

A. PROJECT UPDATE:

Multiple attempts were made to take out materials / spares out of the site. The security has been efficient enough to avert any material movement. In the month of June, all materials that could be kept inside the store room were shifted into the stores and the locks were replaced.

New CCTV cameras (4) have been installed at the site. Due to bad weather there were interceptions and the same is being looked into.

These CCTV surveillance is 24/7 and all movements are getting recorded and data is stored.

Completion Initiatives:

Current status and project completion requirements are pertinent information for any prospective resolution applicant.

We had appointed two experts to submit the following:

- Current Status
- Project Completion requirements (BOQ)

There is a marked differences in the reports of the experts. The differences are sign in the table below.

PERCENTAGE OF COMPLETION:		
	Expert 1	Expert 2
TOWER – A	85%	55%
TOWER – B	65%	65%
TOWER – C	55%	40%
TOWER - D & D5	45%	40%
COMMERCIAL COMPLEX	30%	20%

OVER ALL PROJECT COST: (To complete the Project)		
	Expert - 1	Expert - 2
BLOCK – A	4,46,35,950	28,11,00,000
BLOCK – B	9,75,28,000	57,72,00,000
BLOCK – C	21,24,20,000	58,32,00,000
BLOCK – D	17,99,17,500	33,68,00,000
COMMERCIAL COMPLEX	25,41,00,000	52,63,50,000
TOTAL	78,86,01,450	2,30,46,50,000

Timeline to complete the project as confirmed by these experts, is about 12 to 18 months.

The information given by the directors is very different from the above two experts' report. A line by line reconciliation is being performed to arrive at the final report – "Project Completion Manual". The project completion manual will be the manuscript and will include current status, timelines to complete the project [broken down into various categories like Fire, Civil etc] Cost / Exp requirement to complete the project [broken down into the same categories]. All information shall be broken into block wise as well as total.

Project Completion Manual shall be shared with prospective resolution applicants.

Prospective Resolution Applicants:

The following are the next steps to proceed with completion of the project.

- Finalise the Eligibility Criteria for resolution applicant
- Finalise the Evaluation matrix for evaluating the resolution plan (s)
- Finalise the Information Memorandum
- Advertise – Form G and call for proposals / Resolution plans

Once Resolution plans are tabled at the CoC meeting next steps shall be towards approvals and implementation.

I have already started to receive enquiries from builders from Mumbai, Kolkata and quite a few from Bangalore. We have enabled site visits for certain builders and experts appointed by certain Financial Institutions. They have been given ONLY information that are publicly available. Since Form G is yet to be published.

B. CLAIMS UPDATE:

Shall be circulated in a separate email.

C. APPLICATIONS BY RP (NCLT & IBBI):

I. Applications for access and custody of corporate office

On the 4th CoC meeting, Mr. Deepakk Kumar had confirmed that he shall hand over peaceful possession of the Corporate Office to the RP, he failed to honour his commitment. Post our efforts to take possession of the corporate office an update mail was sent (on 7th May, 2020) to the suspended directors, CoC and AR (to forward the update to the home buyers). Attached is the mail for reference.

Further the RP and his team approached the police commissioner who in turn had forwarded the request to the jurisdictional Police Station.

RP along with his legal team had detailed discussion on whether application u/s 19 would be effective or application u/s 236. It was concluded that both applications can be made in parallel.

The RP has lodged a complaint with IBBI under section 236 of IBC. The case should be listed any day this week in the special court.

All documents and evidence in this regard being sensitive shall be shared with all of you at the right time.

Attached is the Complaint Letter to IBBI.

II. Application seeking extension / exclusion:

This application was e-filed on 24th July, 2020 and further physically filed on 28th July, 2020. A total of 298 days of exclusion is prayed for. In case the honourable NCLT approves then the last date of CIRP will stand on 18 May, 2021. Attached is the copy of the petition filed with NCLT.

III. Section 19 application against Statutory Auditor:

The application u/s 19 against the auditor is pending. We are in the process of finalising all the relevant documents / evidence. This application shall be filed shortly.

IV. Section 19 application against the Architect:

The architect has confirmed that he shall submit all project related documents that are in his custody (approved drawings, plans etc) to the RP. We are expecting these documents by end of this month. We shall take a call on the first week of August about this application

V. Application against Directors for swindling money:

Similar to point I above, all evidences were collected and a formal complaint has been made to IBBI u/s 236. There are multiple documents / evidences which clearly establishes that the directors have swindled company's monies. The evidences collected by the RP being sensitive in nature are not being shared at this moment. The same shall be shared with all the creditors at the right time

VI. Contempt Application:

Contempt application against the Directors for not complying with the NCLT order, is in the process of being filed.

VII. Application for reversals of specific transactions:

All questionable transactions that have been identified so far is given in the subsequent section.

D. APPLICATIONS AGAINST RP (NCLT & IPA) AND RELATED EVENTS:

In the month of December, 2019, an application was made by the suspended directors to the NCLT – Bangalore, seeking removal of the RP. The same was rejected by the registry and was not listed

During the month of April, 2020 one of the honourable ministers from the Government of Karnataka had expressed his concerns on the status of the project to the RP. This was done at the behest of certain home buyers.

During the month of May, 2020 a complaint was raised against the RP by Brigadier Rajesh Malhotra to the grievance redressal forum of IPA.

On 24th of July, IAs have been filed at the NCLT for the removal of RP by the following:

- a. Rajitha Hariprasad

- b. Deepak Kumar represented by GPA holder Mr. Amit Singh
- c. Surbhi Sharma represented by GPA holder Mr. Amit Singh
- d. Mr. Amit Singh
- e. Brigadier Rajesh Malhotra

d. and e. above are made in a separate application

The RP has been approached by many individuals with vested interests to extract information. There have been multiple attempts to disrupt the CIR Process.

E. QUESTIONABLE TRANSACTION:

The following steps have been undertaken for bringing about a suitable closure to all the transactions falling under section 43, 45,49, and 50.

- A. Regular checks are conducted and those transactions which are prima facie questionable are taken up for further investigation.
- B. Investigation being conducted based on records / information.
- C. Preliminary conclusions are arrived at
- D. All the concerned parties are given the opportunity to give their response.
- E. Based on all facts (including the parties' response) conclusion is arrived at either confirming or dispelling the allegation.
- F. Based on the outcome of "E" above, next steps are decided. If confirmed then necessary applications to be made for reversal of these transactions

The following are the list of transactions which according to RP are questionable based on his investigation. The table also gives the stage to which each of the transactions have reached.

1. Funds related questionable transactions:

Offences / allegation	Amount	Status
Receipt of CASH by Directors upon sale of flats – Six flats	2.76 Crore	Confirmed
Receipt of money in Director - Mr. Deepakk Kumar's bank account upon sale of flat Six flats are: B5-15-01, 02, 03, 04 B6-15-01 and 02	0.75 Crore	Confirmed If Mr. Depakk Kumar confirms that, this amount was ploughed back into SDIL's a/c, this case would not be proceeded with
Diversion of funds from "Unnathi" project to "Sona" project in violation of RERA	0.5 Crore	Parties to be given opportunity to respond upon completion of investigation.
Diversion of funds to "Sovereign International Hotels" in violation of RERA and loan agreement	7.69 Crore	Confirmed

Imprest advances made to Director and related parties during F7 18 – 19, indicating potential fund diversion. No response from the auditor	0.40 Crore	Investigation underway
Donations made in FY 13-14 while SDIL was incurring losses No response from Auditor	0.24 Crore	Investigation underway
Utilisation of FD maturity amount not clear, indicative of potential fund diversion	17.52 Crore	Investigation underway
Undisclosed payments / transfer made to three directors. Traced in the bank statements.	6.71 Crore	Confirmed
TOTAL	36.57 Crores	

There are multiple payments to various unknown parties to the tune of INR 73 Crores. The transactions relating to legitimate payments shall not be considered as 'questionable' and shall not be considered in the application to NCLT. The investigation on these transactions are underway

2. Units / apartments related questionable transactions:

Offence / Allegation	No. of Units	Approximate Value	Status
Illegal transfer of 4 penthouses to Director – Mr. Deepakk Kumar. Of the above 4 Penthouses, Mr. Depakk Kumar 3 penthouses and received 3.39 Crore	4 Penthouses	4.5 Crore	Confirmed Awaiting response from Mr. Deepakk Kumar.
Transfer of additional units to the land owner through Board Resolution over and above what is agreed as for JDA + Supplemented JDA. Transfer of additional area of commercial space through Board Resolution.	36 units 2 nd floor of commercial block		Awaiting response from Mr. Deepakk Kumar. Received reply from land owner. Awaiting response from Mr. Deepakk Kumar. Received reply from land owner.

It has come to the notice of the RP that same set of property / units have been mortgaged multiple times with out disclosure of lien and without obtaining NOC from the first charge holder. Investigation is underway to confirm these transactions

The RP is also investigating if same units / apartments have been sold to multiple home buyers.

Further to the above the frivolous claims which have been submitted and rejected, shall also be looked into and necessary actions shall be undertaken.

F. OTHER POINTS:

The RP is in constant endeavour to collect all monies that belong to SDIL. In this endeavour the RP has been able to collect funds to the tune of about INR 6 crores. This amount was retained by the directors illegally. Efforts are going on in collecting further INR 3 crores that have been retained by the suspended directors.

Intimations / communications / responses are part of the IBC case. The RP and his team would have sent more than 250 written letters / communications to various stakeholders (banks, judicial, statutory, government authorities etc)

A new website for the CD is being created. The same should be ready by mid August. The website shall enable the RP to post the events / updates and automatic alerts shall be sent to the legitimate stakeholders. The website shall also have a placeholder for sending communication to the RP and his team and shall be recorded with trail. The website shall be open to the public but to access certain information in the site, registration will be mandatory.

G. WAY FORWARD:

Bringing about a revival is the only objective in this IBC case. It is pertinent to note that in order to complete the project funds would be required. One of the sources of fund will be the home buyer's contribution over and above what is already paid as per agreement. To reduce the burden on the legitimate home buyers, it is important to complete the investigations on the questionable transactions, as given in the respective section above.

- I. Diversion of money and application to honourable NCLT for reversal.
- II. Improper transfer of units / apartments and application to honourable NCLT for reversal.

Point A shall help in recovery of money that can be used for completing the project.

Pont B shall help improve the number of inventory (unsold units) which will attract prospective Resolution Applicant (s).

Given the non-cooperation from the suspended directors, their hostile nature and multiple frivolous complaints against the RP, it may be noted that CIRP has progressed well. There are numerous and constant efforts from various parties to hamper the CIR Process. All these have to be handled in a professional manner and consumes substantial time and bandwidth of the RP and his team.

The outcome of steps / initiatives mentioned in section II above shall help in determining the quantity / figures in I & II.

We shall organise a meeting with all the home buyers through video conference tentatively on the 9th August (Sunday). We shall send the invite shortly.

Going forward we shall organise 1-hour VC every fortnight, to enable smooth communication.