



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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Latest updates On Insolvency & Bankruptcy

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"There is nothing impossible to them who will try"

➤ **Businessman arrested for corporate fraud**

The Entrustment Document Fraud (EDF) of Central Crime Branch on Wednesday arrested businessman Shaji Purushothaman, 48, for allegedly cheating Jayamurugan of S.N.J. Distilleries who bought Empees Distilleries from the former.

Shaji Purushothaman was one of directors of Empee Distilleries which was his family-owned company. Following a petition from Empee Distilleries, on November, 1, 2018, National Company Law Appellate Tribunal (NCLT) initiated corporate insolvency resolution process and an interim resolution professional (RP) was appointed.

Based on the resolution plan submitted by the resolution professional, SNJ Distillers Pvt. Ltd. participated in the bid and succeeded in taking over the Empee Distilleries in 2020.

After the takeover, the SNJ Distilleries conducted due diligence in tracking various frauds, cheating, fabrication of documents, forgery with pre-dated documents committed by the directors of accused persons in the said company.

Empee Distilleries holds the company of Apollo Distilleries and Breweries Private Ltd. (worth about ₹125 crore), for which also the SNJ Distilleries had paid the bid amount of ₹475 crore. But Shaji Purushothaman and others created a series of bogus forged loan agreements with South India Hotels Private Ltd. and pledged four crores shares of Apollo Distilleries (worth about ₹40 crore). They created ante-dated documents to show that the above said shares were invoked by South India Hotels Private Ltd..

Jayamurugan of SNJ Distilleries lodged a complaint with EDF for cheating. The FIR was registered against 10 including Shaji Purushothaman.

Recently, The Madras High Court dismissed his anticipatory bail petition following which, the EDF team led by inspector of police V.Revathi arrested Shaji Purushothaman at his house in Uthandi on Wednesday. He was remanded in judicial custody after being produced before a court.

Source: The Hindu

Read Full news at: <https://www.thehindu.com/news/cities/chennai/businessman-arrested-for-corporate-fraud/article65755490.ece>

➤ **Lenders opt for forensic audit of Future Retail**

Lenders led by have appointed BDO India to conduct a forensic audit of NSE 0.00 % (FRL), which is facing insolvency proceedings, said two people with knowledge of the matter. Kishore Biyani-led Future Retail had attempted to stave off bankruptcy by selling its companies to NSE 0.38 % ' retail unit. Creditors did not approve the deal and the company was admitted to the National Company Law Tribunal for insolvency proceedings after it defaulted on ₹3,495 crore debt.

Market regulator Securities and Exchange Board of India too has last week appointed chartered accountants Chokshi & Chokshi to conduct a forensic audit of Future Retail.

Lenders say they wanted an independent assessment of the loan account since they would not have access to the Sebi report. Secondly, the finance ministry has mandated lenders to conduct a forensic audit of non-performing loan accounts where the exposure is over ₹50 crore, said a lender.

Sebi has mandated Chokshi & Chokshi to audit Future Retail and related entities for the financial year ending March 2020 to March 2022. Future Retail had entered into related-party transactions with its affiliates such as NSE 0.00 % , NSE 0.71 % and Future Consumer. The audit report could highlight if these transactions were prejudicial to the interest of creditors.

The findings of the BDO India report will be critical for lenders to decide on whether to declare the account as fraud.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/industry/services/retail/lenders-opt-for-forensic-audit-of-future-retail/articleshow/93463314.cms>

➤ **New York investment firm, 2 others submit bids for Srei group firms**

At least three bids have been received for the Srei group companies currently under the insolvency resolution process.

New York-based investment firm Arena Investors, VFSI Holdings, an affiliate of Värde Investment Partners, and Shon Randhawa (lead partner) and Rajesh Viren Shah, are understood to have submitted resolution plans for the two insolvent companies.

The lenders had earlier extended the deadline to submit resolution plans for the two NBFCs by 10 days to August 10, after prospective bidders requested them for an extension of the timeline.

Source: Financial Express

Read Full news at: <https://www.financialexpress.com/industry/new-york-investment-firm-2-others-submit-bids-for-srei-group-firms/2625494/>

