developers. WeWork India ended FY 2022-23 with a revenue of $168.99 million and $30.18 million in earnings.

"We are backed by the Embassy Group, which holds the majority stake and control to run and operate the business in India. We have achieved consistent and sustainable growth, both operationally and financially. WeWork India is the leader in the flexible workspace industry and has transformed the way India works. We are committed to the robust growth and success of the business and the industry," he said.

WeWork India currently has about 6.5 million sq ft of assets signed across 50 locations in seven cities — New Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Pune, and Hyderabad.