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OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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Latest updates On Insolvency & Bankruptcy

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➤ **Jaypee flagship company 3rd in group to face insolvency**

State Bank of India has moved the National Company Law Tribunal (NCLT) to initiate insolvency action against Jaiprakash Associates Ltd, the flagship company of Jaypee group, putting the fate of thousands of homebuyers in Jaypee Greens, Jaypee Wishtown and Jaypee Greens Sports City, including the F1 track, in uncertainty. The number of units that will be impacted was not readily available.

The group also owns some hotels, golf courses, cement plants and coal blocks. After Andhra Cement and Jaypee Infratech, the massive real estate venture, this is the third company of the group that has been dragged to the insolvency court by lenders. Homebuyers in Jaypee Infratech are still waiting for an outcome, five years after the matter reached NCLT.

Jaiprakash Associates' lease for some of the land under the jurisdiction of Yamuna Expressway Industrial Development Authority has also been cancelled as the company failed to pay the dues.

In August 2017, the Centre and RBI had identified Jaiprakash Associates (JAL) among 26 cases for insolvency action but other lenders blamed ICICI Bank and SBI for being slow in pursuing the case although a petition was filed in September 2018. The loan had been classified as a nonperforming asset in March 2016.

SBI has now cited a default of Rs 6,893 crore to seek the initiation of insolvency action and has proposed the appointment of Bhuvan Madan as the interim resolution professional. JAL had a total debt of around Rs 27,000 crore.

"We will respond to the petition and it has always been our intention to clear all the dues of banks. We have sold assets of Rs 40,000 crore and we are confident of resolving the matter," a senior Jaypee group executive told ToI.

For the year-ended March 2022, JAL had reported losses of over Rs 1,200 crore.

The management led by Manoj Gaur had been arguing that lenders had agreed to a debt "realignment" plan in 2017, which has not been executed with the latest default

seen to have forced SBI to take up the issue with ICICI Bank. Several other lenders were in any case keen on moving against the company as resolution was not visible.

Source: The Times Of India

Read Full news at: <https://timesofindia.indiatimes.com/city/noida/jaypee-flagship-company-3rd-in-group-to-face-insolvency/articleshow/94491750.cms>

➤ **SBI files insolvency petition against Jaiprakash Associates**

SBI, in its application, has proposed to the court to appoint Bhuvan Madan as the interim insolvency professional.

The country's largest lender State Bank of India (SBI) has taken construction firm Jaiprakash Associates to bankruptcy court for defaulting on a loan payment of Rs 6,893 crore. The application was filed on September 19 to the Allahabad bench of the National Company Law Tribunal (NCLT).

SBI, in its application, has proposed to the court to appoint Bhuvan Madan as the interim insolvency professional.

Jaiprakash Associates defaulted on payments to lenders to the tune of Rs 2,897 crore on February 28. The company has Rs 1,544 crore of interest overdues and Rs 1,353 crore to lenders, according to a statement issued to bourses.

Lenders to Jaiprakash Associates, the flagship company in the group, include ICICI Bank, Axis Bank, IDBI Bank, Canara Bank and Bank of Baroda.

The default is on obligations such as fund-based working capital, non-fund-based working capital, term loans and FCCB. In total, there are about 32 banks which have exposure to Jaiprakash Associates.

The company has a total outstanding debt of Rs 27,000 crore to creditors.

In September 2018, ICICI Bank, the lead lender, had filed an insolvency petition against JP Associates before the Allahabad Bench of the NCLT. The lenders have been trying to restructure the debt outside IBC but this has not been successful so far.

JP Associate was on the second list of insolvency accounts the RBI had sent to banks in 2017. Jaypee Infratech Ltd, the other group company, is already undergoing NCLT proceedings. Recently, another real estate company Supertech had declared insolvency.

The Delhi-NCR-based developer, which has several ongoing projects in Noida, Greater Noida, Gurugram and Ghaziabad, went into insolvency after the Delhi bench of the NCLT admitted a petition filed by the Union Bank of India for non-payment of dues of Rs 431,92,53,302 as on January 31, 2021.

This order may impact over 25,000 homebuyers who were awaiting possession of their homes booked with the developer for several years. However, Supertech claimed that the company has 38,041 customers out of which 27,111 homes have been delivered.

The NCLT appointed Hitesh Goel as the insolvency resolution professional (IRP) for Supertech under the Insolvency and Bankruptcy Code (IBC). The tribunal had reserved its order in the case on March 17, 2022 after the one-time settlement proposed by Supertech was rejected by the bank and arguments were heard.

Source: Money Control

Read Full news at: <https://www.moneycontrol.com/news/business/sbi-files-insolvency-petition-against-jaiprakash-associates-9240981.html>

