

Why Jaypee homebuyers may not get top priority under insolvency process

STANDING ON SHAKY GROUND Flat owners figure very low in the creditors' order for payment of dues under the Insolvency Code

Suchetana Ray and Jeevan Prakash Sharma
 • sr@hindustantimes.com

NEW DELHI: The insolvency proceedings against Jaypee Infratech (JIL) has left the over 30,000 people who invested in flats spread across 27 projects belonging to the real estate firm standing on shaky ground.

This vulnerability stems from the fact that homebuyers figure very low in the creditors' order for payment of dues under the Insolvency Code. Once the resolution and liquidation process is over, the proceeds will first go towards recovering liquidation costs, then workmen will be paid, and banks and financial institutions come next. Then the salaries of other employees will be paid, followed by government dues and funds owed to homebuyers. In most cases of the kind, government dues take precedence.

The creditors committee, set up by the Insolvency and Bankruptcy Board of India, will look at ways to recover JIL's debt and liquidate company assets if required. This process will go on for around six months, with a grace period of another 90 days. Jaypee's consolidated debt stood at over Rs 7,900 crore with a negative interest coverage ratio as on March 31, which goes to show that the company is not earning enough to repay its debt.

Earlier this month, these concerns had forced homebuyers to move the Supreme Court against the insolvency proceedings launched in the National Company Law Tribunal (NCLT). Contending that such an action would prevent homebuyers from getting either the promised flats or compensation from the JIL, they asked the apex court to take steps to protect their interests.

Some legal experts, such as senior lawyer and NCLT bar association member Saurabh Kalia, believe homebuyers should not hold back on monetary payments to JIL on account

of not possession of their houses should continue paying their EMIs. The insolvency resolution professional will definitely look at ways to keep the construction work going," he said.

But financial experts in the know of JIL's books say the company is unlikely to have enough money to continue building. "The NCLT-appointed interim resolution professional will have to check the extent of dues owed to contractors for the housing projects," said a banker on the condition of anonymity.

Doubts have also been raised about the liquidation of JIL's assets being able to generate enough funds to repay homebuyers after other creditors are compensated. Sources in the government say they are working on amending the Insolvency Code to help homebuyers in this regard.

"We have to amend the code to create a separate category for homebuyers or bring in a new definition that clubs them with creditors," an official said.

The Allahabad bench of the NCLT admitted insolvency proceedings against JIL on August 9, after IDBI Bank — the leader of a consortium of lenders to the company — moved a petition that pointed out that real estate had defaulted on a ₹535-crore loan. But confusion also persists for more than 4,000 homebuyers who have taken possession of their flats in four residential projects of Jaypee Infratech — Cosmos, Klassic, Pavilion Court and Pavilion Heights. They are clueless about filing claim forms in the ongoing insolvency resolution proceedings against the company.

Though the company has already handed over possession and executed sale deeds in favour of these buyers, a lot of facilities such as club, underground parking, swimming pool, etc., promised to them are missing.

Besides, every homebuyer has paid on an average ₹1.25 lakh as interest free maintenance deposit, which Jaypee Infratech



• The insolvency proceedings against Jaypee Infratech have left over 30,000 people staring at an uncertain future. VENKATA SUDHAN RAO PHOTO

First batch of Jaypee buyers finally get possession letters

HT Correspondent
 • inspector@hindustantimes.com

NOWA: There was an atmosphere of joy at the office of Jaypee Infratech in Sector 128 on Saturday, as homebuyers gathered to receive possession letters for their flats at Jaypee's Green Aman.

As many as 200 people received the possession letters on Saturday, with the disbursement process to continue in the coming days.

On Saturday, the process began around 10:30am and around 30 homebuyers received letters from Jaypee Group's managing director Manoj Gujar and National Company Law Tribunal-appointed interim resolution professional, Anoj Jain.

While most of the buyers were happy, some expressed resentment against an extra super area charges that had been levied by Jaypee Infratech. According to them, the money was supposed to



• As many as 200 people received the possession letters for flats at Jaypee's Green Aman on Saturday. VENKATA SUDHAN RAO PHOTO

a homebuyer.

An official from Jaypee Infratech said, "There are 671 owners who will take possession letters from us for five towers (N2-N6) at Jaypee Green Aman in Sector 151. Around 200 have been given the letters today (Saturday). The registration and the final settlement will take 45 days after obtaining the possession letters."

The official also said that the

6 Noida authority told to look into financial status of Amrapali Group

Preeti Acharya
 • pacharya@hindustantimes.com

NOWA: Noida principal secretary (housing and urban planning) Mukul Singhal has ordered an inquiry into the financial details of Amrapali group.

The Real Estate Regulatory Authority had earlier asked the CEO of Greater Noida authority to undertake an inquiry into the financial matters of the group.

Noida authority in a meeting last week with officials of the state had ordered action against Amrapali under RERA Act.

"We have asked the Greater Noida authority to do an official inquiry into the financial status of Amrapali group. The government is very clear that every possible measure will be taken to solve the issues of distressed buyers. The inquiry was ordered four days back," said Mukul Singhal.

"We have asked the principal secretaries of industries and housing to book Amrapali group under RERA act. Principal secretary (housing) is the person who can decide on RERA Act," said Noida CEO Amit Mohan Prasad.

The officials said that the authority is not convinced that Amrapali group was actually trying to arrange funds.

"There are projects which can be completed in few months time. The directors of Amrapali have been saying that they are arranging funds, but their acts suggest otherwise," added Prasad.

Amrapali Group officials however said they had nothing to hide. "We have already submitted all required details of our finances. We are aware about the RERA inquiry and there is nothing to hide," they said.



• The spot in outer Delhi's Rohini from where victim Kalawati's body was recovered on Friday. SHANKAR

Woman killed for honour, body decapitated

Shiv Sunny
 • ssunny@hindustantimes.com

NEW DELHI: Angry that her liberal outlook towards life was hurting his family's "honour", a man allegedly murdered his sister-in-law and chopped off her head and hands in outer Delhi's Rohini on Friday night.

The man then wrapped the severed head and hands, and the knife used to commit the crime, in the woman's sarve before throwing the bundle in a tempo that was passing by. The body parts are yet to be recovered even as the alleged killer, identified as Rama Shankar (35), surrendered before the police on Saturday afternoon.

"Rama Shankar said that he did not want to hide his crime as he felt that he did the right thing. He bore extreme hatred towards the woman," said an interrogator. "The woman's husband was unaware of the murder even though he too objected to her bold lifestyle," he added.

A native of Uttar Pradesh, the 31-year-old victim, Kalawati, lived with her family in Rohini's Vijay Vihar.

Her family comprised her husband Paggi Lal, a daughter aged 16, a 14-year-old son and her brother-in-law's family. The two brothers drove e-rickshaws, while Kalawati worked in a manufacturing unit for plastic products.

According to Rishi Pal, DCP (Rohini), the brothers were

"The woman's brother-in-law would even suspect her of having illicit affairs," said the DCP. According to interrogators, Shankar's suspicion arose from Kalawati's "lack of hesitation" in speaking to other men. "The two brothers would also object to her sense of dressing and the fact that she returned home later than they would have liked," said an investigator.

Shankar told police that Kalawati would insist that there was nothing wrong in the way she dressed. Shankar, however, would not buy her explanations and despised her for hurting the family's "reputation and honour". He said he feared her behaviour would have an impact on her daughter too.

So, Shankar allegedly planned to kill her. When Kalawati's husband was away at work on Friday evening, police said, Shankar talked her into accompanying him to an abandoned park in Prabhli Vihar.

"But in the park, Shankar stabbed her to death. He then chopped off Kalawati's neck. He also mutilated her body and cut off her hands from her wrists," said the DCP.

Kalawati's husband, meanwhile, approached the police around 1:30pm on Saturday after he failed to locate his wife, despite searching in the neighbourhood. Even as the police were filing a missing report, Shankar called the police and confessed about