

A CASE STUDY ON JAYPEE INFRATECH LIMITED



BY

CA SHUBHAM GUPTA
PAMS & ASSOCIATES

Email Id-

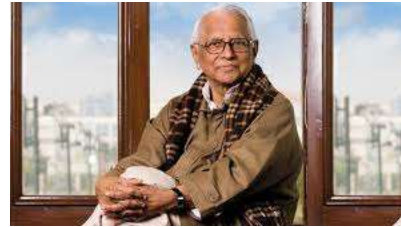
audit@pamsassociates.com

Introduction of Jaypee Group



Introduction	An Indian Conglomerate based in Noida
Founded by	Jaiprakash Gaur
Founded in	1979
Core Businesses	Engineering, Construction, Cement, Power, Hospitality, Real Estate, Expressways, Information Technology
Major Subsidiaries	<ul style="list-style-type: none">•Jaypee Infratech Limited (JIL)•Jaiprakash Power Ventures Limited (JVPL)•Jaypee Karcham Hydro Corporation Limited (JKHCL)•Jaypee Power Grid Limited (JPL)•Bokaro Jaypee Cement Limited(BOJCL)

About Promoter- Jaiprakash Gaur



Born in	January 1, 1930 (Uttar Pradesh)
Education	B.Tech (IIT Roorkee)
Awards	<ul style="list-style-type: none">•Distinguished Alumni Award•Lifetime Achievement Award•Udyog Ratna Award•Entrepreneur of Year Award
Wealth	US\$1.5 Billion in 2010(48th Richest Indian)
Retirement	2010

Every time someone tried to explain to me there are limits to what one man can do, I pointed to the boundless sky and said, 'There is the limit'.

Introduction of Jaypee Infratech Limited



JAYPEE INFRA TECH LIMITED

Introduction	Subsidiary of Jaypee Group	Promoters	Manoj Gaur, Sunil Kumar Sharma, Sameer Gaur, Rekha Dixit, Sachin Gaur
Incorporated	April 5, 2007 (Noida)	Net Profit	Rs 1289 crores (2012) Rs 1435 crores (2011)
Main Purpose	To develop, operate and maintain the 165 Kms Yamuna Expressway in the state of Uttar Pradesh, connecting Noida and Agra. The company has also right to develop 25 million square meters of land along the Yamuna Expressway and Noida at five locations for Residential, Commercial, Amusement, Industrial and Institutional purposes.	As per Annual Report of FY 2011-12	<ul style="list-style-type: none"> •Manoj Gaur, Chairman cum MD •Cash and Cash Equivalents- Rs 541.60 cr •Revenue- Rs 3155.90 cr •Net Profit- Rs 1289.72 cr
		Best Known For	Yamuna Expressway and the F1 Circuit in Greater Noida

Project Images of Jaypee Infratech Limited



JAYPEE INFRA TECH LIMITED



First Aid Centre at Jewar Toll Plaza on Yamuna Expressway



Vehicular underpass at 12 Km from zero point on the Yamuna Expressway from Greater Noida



Toll Plaza at Yamuna Expressway



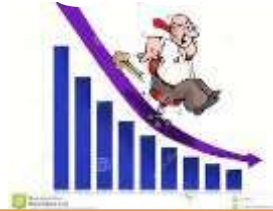
Another view 165 Km Yamuna Expressway, Noida to Agra

JIL- A Growth History



Period	Milestone
Dec 2007	Commencement of construction of the <u>Yamuna Expressway</u>
Nov 2008	Launch of residential project <u>Jaypee Greens Klassic</u> at Noida, Uttar Pradesh, India
May 2009	Launch of residential project <u>Jaypee Greens Aman</u> at Noida, Uttar Pradesh, India
July 2009	Launch of residential project <u>Jaypee Greens Kosmos</u> at Noida, Uttar Pradesh, India
Oct 2009	Commencement of construction of the <u>Jaypee Medical Super Speciality 450 bed hospital</u> , at Noida, Uttar Pradesh, India
Jan 2010	Launch of residential project <u>Jaypee Greens Kensington Park (Plots)</u> at Noida, Uttar Pradesh, India
Feb 2010	Launch of residential project <u>Jaypee Greens Kensington Park (Apartments)</u> at Noida, Uttar Pradesh, India
April 2010	<u>Got Listed on Stock Exchange</u>
Oct 2011	Inaugurated <u>Buddh International Circuit (India's Racing Arena)</u>
Aug 2012	<u>Yamuna Expressway Inaugurated</u>

JIL- What Went Wrong



- The company had proposed to build 32000 flats and some plots under the revolutionary Integrated Wish Town Project located in Sectors 128, 129, 131, 133 & 134 along the Noida - Greater Noida Expressway
- Piling losses from its other projects such as the unused Formula One Circuit, Ban on ground water extraction for construction by National Green Tribunal, Fund crunch and issues related to environmental clearance lead to problems.
- The integrated housing project showed no signs of residencies close to delivery for a majority of buyers even after 90 percent of cost payment to the builders. Only 12000 Flats delivered and few hundred Plots.
- Cross with the delay in possession of flats, the buyers conducted protests and filed a case of cheating at Expressway Police Station, when their pleas fell on deaf ears of the builders-in-denial
- Jaypee Infrastructure saddled with a total debt of Rs 8,000 crore. It owed IDBI alone Rs 526 crore.

INSOLVENCY OF JIL UNDER INSOLVENCY AND BANKRUPTCY CODE (IBC), 2016



08 August 2017



NCLT

National Company
Law Tribunal

- IDBI Bank petitioned the National Company Law Tribunal (NCLT) to initiate insolvency proceedings against Jaypee Infratech for defaulting on loans worth Rs 526 crore.
- Here: IDBI-Operational Creditor
JIL - Corporate Debtor
- NCLT Allahabad Bench admitted the IDBI application against JIL.

09 August 2017



- A Corporate Insolvency Resolution Process (CIRP) has been initiated by an order passed by the Hon'ble National Company Law Tribunal (NCLT) Allahabad Bench (IDBI Bank vs Jaypee Infratech Limited) under Sec 7 of IBC, 2016.
- By the same order, NCLT appointed Anuj Jain as Interim Resolution Professional(IRP).
- The default amount in order was Rs 526,11,40,827.
- As per Provisions of IBC, on commencement of CIRP, the powers of Board of Directors of the company stand suspended and shall be exercised by IRP.
- The IRP needs approval of Committee of Creditors (CoC) before undertaking any significant decision.

12 August 2017



NBT
नवभारत टाइम्स

- A public announcement has been made in two newspapers Navbharat Times and Times of India inviting claims from creditors including flat owners of the company.
- The claim can be made in requisite format which is available on website of the company.

27 August 2017

Insolvency
And
Bankruptcy code

- Under Sec 25 of IBC- 'Expression of Interest' are invited from the parties interested in submitting a resolution plan for JIL in accordance of the provisions of IBC.
- Interested Parties have to satisfy certain criteria available on following web address.

<http://www.jaypeeinftratech.com/communication/2017/JIL-EOI-Notice-ad-27-10-2017.pdf>

Financial Creditors Claim

CLAIM

#	Name of the operational creditor	Date of claim	Claims Filed (INR crores)	Claims Admitted (INR crores)	Note
1	Yamuna Expressway Industrial Development Authority	23-Aug-17	6,111.6	461.0	1
2	Income tax department	28-Sep-17	3,334.3	-	2
4	Jaiprakash Associates Ltd. (JAL)	23-Aug-17	261.8	-	3
3	SBI capital markets Ltd.	24-Aug-17	3.8	2.7	4
5	JIL Information Technology Ltd.	21-Aug-17	0.4	0.4	
6	Kone Elevator India Private Ltd.	23-Aug-17	0.3	0.0	4
7	IDBI Capital Markets and Securities Ltd.	23-Aug-17	0.2	0.1	4
8	Mitsubishi Elevator India Private Ltd.	21-Aug-17	0.1	0.0	4
9	Advance Panels and Switchgears	23-Aug-17	0.1	0.0	4

Financial Creditors Claim

CLAIM

#	Name of the Financial Creditor	Date of claim	Claim filed (INR crores)	Claim admitted (INR crores)
1	IDBI Bank Limited	24-Aug-17	4,334.1	4,334.1
2	IIFCL	23-Aug-17	1,034.5	1,034.5
3	LIC of India	23-Aug-17	757.1	757.1
4	State Bank of India	24-Aug-17	756.0	756.0
5	Corporation Bank	21-Aug-17	704.2	704.2
6	Syndicate Bank	22-Aug-17	390.1	390.1
7	Bank of Maharashtra	24-Aug-17	403.2	398.0
8	ICICI Bank	22-Aug-17	304.1	304.1
9	Union Bank of India	22-Aug-17	338.5	334.8
10	IFCI	24-Aug-17	280.4	280.4
11	J&K Bank	24-Aug-17	244.3	244.3
12	Axis Bank	24-Aug-17	218.0	218.0
13	SREI Equipment Finance Limited	24-Aug-17	30.8	27.0
14	Yes Bank (see note below)	24-Aug-17	189.4	-
Total			9,984.7	9,782.6

Operational Creditors Claim

CLAIM

-shutterstock.com • 205918246

#	Name of the operational creditor	Date of claim	Claims Filed (INR crores)	Claims Admitted (INR crores)	Note
1	Yamuna Expressway Industrial Development Authority	23-Aug-17	6,111.6	461.0	1
2	Income tax department	28-Sep-17	3,334.3	-	2
4	Jaiprakash Associates Ltd. (JAL)	23-Aug-17	261.8	-	3
3	SBI capital markets Ltd.	24-Aug-17	3.8	2.7	4
5	JIL Information Technology Ltd.	21-Aug-17	0.4	0.4	
6	Kone Elevator India Private Ltd.	23-Aug-17	0.3	0.0	4
7	IDBI Capital Markets and Securities Ltd.	23-Aug-17	0.2	0.1	4
8	Mitsubishi Elevator India Private Ltd.	21-Aug-17	0.1	0.0	4
9	Advance Panels and Switchgears	23-Aug-17	0.1	0.0	4

Flat Buyers Claim

CLAIM

Description	No. Of Claims	Amount (INR crores)
<u>Summary of customer advance:</u>		
Gross flat buyers advance		14,060
<u>Adjustments:</u>		
SLD Executed		(1,955)
Other adjustments		(120)
Advance from active Customers		11,985
Customers not filed the claim		(2,089)
Net outstanding advance		9,896
<u>Claim reconciliation:</u>		
Total Claims received from Customers	47,453	30,708
<u>Adjustments:</u>		
-Bank & FD claims received with customer claims	(1,056)	6,087
- Claims removed on account of duplication (i.e. multiple claim from one customer)	(20,174)	13,472
- Claims received from Non-JIL Customers, customers whose SLDs have been executed and customers whom OOPs have been issued, hence not admissible at this stage	(2,098)	1,253
Unique number of claims	24,125	9,896
<u>Reconciliation of unique claims:</u>		
Claims reconciled (note 3)	20,625	8,417
Claims with variance (no response from flat buyer despite 3 reminders, hence principal value as per SAP considered)	2,364	1,047
Claims with inadequate information (considered as per claim form as the flat buyer was not traceable with available info) (note 4)	1,136	129
Total – claims reconciled	24,125	9,593

Fixed Deposit Holders Claim

CLAIM

<i>Currency: INR Crores</i>	No. of Holders	Principal	Interest	Total
<u><i>FD summary:</i></u>				
Outstanding as on 09.08.2017	8,034	130.3	1.3	131.6
Repayment made post CIRP	1,850	11.1	1.3	12.3
Total outstanding as on 30.04.2018	6,184	119.2	0.0	119.2
<u><i>Claim reconciliation:</i></u>				
FD Claims received	1,814	42.5	8.1	50.6
<u><i>Adjustments:</i></u>				
Duplicate forms	836	19.5	3.9	23.3
Missing FDR numbers	42	0.1	0.1	0.2
FD in JAL	12	0.1	0.0	0.1
Actual Claims	924	22.7	4.2	26.9
Claims reconciled	924	21.4		
Difference - payment made to FD holders		1.3		

05 September 2018- CoC constituted



- Under Sec 21 of IBC and Reg 17 of IBBI, following members are CoC , constituted on the basis of verification of proof of claims received from creditors.

S. No.	Financial Creditors	Count	Principal Value of Claim (INR Crores)	Interest Value for the purpose of Voting Share Calculation (INR Crores)	Total Value of Claim (INR Crores)	Voting Share (%)
1	Active allottees of real estate units #	24,318	10,403	4,051	14,454	55.0%
2	Allottees of Real estate units - Cancelled & Refunds Pending #	471	79	28	108	0.4%
3	Allottees of real estate units - Offer of Possession issued #	3,324	1,279	532	1,811	6.9%
4	Fixed Deposit Holders #	5,670	113	-	113	0.4%
5	Banks/ Financial Institutions					
5.1	IDBI Bank Limited	1	4,334		4,334	16.5%
5.2	India Infrastructure Finance Company Limited	1	1,035		1,035	3.9%

5.3	Life Insurance Corporation of India	1	757		757	2.9%
5.4	State Bank of India*	1	756		756	2.9%
5.5	Corporation Bank	1	704		704	2.7%
5.6	Syndicate bank	1	390		390	1.5%
5.7	Bank of Maharashtra	1	398		398	1.5%
5.8	ICICI Bank Limited	1	304		304	1.2%
5.9	Union Bank of India	1	335		335	1.3%
5.10	IFCI Limited	1	280		280	1.1%
5.11	The Jammu & Kashmir Bank Limited	1	244		244	0.9%
5.12	Axis Bank Limited	1	218		218	0.8%
5.13	SREI Equipment Finance Limited	1	27		27	0.1%
	Total	33,796	21,658	4,611	26,269	100%

12 September 2018



- NCLT passed an order for appointment of Authorized Representative for Home buyers and FD Holders.
- The selection was made as per choice of CoC as follows:

Name of AR	Representing For
Mr Kuldeep Verma	Home Buyers
Ms Anju Agarwal	FD Holders

15 September 2018



First Meeting of CoC

- Amongst many decisions- Rejected the appointment of Mr. Anuj Jain, Interim Resolution Professional as a Resolution Professional.

17 October 2018



Second Meeting of CoC

- Amongst many decisions- Rejected appointment of Mr. Vijay Kumar V. Iyer as the RP and Deloitte Touche Tohmatsu India LLP to assist the RP.

20 December 2018



Fourth Meeting of CoC

- Amongst many decisions- Passed Proposed Evaluation Matrix and Process Note for Request for Resolution Plan.

17 January 2019



Fifth Meeting of CoC

- Amongst many decisions- Passed Extension of CIRP Process for further period of 90 days as per Sec 12(2) and extension of last date for submission of Binding Resolution Plans till 15 February 2019.

28 January 2019

NCLT

**National Company
Law Tribunal**

Order of NCLT

- To break the dead lock, it has been decided to continue Mr Anuj Jain as Resolution Professional(RP).

18 February 2019



Sixth Meeting of CoC

- Amongst many decisions- Rejected for conduct of Forensic Audit of JIL from date of incorporation till March 31, 2014.

26 April 2019



Ninth Meeting of CoC

- Amongst many decisions- Rejected on final resolution plan of Suraksha Realty Limited along with Lakshdeep Investments and Finance Private Limited.

07 December 2019



Sixteenth Meeting of CoC

- Rejected on Final Resolution plan of Suraksha Realty Limited along with Lakshdeep Investments and Finance Private Limited.
- Approved on Final Resolution Plan of National Buildings Construction Corporation (India) Limited [NBCC].

03 March 2020- NBCC acquire JIL



- NCLT approved the proposal of the government's construction arm **NBCC** to acquire the **JIL** through an insolvency process 'with modifications'.
- **The order came after 2.5 years+ from date of bankruptcy petition.**

Top 10 Findings from JIL Bankruptcy



1. NCLT has said Rs 750 crore belongs to the corporate debtor (JIL) and is part of the NBCC's resolution plan. It rejected the contention that the money should go back to JAL as it is no longer obliged to complete JIL projects.
2. NCLT has asked JAL to immediately pay Rs 274 crore to JIL. For other claims, both JAL and JIL have been asked to reconcile statements and make payments to each other.
3. ICICI Bank is a dissenting financial creditor because of the Rs 750-crore issue. Under the resolution plan, the dissenting financial creditors –ICICI-- are not entitled to payment except an equity in expressway special purpose vehicle (SPV) and land parcels, as decided by NBCC.

Top 10 Findings from JIL Bankruptcy



4. The Yamuna Expressway Industrial Development Authority (YEIDA) told NCLT that since the project was for a public cause, it had no objection to the NBCC resolution plan, provided changes were made by removing fall outs relating to the concession agreement.
5. Income Tax liabilities of JIL will stand extinguished. This relates to the claim of Rs 33,000 crore by the income-tax authorities treating transfer of land parcels under the concession agreement as revenue subsidy.
6. Payment of stamp duty payable by NBCC is waived as permitted by law
7. Any non-compliance arising out of past claims before the insolvency resolution process shall not have any bearing on the corporate debtor. This too is positive.

Top 10 Findings from JIL Bankruptcy



8. All prior claims placed before the resolution professional and any criminal proceedings appurtenant to those claims have also been extinguished.
9. NBCC reserves its right to terminate the contracts for the development of land by JAL. As to the claims, if any, the resolution applicant has the right to take appropriate action against JAL. This means that NBCC has the right to review the existing construction contracts.
10. The resolution applicant is granted 12 months from the approved date to ensure compliance of applicable laws by the corporate debtor or of its subsidiary about any period up to the approval date and licences if any, to be obtained.

A low-angle photograph of modern skyscrapers against a cloudy sky. The buildings are partially obscured by a large blue rectangular overlay. In the center of this blue overlay is a smaller red rectangle containing the text "The End" in a white, elegant cursive font. The bottom right corner of the blue overlay is folded over, revealing a red triangle underneath.

The End