

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1502
ANSWERED ON:13.12.2013
PROTECTION OF INVESTORS INTEREST
Ray Shri Rudramadhab

Will the Minister of FINANCE be pleased to state:

- (a) whether a court order dated 31 August, 2012 has directed a real estate company to refund amount collected through Red Herring Prospectus and if so, the details thereof and the present status of the refund;
- (b) the details of subsequent court orders passed on the company and the action taken thereon; and
- (c) the other measures proposed to be taken by the Govt. to protect the interest of investors in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) Yes Sir.

The Hon'ble Supreme Court vide its Order dated 31 August 2012, upheld the order of SEBI dated 23.06.2011 directing refund by the two real estate companies i.e. Sahara India Real Estate Corporation Ltd. and Sahara Housing Investment Corporation Ltd. and their promoter and directors of the amounts raised through their Red Herring Prospectuses along with 15% interest p.a. within 3 months from the date of the order.

The present status of the refund is given in the Annexure.

(b) 1. The Hon'ble Supreme Court vide its Order dated December 05, 2012 disposed off an appeal filed by the companies and inter alia directed Saharas to deposit the refund amounts in three installments, latest by first week of Feb, 2013. The Review petition filed against the order of the Hon'ble Supreme Court was dismissed vide order dated Jan 08, 2013. The Hon'ble Supreme Court vide Order dated February 25, 2013, also dismissed the interim applications filed by the companies seeking modification of the Orders dated August 31, 2012 and December 05, 2012.

Action taken thereon:

Pursuant to the aforesaid Order dated December 05, 2013, Saharas remitted a sum of Rs.5,120 Crore to SEBI and submitted certain documents, which were found to be hopelessly mixed up and admittedly incomplete.

In view thereof SEBI, vide orders dated February 13, 2013, attached the assets of the two companies and their directors and promoter, in compliance with the directions of the Court. SEBI also filed Contempt Petitions against the companies, in view of the non-compliance of the Orders dated August 31, 2012 as modified by order dated December 05, 2012.

On March 15, 2013, SEBI filed an interim application before the Hon'ble Supreme Court seeking inter alia the detention in civil prison of the promoter and the male directors of the companies for failure to comply with this Hon'ble Court's Orders dated August 31, 2012 and December 05, 2012.

2. Vide its Order dated May 8, 2013, the Hon'ble Supreme Court permitted the refund of the money so far deposited with SEBI by Saharas to the genuine investors with interest, except multiple investors, after verifying the genuineness of the relevant documents.

Action taken thereon: Subsequent to the order dated 8th May 2013 of the Hon'ble Supreme Court a methodology for refund was worked out by SEBI. The present status of the refund is given in the Annexure.

3. The Hon'ble Supreme Court vide Order dated July 17, 2013, called for the appeals filed by the companies and their promoter and directors before the Securities Appellate Tribunal and a Writ Petition filed by their group concern before the Lucknow bench of the High Court of Judicature at Allahabad. It was also held vide the above Order that no judicial forum shall pass any orders against the orders passed by SEBI in implementation of the Order dated August 31, 2012 of the Hon'ble Court.

4. The Hon'ble Supreme Court vide its Order dated October 28, 2013 inter alia directed Saharas to submit to SEBI the original title deeds of unencumbered properties of Sahara Group of Companies, worth Rs.20,000 crores, along with proper valuation reports, within a period of three weeks.

Action taken thereon: Thereafter, Saharas submitted title deeds pertaining to the land property in Maharashtra, along with valuation

reports. When examined by SEBI, some were found to be certified copies. Others were found to be overvalued and in areas under development restrictions.

5. Vide its Order dated November 21, 2013 the Hon'ble Supreme Court directed that the Sahara Group of Companies had failed to comply with its order dated October 28, 2013 and directed the contemnors not to part with any movable and immovable properties until further orders and also directed the alleged contemnors not to leave the country without the permission of this Court.

Action taken thereon:

Sahas submitted more Title Deeds relating to other immoveable properties across the country stated to be of value of more than Rs.20,000 crore for examination by SEBI.

(c) SEBI is acting under the direction of Hon'ble Supreme Court to protect the interest of investors in this regard.