

Gupta faces court battle on abortive takeover

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An Indian court will today consider whether the UK metals magnate Sanjeev Gupta should face criminal prosecution for pulling out of the takeover of a bankrupt car-parts maker.

The Insolvency and Bankruptcy Board of India, the country's bankruptcy regulator, filed a criminal complaint in March against Mr Gupta and three other executives of his Liberty House group after it failed to follow through on its successful bid for New Delhi-based Amtek Auto.

Liberty House alleged that, after bidding, it learnt of irregularities in the group's books, invalidating the process.

A High Court in Chandigarh will hear a petition by Liberty House to quash the criminal complaint, having stayed proceedings after a lower court found "sufficient *prima facie* evidence" for a prosecution.

Mr Gupta faces between one and five years in prison and fines of up to Rs10m (\$140,000) if convicted. Named alongside the India-born businessman in the complaint are Liberty Industries chief executive Douglas Dawson, Derek O'Reilly, its UK chief financial officer, and India-based executive Rajiv Bajaj.

Mr Gupta has emerged as one of the UK's leading industrialists, turning his family's GFG Alliance, of which Liberty House is a part, from an obscure commodities trading house into a sprawling network with \$20bn annual revenues.

By snapping up unwanted or failed assets, the tycoon has assembled a loose conglomerate of privately owned businesses from mines and smelters to renewable power, property and banking, with a workforce of above 30,000.

GFG Alliance said: "We believe these charges have no merit and we will be vigorously defending our position.



A criminal complaint was filed against Sanjeev Gupta in March

Unfortunately, issues uncovered during due diligence meant that we were unable to complete our acquisition of Amtek Auto.

"India's Insolvency and Bankruptcy Code laws are new and a number of other companies are facing litigation."

Amtek could not be reached for comment.

The case poses an unwelcome distraction for Mr Gupta at a time when GFG's finances have come under scrutiny.

An issuance for the Australian steel division InfraBuild last month attracted a tepid response from investors amid concerns about GFG's governance.

In the prospectus for the debt issuance, the company claimed that the official process to acquire Amtek was "vitiating" by issues such as "misrepresentation" and "process irregularities".

The purchase of Amtek, which supplies components to the likes of Honda, Caterpillar and Ford, was supposed to herald Liberty House's entry into India with a target to invest \$5bn in the country. But the group says it later learnt of inflated valuations ascribed to an Amtek plant and machinery.

As a result, Liberty did not implement its resolution plan in the required timeframe, instead seeking to renegotiate its bid.