

# ABG Group firm value Rs 450 cr, up over six times in one month

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AN INCREASE in valuation from Rs 450 crore to Rs 3,000 crore in less than a month — this is not a startup, but a property of ABG Cement Ltd, a sister concern of the scam-ridden ABG Shipyard Ltd, that the official liquidator attached to the Bombay High Court is trying to sell to help creditors recover money from the company.

Both ABG Shipyard and ABG Cement, part of the Rishi Agarwal-led ABG Group, are facing liquidation after defaulting on loan repayment to lenders.

In a filing before the Bombay High Court on December 8, 2021, the official liquidator had asked the court to direct the Enforcement Directorate (ED) to allow the sale a Surat-based cement plant of ABG Cement, which the agency had attached in

January 2021, following its probe into the collapse of IL&FS. At the time of the filing, the liquidator said it had found a buyer who was ready to pay Rs 450 crore for the plant but the ED objected to the sale as the attached property was fairly valued at Rs 952 crore. The ED on December 22, 2021, asked the High Court to not allow the sale at such a low price.

Barely a month later, in January 2021, the liquidator told the Bombay High Court that it had found another buyer for the same property for Rs 3,000 crore, over six times more than the initial proposal of the liquidator and the court sought a clearance from the ED for selling off the property through the High Court. While the ED has informed the High Court that it will not obstruct the sale if the liquidator can put the value of the attachment (Rs 952 crore) aside in favor of the agency in an

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interest bearing FDR, the agency is likely to enquire with the official liquidator about the buyer and the sudden increase in valu-

ation.

"It is surprising that within a month there is an increase in valuation from Rs 450 crore to Rs 3,000 crore. Who is the new buyer and why this sudden increase in valuation is something that the ED will look into," said an official on the condition of anonymity.

V P Katkar is currently the official liquidator attached to the Bombay High Court.

A senior official from Katkar's office said, "We have seen the affidavit filed by the ED and we are examining how this kind of valuation was discussed when the valuation report has been kept in a sealed cover and only the High Court judge is aware of the valuation report done by EY. We cannot comment further on the issue as it is subjudice."

The plant in Surat was attached by the ED after it found that the ABG Group had received 13 loans worth Rs 1,080 crore from IL&FS Financial Services (IFIN), the non-banking arm of the IL&FS Group since 2010 despite not being eligible for loans. A portion of the borrowed money, the ED has alleged, was utilised for the ABG Group for "personal use". It has also alleged that the group used some money borrowed from IFIN to prevent its accounts from turning into Non-Performing Assets (NPAs). The agency has alleged that ABG Shipyard, the flagship firm of the group, was under financial stress since 2013-14.

The ED has separately filed a money laundering case against ABG Shipyard and its directors in connection with over Rs 22,800 crore loan default by the company.

The ED case is based on the FIR registered by the CBI on February 7 in which it has alleged that the company diverted loans handed to it by a consortium of 28 banks, and used its sister concerns to round-trip funds and service other loans instead of using them for the purpose they were taken. The CBI has found that ABG allegedly used as many as 98 related companies in routing of loan funds.