

Dear Homebuyers of Unnathi,

It has been some time that a detailed update mail was circulated. We are sending all the updates in relation to the CIR Process (CIRP) of Sovereign Developers and Infrastructure Limited (SDIL). The communication has been restricted to achieve the following:

- a. Critical information and action plan do not leak into wrong hands
- b. Effectiveness of our team in the process of resolution

It has been gladly noticed that many homebuyers have good knowledge of the events, especially the critical ones that have taken place since the inception of the “Unnathi” project. Many of you have also come forward with intriguing questions which have helped the Resolution Professional and his team by opening up various new avenues in getting/fetching information. It is very encouraging to note that quite a few of you have also volunteered to put your time and effort and help the Resolution Professional in this endeavour. Holding more than 82% of voting share in the CoC you have major decision making role in the whole Resolution Process.

Please find below update relating to CIRP of SDIL.

Let us reiterate the fact that there is a heavy non-corporation from the promoters/ directors of SDIL and a good amount of resistance in sharing information. The same is the situation from certain other stake holders like Auditors, consultants etc.

#### **A. CIRP UPDATE**

##### **Funds to run the CIRP**

It is important to note that the CoC is required to fund the CIRP cost. In our case we have not approached the CoC for funding the same. With good amount of effort and smart and timely actions, we have been able to get hold of some of the instruments that were given to the directors by the land owners of “Lake View” project and have been able to encash the ones that we got hold of. We had deposited these into the newly opened CIRP account with “Karnataka Bank”.

It may be noted that one of the instruments (for INR 30Lakhs) was encashed by the promoters (which is against IBC) and we have traced the account where the same was deposited. We shall file necessary application to honourable NCLT to affect the reversal of the same

##### **Bank Accounts of SDIL**

Bank transactions are very critical information for any review process. We had asked the details of all bank accounts in the name of SDIL from the directors/auditors/accountants/consultants/IRP. We got a list of 9 account numbers from the director out of which three were incorrect. Identification of bank accounts that have been opened in the name of SDIL in a challenge. We had identified a lot of 40 bank accounts in the

name of SDIL from various sources. Except for 7 accounts (where we are investigating the validity of the account information) written communication has sent to all, intimating them of the CIRP case, putting account on debit freeze, request for statement, etc. We have been able to get the bank statements from various places including, Police station, Banking Ombudsperson etc. Following is thable from where we have been able to trace the bank accounts

#### SOURCE OF ACCOUNT INFORMATION

Source from which the Account numbers were identified	# of Bank A/Cs
1. From affidavit submitted by Deepakk in one State Commission Case 2. Available in Tally	4
1. From affidavit submitted by Deepakk in one State Commission Case 2. Neither given by Deepakk nor mentioned in Tally	3
1. From the demand notice - Sonaa Project 2. From affidavit submitted by Deepakk in one State Commission Case 3. Not there in Tally	1
1. Provided by Deepak 2. From affidavit submitted by Deepakk in one State Commission Case 3. Available in Tally	4
1. Provided by Deepak 2. From affidavit submitted by Deepakk in one State Commission Case 3. Not there in Tally	2
Available in Tally	8
Identified by RP Team- not there in tally	9
Taken from SDIL office - not there in tally	7
1. From affidavit submitted by Deepakk in one State Commission Case 2. Taken from SDIL Office 3. Not there in Tally	2
<b>Grand Total</b>	<b>40</b>

We have received the bank statements of all the Escrow accounts and have started to review the same. The statements have been shared with the forensic auditors for their review too. Following is the table that shows the status of the Bank statements:

#### STATUS OF BANK STATEMENTS

Status - Statements	Bank name	Total
Investigation on the validity of A/C is under progress	Corporation Bank	1
	HDFC Bank	1
	ICICI	1
	Karnataka Bank	2
	SBI- Paramount site	1
	SBI- Vakil Hosur site	1

<b>Investigation on the validity of A/C is under progress Total</b>		<b>7</b>
<b>Pending</b>	Axis Bank	2
	Canara Bank	1
	Central Bank of India	1
	Corporation Bank	3
	HDFC Bank	2
	HSBC bank	1
	Karnataka Bank	4
	Kotak Bank	1
	Kotak Mahindra Bank	1
	Shushruti Bank	1
	State Bank of India	5
	United Bank of India	1
<b>Pending Total</b>		<b>23</b>
<b>Received</b>	Andhra Bank	1
	Corporation Bank	2
	Dena Bank	1
	IDBI bank	1
	Karnataka Bank	4
	Kotak Bank	1
<b>Received Total</b>		<b>10</b>
<b>Grand Total</b>		<b>40</b>

Action Points:

- a. Each transaction is being reviewed by RP's team and the forensic auditor to identify any questionable transaction.
- b. Identification of further bank accounts is ongoing process. As and when more accounts are identified. We shall follow the same process.

**Land Documents**

One of the task of IRP is to take control and custody of assets belonging to SDIL and handover the custody and control to RP. We have not received the same from IRP.

Information on the assets was/is also not forthcoming from the directors or auditors.

Land documents and transfer documents are also required to identify fraudulent transfer of property/assets. We had got certified copies of all documents that were submitted/registered with sub registrar. Following files gives the details of properties.

Srl #	Agreement date	Document number	Property details	Particulars
1	31.08.2009	1791/2009-2010	Land measuring 6.15 Guntas Survey no. 586, Kalkere Village, KR Puram Hobli, Bangalore East Taluk, Bangalore.	JDA between Manihanumaiah and Sovereign developers and infrastructure limited
2	02.09.2009	1845/2009-2010	Land measuring 4.32 Guntas bearing Survey no. 511 situated at Kalkere Village, KR Puram Hobli, Bangalore East Taluk, Bangalore	Supplementary Deed of JDA between Manihanumaiah , Sovereign developers and infrastructure limited and Krisil Capital Holdings Private limited
3	23.01.2016	5020/15-16	4.32 guntas(Excl. 24 guntas of Kharab land)-Khata No.1, situated at Kalkere Main road, Kalkere, Bangalore in Survey no. 511 of Kalkere Village, KR Puram Hobli, Bangalore East Taluk.	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and Gilani Enterprises
4	23.01.2016	5021/15-16	4.32 guntas -Khata No.1, situated at Kalkere Main road, Kalkere, Bangalore in Survey no. 511 of Kalkere Village, KR Puram Hobli, Bangalore East Taluk.	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and Gilani Enterprises
5	23.01.2016	5022/15-16	4.32 guntas(Excl. 24 guntas of Kharab land)-Khata No.1, situated at Kalkere Main road, Kalkere, Bangalore in Survey no. 511 of Kalkere Village, KR Puram Hobli, Bangalore East Taluk.	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and Gilani Enterprises
6	20.07.2017	BKI 1802/17-18	Flat no. B5-151 by Savitha Kumari	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and Savitha Kumari
7	20.07.2017	BKI 1804/17-18	Flat no. B5-152 by Savitha Kumari	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and Savitha Kumari
8	20.07.2017	BKI 1803/17-18	Flat no. B5-153 by C Seenappa	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and C Seenappa
9	20.07.2017	BKI 1801/17-18	Flat no. B5-154 by Y S Viswanath	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and Y S Viswanath
10	20.07.2017	BKI 1806/17-18	Flat no. B6-151 by S N Suresh kumar	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and S N Suresh Kumar

11	20.07.2017	BKI 1805/17-18	Flat no. B6-152 by S N Suresh kumar	Sale agreement between Manihanumiah, SDIL, Deepakk kumar and S N Suresh Kumar
12	28.03.2011	7499/10.11	Land bearing Sy no. 92/1, 92/2, 93/2, 93/3, 94/1 of Bagalagunte Village, Yeshwanthpur Hobli, Bangalore North Taluk, Bangalore district measuring to an extent of 9 acres 2 Guntas.	JDA between CS Harikumar and Sovereign Developers and Infrastructure Limited
13	24.09.2012	5251/12.13	Chikkabettahalli village, Yelahanka Hobli, Bangalore North Taluk, Bangalore district with a total extent of 11 acres for the Project Lakeview	JDA between Sovereign developers and infrastructure limited and 34 others (Srikanth HA)
14	15.07.2019	971/2019-2020	Chikkabettahalli village, Yelahanka Hobli, Bangalore North Taluk, Bangalore district with a total extent of 11 acres for the Project Lakeview	Deed of cancellation between Sovereign developers and infrastructure limited and 34 others (Srikanth HA)
15	25.01.2019	18032/2018-19	Land measuring 4.32 Guntas bearing Survey no. 511 situated at Kalkere Village, KR Puram Hobli, Bangalore East Taluk, Bangalore	Deed of Partition between Munihanumaiah & 9 others
16	13.05.2010	971/2010-2011	Khata No.1, situated at Kalkere Main road, Kalkere, Bangalore in Survey no. 511 of Kalkere Village, KR Puram Hobli, Bangalore East Taluk.	Deed of simple mortgage between Munihanumaiah( & 7 others), SDIL & The Karnataka Bank Ltd.
17	03.07.2010	2062/2010-11	Khata No.1, situated at Kalkere Main road, Kalkere, Bangalore in Survey no. 511 of Kalkere Village, KR Puram Hobli, Bangalore East Taluk.	Rectification Deed between Munihanumaiah( & 7 others), SDIL & The Karnataka Bank Ltd.

Action Plan:

- a. We will perform similar action for other geographical too
- b. We shall file necessary application with NCLT based on the Forensic Auditor's report.

**Custody and Control of Other Assets**

Pursuant to the 2<sup>nd</sup> CoC Meeting we have placed our security at the "Unnathi" site. There are a total of 6 personnel and are available 24 hours. On two occasions attempts were made to take out certain materials (part of engine, etc.) out of D block and the security had stopped the same.

After receiving certified copies of the JDA/land documents we have placed our securities in the "Sonna" site too. There are 4 security personnel at this site.

Some of our authorized representatives have been working out of corporate office during the months of November and December. It is pertinent to note that on 18<sup>th</sup> December, 2019 one of the executives from BDO was locked up in the office premises for few hours. During late evening the security (appointed by the directors) had opened the office. Upon enquiry it was given to understand that there are Non-bailable arrest warrants against the directors due to which they suddenly abscond to evade arrests. 4<sup>th</sup> February onwards we have placed our securities at the corporate office, but there is heavy resistance from the directors of SDIL and their team. The security personnel are not being allowed inside the premises. They are outside and are ensuring that assets from the premises are not taken out.

We have been able to identify two vehicles that are registered in the name of SDIL.

We have written to the RTO to ensure that these do not get transferred.

To take complete control of these assets, we have spoken to Mr. Rathod, Deputy Commissioner of Police. We have also met and have given official letter to the officer in charge of Sadasivanagar police station seeking Police support.

### **Claims - Update**

We had taken the last report as submitted by NHBS and rechecked some sample claims. We found some errors and also found that some documents (receipts, bank statements etc) were inadvertently missed out. We have decided to increase our recheck and do the following ourselves:

- a. Take note of all communications (emails, WA, SMS etc) from the home buyers and check / verify these claims.
- b. Double check all cases where "Principal" accepted is NIL
- c. Double check all cases where the difference between the 'Principal claim submitted and Principal claim admitted is more than 10 Lakhs
- d. On the next update we will cover the rest of the differences (including the names that were missed out)

This rechecking process is undergoing and we shall share the list as updated till 17<sup>th</sup> Feb, 2020. We will send the list by tomorrow (21<sup>st</sup> Feb, 2020)

### **B. REGULARISATION OF "UNNATHI"**

We have appointed civil experts who have checked and reported on the current status of the project. Most of the licenses/NoCs etc. have expired. Directors are not sharing originals/ copies of licenses, drawings, etc. The process of collecting these documents directly from the respective authorities, is underway. Upon taking steps to renew/revalidate some of these licenses, we came to know that many deviations/stop gap arrangements have taken place in the project.

For instance, BESCO has categorically mentioned the deviation in the installation of the transformer. When we approached BBMP they had mentioned about certain outstanding payments. We had collected

the notice that was sent by BBMP to SDIL. We are in the process of replying to this letter and seeking more time.

It is pertinent to note that these notices / letters have been sent to SDIL to the corporate office and are received by the directors, but not shared with RP.

Action Plan:

- a. Ministry of Finance has allotted INR 20K Crores for completion of halted residential projects. As informed earlier, "Unnathi" project qualifies for all the conditions prescribed for the subsidy / grant. We have already made an application to avail this benefit
- b. We shall seek expression of interest from prospective buyers / investors / builders / resolution applicants for their plan of revival to complete the projects and take over the company

### **C. BESCO AND ELECTRICITY RETORATION IN "UNNATHI"**

We had to struggle to get the RR number of the common meter at the site. The copies of disconnection notice and the last electricity bill was sent to SDIL by BESCO. We never received these from the builder and had collected the same from BESCO. We had paid the outstanding amount of INR 282350.00 on 30<sup>th</sup> December, 2019 and asked them to restore the connection. The inspection team from BESCO had visited the site and had made an inspection report. They informed that electricity cannot be restored as the current arrangement was not as per the sanctioned plan. The transformer was temporarily installed outside the premises, whereas it was supposed to be installed within the premises (hearing application no. 072951229568 dated 21<sup>st</sup> January, 2020 for power supply of 60 KVA on HT basis). We had now taken steps to regularize this by submitting fresh application and have paid the BESCO deposit. We have received the sanction for 60 KVA. BESCO themselves shall now install the transformer as per the sanctioned plan.

Bescom update was sent to AR on 25<sup>th</sup> Dec, 2019.

### **D. NCLT AND NCLAT**

**NCLT:** We had file Section 19 Application and Honorable NCLT had directed the promoters to cooperate and share information.

One IA was filed by the land owners of "Unnathi" seeking exclusion of certain assets from the purview of CIRP. The same was rejected by the RP and a repeat IA 24/2020 has been filed on 23<sup>rd</sup> January, 2020.

Similar IA was also filed by the land owners of “Sonna” project. These are coming up for hearing on 25<sup>th</sup> February, 2020.

An application by promoters of SDIL was also made for removal /replacement of RP. The same was rejected by NCLT registry as non-maintainable.

We had file Section 12 application and the extension was granted. The last date of CIRP now is 11<sup>th</sup> April, 2020.

Soft copies of Section 19 application along with the Minutes of Meetings and letters were sent to the AR on the 19<sup>th</sup> of Dec, 2019

**NCLAT:** The directors had filed an appeal against the acceptance order of NCLT. A total of 6 hearings had taken place. On the 7<sup>th</sup> hearing on 17<sup>th</sup> February, 2020, the Honorable NCLAT heard both the sides and reserved the order for 25<sup>th</sup> February, 2020. Based on the hearing we feel that the appeal might get rejected and the restrictions on RP would be removed. Accordingly we will file an exclusion application for the period of about 150 plus days.

Action Plan

Once the restrictions are removed, we shall focus on ‘Invitation for expression of interest (Form G), Request for Resolution Plan (RFRP) etc. and will start looking for resolution applicants.

## **E. OTHERS**

### **Reports**

Two reports of civil engineers / experts were shared. One was from Mr. Paul Fathiraj and the other resent one was from Mr. Alagappan. Reports are attached again herewith.

Please note that these are tower wise report of “as-is-where-is” condition of the Unnathi project. This is not flat wise report. The next report which is under progress, is the BOQ report, wherein the detailed requirements will be listed, for completing the whole project. This BOQ report can be used by any prospective buyers / investors / builders / resolution applicants to submit their proposal / resolution plan.

### **Voting Share**

The voting share would remain the same till the next update of claims has been circulated.

The detailed voting results of who has voted for / against each of the resolution was sent to the AR to be circulated to all the home buyers on the 4<sup>th</sup> of Jan, 2020.

Let me reiterate that with the information available and as we stand today, as far as our objective to bring about a resolution is concerned, things are under control and we are on track.

We assure more frequent updates and communications.