

November 29, 2019

Subject: Initiation of corporate insolvency resolution process against Dewan Housing Finance Corporation Limited and commencement of interim moratorium

This is to inform you that the Reserve Bank of India today (November 29, 2019) filed an application for initiation of corporate insolvency resolution process against Dewan Housing Finance Corporation Limited under Section 227 read with clause (zk) of sub-section (2) of Section 239 of the Insolvency and Bankruptcy Code, 2016 (“**Code**”) read with Rules 5 and 6 of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudication Authority) Rules, 2019 (“**FSP Insolvency Rules**”).

As per Rule 5(b)(i) of the FSP Insolvency Rules, an interim moratorium commences on and from the date of filing of the application till its admission or rejection. The explanation to Rule 5(b), provides that “interim moratorium” shall have the effect of the provisions of sub-sections (1), (2) and (3) of Section 14. Sub-sections (1), (2) and (3) of Section 14 have been reproduced below:

“(1) Subject to provisions of sub-sections (2) and (3), on the insolvency commencement date, the Adjudicating Authority shall by order declare moratorium for prohibiting all of the following, namely:

(a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority;

(b) transferring, encumbering, alienating or disposing off by the corporate debtor any of its assets or any legal right or beneficial interest therein;

(c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002(54 of 2002);

(d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.



(2) The supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(3) The provisions of sub-section (1) shall not apply to —

(a) such transaction as may be notified by the Central Government in consultation with any financial regulator;

(b) a surety in a contract of guarantee to a corporate debtor.”

Note that Section 74 of the Code provides that:

“(1) Where the corporate debtor or any of its officer violates the provisions of section 14, any such officer who knowingly or wilfully committed or authorised or permitted such contravention shall be punishable with imprisonment for a term which shall not be less than three years, but may extend to five years or with fine which shall not be less than one lakh rupees, but may extend to three lakh rupees, or with both.

(2) Where any creditor violates the provisions of section 14, any person who knowingly and wilfully authorised or permitted such contravention by a creditor shall be punishable with imprisonment for a term which shall not be less than one year, but may extend to five years, or with fine which shall not be less than one lakh rupees, but may extend to one crore rupees, or with both.”

You are requested to take note of the above and are advised to refrain from taking any action which is in breach of law.

Thanking you,

Yours faithfully,

For Dewan Housing Finance Corporation Ltd.



P. K. Kumar

Senior Chief Manager – Secretarial