



**MONEYLIFE
FOUNDATION**
THE RIGHT THING TO DO

Trust Registration No. E-26571; PAN: AACTM4377J;
80(G) Registration No. DIT(E)/MC/80G/685/2010-11

Moneylife Foundation

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Ref: MLF/2020/Sahara India/Just. Agarwal/1

31.12.2020

To,

The Hon (Retd.) Justice BN Agrawal

Flat No. G.H. 141,

Windsor Park,

5 Vaibhav Khand,

Indrapuram,

Ghaziabad -201014

Email: agrawalbishwanath@gmail.com

Subject: Refund to Investors of Sahara India

Respected Sir,

Moneylife Foundation is a non-profit based out of Mumbai with an intent to provide a voice to savers, investors, consumers, and citizens and has emerged as one of the fastest growing organisations in this space. In an investigative story published in Moneylife on 01 October 2020, titled “Sahara’s Mysterious Riches: Rs1,10,000 Crore Raised in 10 Years despite Intense Scrutiny of Government, Supreme Court and SEBI”, it was detailed that four multi-state cooperative societies of the Sahara group – (i) Sahara Credit Cooperative Society Ltd (Sahara Credit) – Rs47,245 crore deposits and around 4 crore members (ii) Saharayn Universal Multipurpose Coop Society Ltd, (Saharayn Universal) – Rs 18,000 crore deposits and 3.71 crore members (iii) Humara India Credit Coop Society Ltd, (Humara India) - Rs12,958 crore deposits from 1.8 crore members and (iv)

Stars Multipurpose Cooperative Society (Stars) - Rs8,470 crore from 37 lakh investors - had raised Rs86,673 crore from close to 10 crore investors over 10 years (from 2010) and presently are unable to make any repayments.

A copy of the said investigative journalism report dated 1 October 2020 is enclosed as ANNEXURE A to this submission.

2. The said report also mentions a letter dated 18.08.2020 written by one Mr. Vivek Aggarwal, Joint Secretary, Cooperatives and Central Registrar, Ministry of Agriculture to the Secretary, Ministry of Corporate Affairs (MCA). The said communication recommended the matter pertaining to four multi-state cooperative societies of the Sahara group raising Rs86,673 crore from close to 10 crore investors for investigation by the Serious Frauds Investigation Office (SFIO). It is evident from the said letter that Mr Aggarwal received at least 15,000 complaints from depositors in eight months and, after conducting hearings, has issued multiple orders against the four cooperative societies.

A copy of the said letter of the Joint Secretary, Ministry of Agriculture dated is enclosed as ANNEXURE B to this submission.

3. Kind reference is invited to the Judgment dated 31.08.2012 of the Hon'ble Supreme Court of India in the case of Sahara India Real Estate Corporation Limited & Others Vs. SEBI in the Civil Appeal No 9813 & 9833 of 2011 vide which it was directed that Sahara (SIRECL & SHICL) would refund the amounts collected through Red Herring Perspectives dated 13.3.2008 and 16.10.2009 along with interest @15% per annum to SEBI from the date of receipt of the subscription amount till the date of repayment.

4. In his written reply on 10 February 2020, to the Lok Sabha Unstarred Question No 1370 on Sahara India Group Investors, Minister of State (Finance), Anurag Thakur, stated that the Sahara group has deposited Rs15,448.67 crore to 'Sebi-Sahara Refund' account and Rs109.86 crore was refunded to 14,146 applicants, including principal and interest, following several advertisements issued by the regulator.

A copy of the said reply is enclosed as ANNEXURE C to this submission.

5. The above-mentioned letter dated 18.08.2020 details that Sahara Credit Cooperative Society Ltd (Sahara Credit) with Rs47,245 crore deposits and around 4 crore members, made an advance of Rs2,253 crore to Subrata Roy which was transferred to SEBI as payment for the amount collected by one of the two Sahara realty companies. Therefore, it appears that the said Rs 2,253 crore is presently subsumed in the Rs15,448.67 crore which has been deposited in the 'Sebi-Sahara Refund' account.

6. Post the publication of the investigative piece, Moneylife, in a public-minded initiative, availing the reach and scope of the social media platforms, has collated the details of 240 investors involving a sum of around Rs 6.28 crore. It is to be adequately underscored that this is work in progress and the 240 investors here pertain only to those of them who had reached out to Moneylife subsequent to the publication of the report dated 01.10.2020. It may kindly be appreciated that the said tabulation contains all the relevant details of the 240 investors including name, address, email, mobile, PAN, amount invested, maturity amount (with date) and certificate number.

A document containing the said tabulation with the details pertaining to 240 investors is enclosed as ANNEXURE D to this submission.

7. It is submitted that the preamble of the SEBI describes the basic functions of the organisation as "...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto". It may kindly be appreciated that the matter pertaining to the Sahara Credit Cooperative Society Ltd (Sahara Credit) is incidental to the consequences emanating from the judgement of the apex court in the Sahara (SIRECL & SHICL) case. Also, ever since Rs2,253 crore was advanced from Sahara Credit to Subroto Sahara for payment of the outstanding amounts to SEBI, the matters between the two issues have not only become inter-connected but also integrated at many levels. It is, therefore, incumbent upon SEBI to ensure that all the members of the Sahara Credit Cooperative Society Ltd (Sahara Credit) who have not been paid by the Sahara group are refunded their amounts from the 'Sebi-Sahara Refund' account.

8. Of the Rs15,448.67 crore deposited by the Sahara group, SEBI has refunded only Rs109.86 crore, following the judgment of the Apex Court dated 31.08.2012. Hence, it is evident that Rs15,378.81 crore is presently available with the SEBI for refund to eligible depositors. It is further clear that Rs2,253 crore was advanced to the Sahara group from the Sahara Credit Cooperative Society Ltd (Sahara Credit) for repayment of the said amounts as directed by the Apex Court in the said order. Though, the details collated by Moneylife pertain only to 240 members (out of 4 crore claimed by the Sahara Group), it is pertinent to mention that post the said judgement of the Apex Court, only 14,146 refund applications were processed in spite of more than 3 crore members who were to be sanctioned more than Rs20,000 crore refund.

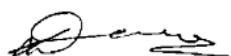
9. It may kindly be acknowledged that we live in extraordinary times. The ensuing pandemic has affected all over lives in ways more than one. The

depositors in the instant case, in addition to bearing the brunt of the pandemic are staring at a scenario, wherein their hard earned money, life time savings in most cases, may just be siphoned off by the Sahara group. Needless to say, extraordinary times deserve extraordinary remedies. It is most humbly being submitted that, both on legal and humanitarian grounds, this is a very fit case, that deserves your personal intervention and hence it is requested that the refunds may kindly be processed for the 240 members herein.

PRAYER

In light of the above submissions, keeping in mind the spirit and essence of the judgment dated 31.08.2020, it is prayed that facts placed in this representation may kindly be considered and appropriate directions may be issued to the proper officer in SEBI for the refund of the amounts pertaining to the 240 members enclosed herein, as per the extant law.

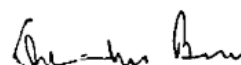
For this Act of Kindness,



Sucheta Dalal

Founder Trustee

Moneylife Foundation



Debashis Basu

Founder Trustee

Moneylife Foundation

ENCL:

1. Annexure A
2. Annexure B
3. Annexure C
4. Annexure D

Sahara's Mysterious Riches: Rs1,10,000 Crore Raised in 10 Years despite Intense Scrutiny of Government, Supreme Court and SEBI

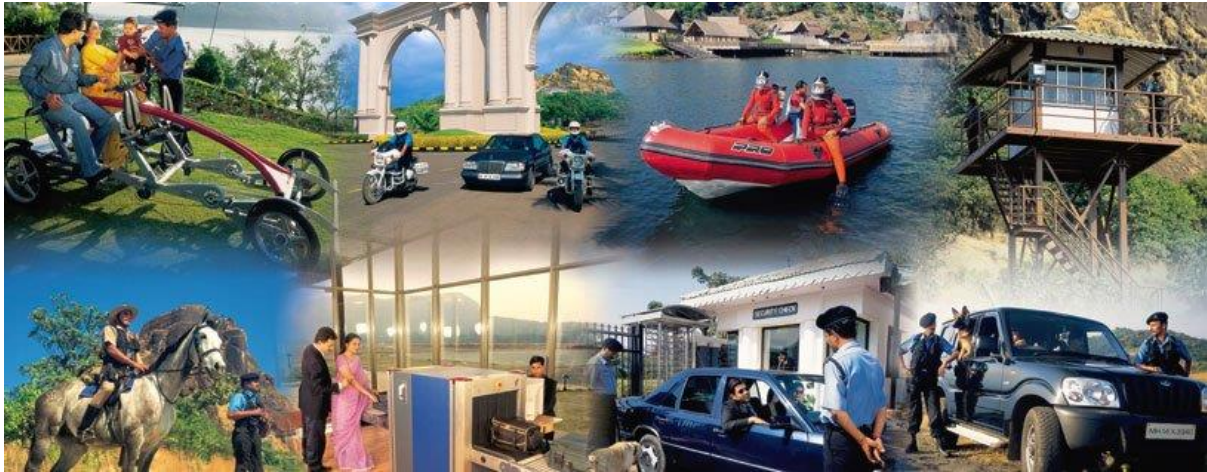
[Sucheta Dalal](#) 01 October 2020



On 18th August, the usually somnolent central registrar of cooperative societies (CRCS), which regulates cooperative societies and cooperative banks, did something that ought to have made banner headlines across the media. Vivek Aggarwal, joint secretary, cooperatives and central registrar wrote to the ministry of corporate affairs (MCA) that four multi-state cooperative societies of the controversial Sahara group had raised an astounding Rs86,673 crore over 10 years (from 2010) from several crore depositors and was unable to make repayments. Asking for an investigation by the Serious Frauds Investigation Office (SFIO), Mr Aggarwal says he has received at least 15,000 complaints in eight months and, after conducting hearings, has issued multiple orders against the four cooperative societies. (A copy of the letter is appended below).

The 4 Credit Cooperative Societies

1. Sahara Credit Cooperative Society Ltd (Sahara Credit), registered in Lucknow, raised Rs47,245 crore from nearly 4 crore depositors and invested Rs28,170 crore in Aamby Valley Ltd. It operates in 22 Indian states. As far back as 9 December 2019, there were 208 complaints (of which only 12 were settled and 80 declared invalid) against it, seeking winding up and liquidation of the society. This was deferred on the basis of various commitments made by it, including submission of a quarterly statement to the regulator and settlement of all pending complaints. Sahara claimed it has an online redress mechanism (<http://sccsl.sahara.in/contact.html>) and contact address (contactus.sccsl@sahara.in) but an email sent to it bounced.



2. Saharayn Universal Multipurpose Coop Society Ltd, (Saharayn Universal), registered in Bhopal in 2014 collected about Rs18,000 crore from its 3.71 crore members and invested Rs17,945 crore in Aamby Valley Ltd. It has operations in 17 states.

3. Humara India Credit Coop Society Ltd, (Humara India) has deposits of Rs12,958 crore from 1.8 crore members. It is registered in Kolkata and operates out of 15 states and Union Territories. Of this, Rs10,255 crore was invested in Aamby Valley. On 17th August, the CRCS said that its investments in Aamby Valley Limited were “against the basic principle of thrift and credit cooperative society” and need detailed investigation.

4. Stars Multipurpose Cooperative Society (Stars), registered in Hyderabad, raised Rs8,470 crore from 37 lakh investors through 2018 branches in 14 states. Of this, it invested Rs6,273 crore in Aamby Valley Ltd as ‘equity’ in addition to advances of Rs1,800 crore. In August, a CRCS order noted that it was not able to provide details of advances of Rs1,800 crore given by the society and ordered it to stop collecting deposits. There were 6,720 complaints pending.

The facts would suggest that the Sahara group is a giant money-raising machine that picked up Rs1,10,000 crore (including Rs24,000 crore explained below) without any help from investment bankers, no publicity and completely unaffected by a high-profile trial in the Supreme Court (SC) which led to group chairman Subrata Roy being sent to Tihar jail on 4 March 2014. He remained in jail until 6 May 2016, when he was released on parole for the last rites of his mother. The SC order was part of a long and bruising battle with the Securities and Exchange Board of India (SEBI) in connection with Rs24,000 crore raised by two Sahara realty entities by issuing optionally fully convertible debentures (OFCDs) without the SEBI’s permission.

SC ordered Sahara to deposit the money it had raised with SEBI. Replying to a Lok Sabha question, minister of state for finance, Anurag Thakur, said that as on 1 February 2020, the Sahara group has deposited Rs15,448.67 crore to ‘Sebi-Sahara Refund’ account and a cheque of Rs41.59 crore was paid in late-January 2020. SEBI had received 19,560 applications for refund representing an investment of just Rs81.3 crore. Of this, Rs109.86 crore was refunded to 14,146 applicants, including principal and interest, following several advertisements issued by the regulator.

Why was there a huge gap between the money raised and money claimed by depositors? Sahara has argued that 95% of the money it had raised was already paid back; but it has never been able to provide satisfactory evidence of any payment. Sahara has demanded the money back from the regulator, but this entire process is monitored by a court-appointed former Supreme Court judge.

Mr Aggarwal's letter asking for an SFIO probe of the four societies was reported by the [Indian Express](#) and Press Trust of India (PTI) on 3rd September and published by newspapers across the country. These mind-boggling numbers ought to have made banner headlines at least in the business press and all our investigation agencies should have been taking up the issue. No such thing happened nor has an SFIO probe been ordered as requested.

Even stranger is the fact that Sahara has not been able to repay depositors since early-2020; but, despite the deleterious impact of COVID-19 on livelihoods, several crore investors, who apparently invested in its cooperative societies, have remained quiet, docile and largely invisible. There are no public protests, no court cases, except 15,000 investments into the CRCS and a sprinkling of complaints on public consumer redress forums.

Since Mr Aggarwal's letter is well reported, let us analyse some astounding details as well as the flurry of orders since December 2019, which [are available on the MSCS \(multi-state cooperative societies\) website](#).

Mr Aggarwal's letter says that the four credit cooperative societies, together, invested a massive Rs62,643 crore in Aamby Valley project. Sources dealing with the SEBI litigation say that Aamby Valley is, indeed, such a mess of multiple companies holding different parts of the picturesque hill station (with an international class golf course and air strip) that is hard to split it in parts and find a buyer, especially without the group's cooperation. At one time, Sahara had submitted title deeds of properties to SEBI in lieu of cash, but they were returned due to serious complications with the title.

At a hearing for Saharayn Universal in March, Mr Aggarwal refers to a letter by CRCS to the Reserve Bank of India (RBI) and the department of financial services (Union ministry of finance) asking about the legality of the cooperative society, collecting contributions from its members, as deposits. He notes that neither had responded until the hearing. RBI and the finance ministry don't seem to have responded.

A startling observation from Mr Aggarwal is that Sahara Credit Cooperative made an advance of Rs2,253 crore to Subrata Roy which was transferred to SEBI as payment collected by one of the two Sahara realty companies. This raises several questions about Sahara's claims about refunds and collections.

Thirdly, he says, 'fictitious profits' were shown in the accounts of the societies for sale and purchase of shares of Aamby Valley Limited among group companies. This is not even like a ponzi scheme which pays fancy returns to initial investors. In this case, investors, investments as well as returns that were generated, seem hazy.

These cooperative societies also made investments in other Sahara group entities such as Sahara India Commercial Corporation Ltd, Sahara Prime City Ltd, Lucknow, Sahara Housing Projects, Sahara Hospitality, Sahara India Ltd, Sahara Financial Corporation Ltd, etc, writes Mr Aggarwal.

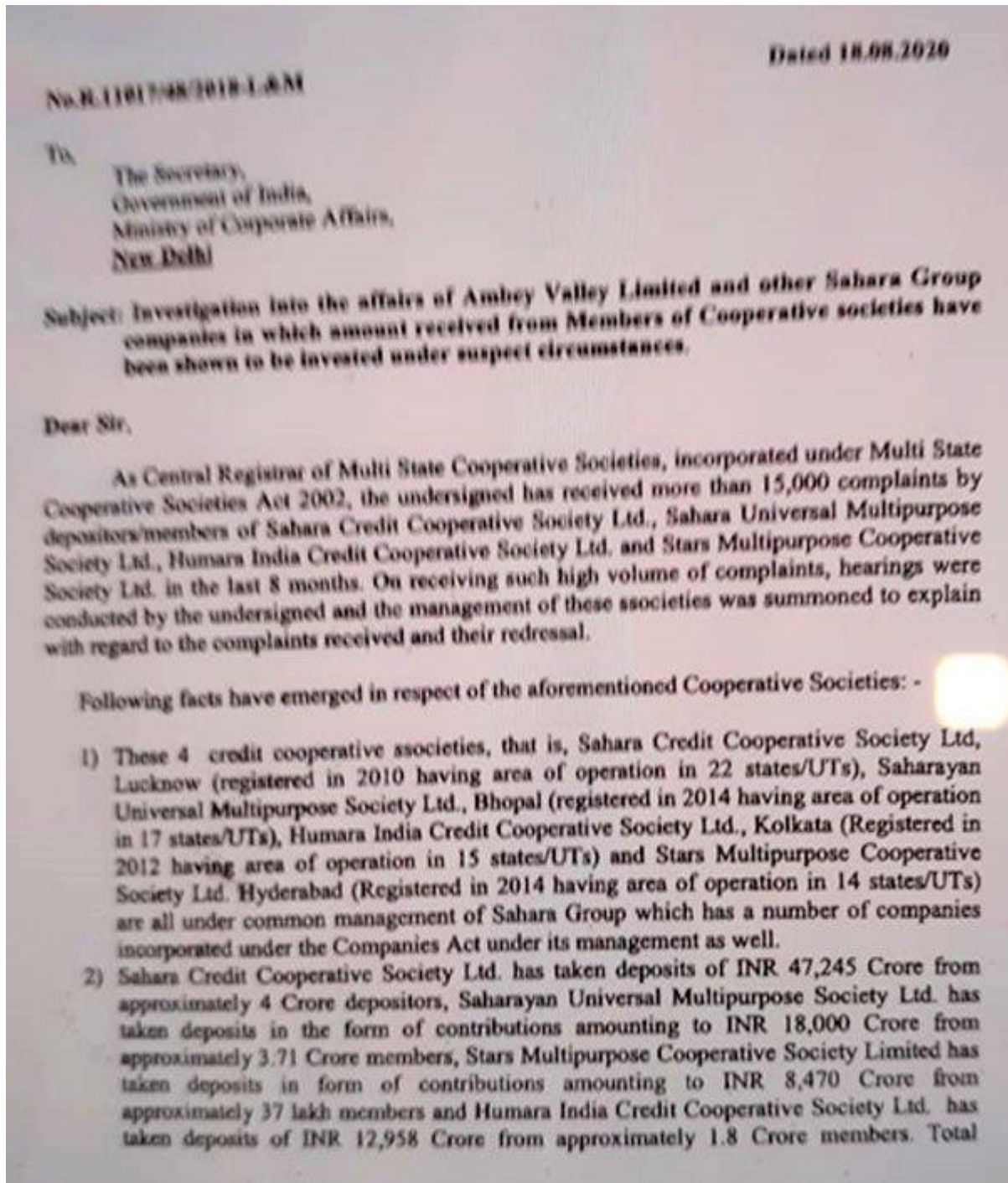
In July, the CRCS prohibited all four cooperative societies from taking any fresh deposits from their members.

S No	Subject of the Topic	Date	Download File
1	National Federation of Farmers Procurement, Processing, Retailing Cooperatives of India Ltd. (NACOF), Order Sheet of Hearing held on 28.08.2020 next hearing 11.09.2020	28 Aug 2020	Download
2	Bombay Mercantile Cooperative Bank Ltd: Ordersheet - Next hearing on 23.09.2020	21 Aug 2020	Download
3	Stars Multipurpose Cooperative Society Ltd : Order Sheet of Hearing held on 17.08.2020 and next hearing on 24.09.2020	17 Aug 2020	Download
4	Humara India Credit Cooperative Society Ltd : Order sheet issued for hearing held on 17.08.2020 and next hearing on 24.09.2020	17 Aug 2020	Download
5	Sahara Credit Cooperative Society Ltd : Order Sheet of Hearing held on 14.08.2020	14 Aug 2020	Download
6	Saharayn Universal Multi purpose Society Ltd : Order Sheet of Hearing held on 14.08.2020	14 Aug 2020	Download
7	Hearing matter of NCLF, Order Sheet of Hearing held on 10.08.2020	10 Aug 2020	Download
8	Saharayn Universal Multi purpose Society Ltd : Order Sheet of Hearing held on 22.07.2020	22 Jul 2020	Download
9	Sahara Credit Cooperative Society Ltd : Order Sheet of Hearing held on 22.07.2020	22 Jul 2020	Download
10	Proutist Multi State Cooperative Society Limited, Ghaziabad : Order Sheet of Hearing held on 30.06.2020	30 Jun 2020	Download
11	Green Agro Purpose Cooperative Society Limited, : Order Sheet of Hearing held on 09.03.2020.	02 Jun 2020	Download
12	Prithvi Credit Cooperative Society Limited, : Order Sheet of Hearing held on 06.03.2020	02 Jun 2020	Download
13	Rajasthan Multi State Cooperative Credit Society Limited, : Order Sheet of Hearing held on 04.03.2020	14 May 2020	Download
14	A.P Mahesh Cooperative Bank Limited, : Order Sheet of Hearing held on 10.02.2020 and next hearing on 17.2.2020	10 Feb 2020	Download
15	Bombay Mercantile Cooperative Bank Ltd : : Order Sheet of Hearing held on 07.02.2020 and next hearing on 12.03.2020	07 Feb 2020	Download
16	AP Mahesh Cooperative Bank Limited : Order Sheet of Hearing held on 03.02.2020 and next hearing on 10.2.2020	03 Feb 2020	Download
17	Saharayn Universal Multi purpose Society Ltd : Order Sheet of Hearing held on 22.01.2020 and next hearing on 28.02.2020	22 Jan 2020	Download
18	National Federation of Farmers Procurement, Processing, Retailing Cooperatives of India Ltd. (NACOF), Order Sheet of Hearing held on 21.01.2020 and next hearing on 24.02.2020	21 Jan 2020	Download
19	Humara India Credit Cooperative Society Ltd : Order Sheet of Hearing held on 21.01.2020 and next hearing on 25.02.2020	21 Jan 2020	Download
20	Stars Multipurpose Cooperative Society Ltd : Order Sheet of Hearing held on 21.01.2020 and next hearing on 28.02.2020	21 Jan 2020	Download
21	AP Mahesh Cooperative Bank Limited : Order Sheet of Hearing held on 21.01.2020 and next hearing on 3.2.2020	21 Jan 2020	Download
22	Mehsana Urban Cooperative Bank Limited Order Sheet of Hearing held on 21.01.2020 and next hearing on 24.2.2020	21 Jan 2020	Download
23	Sahara Credit Cooperative Society Ltd : Order Sheet of Hearing held on 21.01.2020 and next hearing on 28.02.2020	21 Jan 2020	Download
24	Aerocity Dwarka Multistate Co-operative Group Housing Society Ltd, New Delhi : Order Sheet for hearing held on 15.01.2020	15 Jan 2020	Download
25	Imayam Multi State Housing Cooperative Society Ltd : : Order Sheet of Hearing held on 15.01.2020 and next hearing on 3.2.2020	15 Jan 2020	Download
26	National Federation of Farmers Procurement, Processing & Retailing Cooperatives of India Ltd. (NACOF), Order Sheet of Hearing held on 9.01.2020 and next hearing on 21.01.2020	09 Jan 2020	Download
27	Bombay Mercantile Cooperative Bank Ltd: Order Sheet	20 Dec 2019	Download
28	Saharayn Universal Multi purpose Society Ltd : Order sheet issued for hearing held on 13.12.2019	13 Dec 2019	Download
29	Sahara Credit Cooperative Society Ltd : Order sheet issued for hearing held on 09.12.2019	09 Dec 2019	Download
30	Stars Multipurpose Cooperative Society Ltd : Order sheet issued for hearing held on 09.12.2019	09 Dec 2019	Download
31	Humara India Credit Cooperative Society Ltd : Order sheet issued for hearing held on 06.12.2019	06 Dec 2019	Download

The central registrar says that the deposits collected by the cooperative societies represents the hard-earned money of several crore Indians and these investments must be investigated and a proper valuation done of the assets. But think about it. While 15,000 complaints is significant, the total number of investors is allegedly 4 crore in just one cooperative society and, if there is no overlap, then the total depositors may be as high as 6 crore to 7 crore. Given that there are complaints about refunds since January this year, the silence and invisibility of Sahara's investors is stunning. Even in the SEBI dispute, the total sum paid to nearly over 19,000 applicants was just Rs100 crore—a drop compared to the money raised.

Although an email sent to the Sahara Multipurpose Cooperative Society bounced, we note through media reports that Sahara's spokespersons had strongly denied any wrongdoing. The PTI report quotes the group making several claims. First, that they accept deposits/contributions only from their members who have voting rights in the society. We know from the CRCS orders that records establishing this for 4 crore members have not been provided. The Sahara group is understood to have submitted a legal opinion saying that credit cooperative societies do not come under the purview of The Banning of Unregulated Deposit Schemes Act, 2019 as claimed by the regulator.

Former SEBI chairman UK Sinha, in his book, has written how several finance ministers and prime ministers (Pranab Mukherjee, Dr Manmohan Singh, P Chidambaram and Arun Jaitley) were fully supportive of SEBI's battle with Sahara. If that is, indeed, the case, how was Sahara Parivar quietly able to raise Rs86,000 crore without a whisper in the public domain (in addition to Rs24,000 crore contested very publicly). During this time, the group was under the spotlight of the highest executive offices in the country, a key regulator and the Supreme Court and, Mr Roy was in jail for two of those eight years. We are truly a banana republic.




deposits taken by these four cooperative societies as disclosed by their management amounts to approximately INR 86,673 Crore.

- 3) Information provided by the management of these four cooperative societies has revealed that Sahara Credit Cooperative Society Ltd. has invested INR 28,170 Crore in Ambey Valley Limited, a company incorporated under the Companies Act, Saharayan Universal Multipurpose Society Limited has invested INR 17,945 Crore in Ambey Valley Limited, Sans Multipurpose Cooperative Society Ltd. has invested INR 6,273 Crore in Ambey Valley Limited and Humara India Credit Cooperative Society Ltd. has invested INR 10,253 Crore in Ambey Valley Limited. A total amount of INR 62,643 Crore has shown to be invested in Ambey Valley Limited by these four cooperative societies against their total deposits of INR 86,673 Crore.
- 4) In addition to large scale investment in Ambey Valley Limited which is a Sahara Group Company with Shri Subarato Sahara as a promoter significant investments have also been depicted in the accounts of these four cooperative societies purported to have been made in other Sahara Group Companies like Sahara India Commercial Corporation Limited, Sahara Prime City Limited Lucknow, Sahara Housing Projects in Versova, Mumbai, Sahara Financial Corporation Limited, Sahara Hospitality, Sahara India Limited etc.
- 5) The examination of Profit and Loss accounts of these cooperative societies reveal that fictitious profits have been shown for transaction of sale and purchase of shares of Ambey Valley Limited amongst the group entities. These entities show income from sale of shares whereas such transfers have happened within the group entities only.
- 6) During the hearing, management of Sahara Credit Cooperative Society Ltd. also revealed that an amount of INR 2,253 Crore has been taken out from the funds of the society and deposited with SEBI on account of the dispute of Sahara Real Estate Limited and has been shown as an advance to Shri Subarato Sahara. How such a large sum has been siphoned off and deposited on account of the liability of another company namely Sahara Real Estate Limited remains unexplained.
- 7) The hard earned money and deposits made by crores of Indian citizens in these four Cooperative Societies are under serious threat of erosion. All such deposits are now at the mercy of Sahara Group companies especially Ambey Valley Limited, therefore it is expedient in the public interest to order investigation in the affairs of Ambey Valley Limited and other Sahara Group Companies who have received funds from these cooperatives by Serious Fraud Investigation Office under Section 212 of the Companies Act, 2013. This investigation is required to ascertain the valuation of assets held by these companies, valuation of shares which have been allotted to these cooperatives, justification of charging premium over the face value of shares at the time of allotment, usage of funds received from these cooperatives, legal validity of various joint venture agreements signed by these companies with cooperative societies and any other matter related thereto.

In the light of aforementioned facts, it is requested that an investigation may be ordered under section 212 of the Companies Act, 2013 to be conducted by Serious Fraud Investigation Office into the affairs of Sahara Group Companies specifically mentioned in this letter including Ambey Valley Limited in public interest with a direction to complete the investigation as soon as possible. Apart from taking legal action as required under the Companies Act, a report of this investigation may also be conveyed to the under signed so that consequent action under the provisions of Multi State Cooperative Societies Act 2002 can be initiated.

Yours faithfully


(Vivek Aggarwal) IAS
Joint Secretary,
Government of India &
Central Registrar of Cooperative Societies
Ministry of Agriculture and Farmers Welfare
New Delhi.

Sahara investors, who want to be part of the joint action and effort by a SC lawyer to help, may please join Moneylife Foundation's Telegram group here:
<https://telegram.me/joinchat/OOrsZRMirh3vL9eKAHLJFA> and share details.

Dated 18.08.2020

No.R.11017/48/2018-L&M

To,

The Secretary,
Government of India,
Ministry of Corporate Affairs,
New Delhi

Subject: Investigation into the affairs of Ambey Valley Limited and other Sahara Group companies in which amount received from Members of Cooperative societies have been shown to be invested under suspect circumstances.

Dear Sir,

As Central Registrar of Multi State Cooperative Societies, incorporated under Multi State Cooperative Societies Act 2002, the undersigned has received more than 15,000 complaints by depositors/members of Sahara Credit Cooperative Society Ltd., Sahara Universal Multipurpose Society Ltd., Humara India Credit Cooperative Society Ltd. and Stars Multipurpose Cooperative Society Ltd. in the last 8 months. On receiving such high volume of complaints, hearings were conducted by the undersigned and the management of these societies was summoned to explain with regard to the complaints received and their redressal.

Following facts have emerged in respect of the aforementioned Cooperative Societies: -


- 1) These 4 credit cooperative societies, that is, Sahara Credit Cooperative Society Ltd, Lucknow (registered in 2010 having area of operation in 22 states/UTs), Saharayan Universal Multipurpose Society Ltd., Bhopal (registered in 2014 having area of operation in 17 states/UTs), Humara India Credit Cooperative Society Ltd., Kolkata (Registered in 2012 having area of operation in 15 states/UTs) and Stars Multipurpose Cooperative Society Ltd. Hyderabad (Registered in 2014 having area of operation in 14 states/UTs) are all under common management of Sahara Group which has a number of companies incorporated under the Companies Act under its management as well.
- 2) Sahara Credit Cooperative Society Ltd. has taken deposits of INR 47,245 Crore from approximately 4 Crore depositors, Saharayan Universal Multipurpose Society Ltd. has taken deposits in the form of contributions amounting to INR 18,000 Crore from approximately 3.71 Crore members, Stars Multipurpose Cooperative Society Limited has taken deposits in form of contributions amounting to INR 8,470 Crore from approximately 37 lakh members and Humara India Credit Cooperative Society Ltd. has taken deposits of INR 12,958 Crore from approximately 1.8 Crore members. Total

deposits taken by these four cooperative societies as disclosed by their management amounts to approximately INR 86,673 Crore.

- 3) Information provided by the management of these four cooperative societies has revealed that Sahara Credit Cooperative Society Ltd. has invested INR 28,170 Crore in Ambey Valley Limited, a company incorporated under the Companies Act, Saharayan Universal Multipurpose Society Limited has invested INR 17,945 Crore in Ambey Valley Limited, Sans Multipurpose Cooperative Society Ltd. has invested INR 6,273 Crore in Ambey Valley Limited and Humara India Credit Cooperative Society Ltd. has invested INR 10,253 Crore in Ambey Valley Limited. A total amount of INR 62,643 Crore has shown to be invested in Ambey Valley Limited by these four cooperative societies against their total deposits of INR 86,673 Crore.
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- 6) During the hearing, management of Sahara Credit Cooperative Society Ltd. also revealed that an amount of INR 2,253 Crore has been taken out from the funds of the society and deposited with SEBI on account of the dispute of Sahara Real Estate Limited and has been shown as an advance to Shri Subarato Sahara. How such a large sum has been siphoned off and deposited on account of the liability of another company namely Sahara Real Estate Limited remains unexplained.
- 7) The hard earned money and deposits made by crores of Indian citizens in these four Cooperative Societies are under serious threat of erosion. All such deposits are now at the mercy of Sahara Group companies especially Ambey Valley Limited, therefore it is expedient in the public interest to order investigation in the affairs of Ambey Valley Limited and other Sahara Group Companies who have received funds from these cooperatives by Serious Fraud Investigation Office under Section 212 of the Companies Act, 2013. This investigation is required to ascertain the valuation of assets held by these companies, valuation of shares which have been allotted to these cooperatives, justification of charging premium over the face value of shares at the time of allotment, usage of funds received from these cooperatives, legal validity of various joint venture agreements signed by these companies with cooperative societies and any other matter related thereto.

In the light of aforementioned facts, it is requested that an investigation may be ordered under section 212 of the Companies Act, 2013 to be conducted by Serious Fraud Investigation Office into the affairs of Sahara Group Companies specifically mentioned in this letter including Ambey Valley Limited in public interest with a direction to complete the investigation as soon as possible. Apart from taking legal action as required under the Companies Act, a report of this investigation may also be conveyed to the under signed so that consequent action under the provisions of Multi State Cooperative Societies Act 2002 can be initiated.

Yours faithfully


(Vivek Aggarwal) IAS
Joint Secretary

Government of India &
Central Registrar of Cooperative Societies
Ministry of Agriculture and Farmers Welfare
New Delhi.

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1370
TO BE ANSWERED ON MONDAY, 10TH FEBRUARY, 2020/ MAGHA 21, 1941 (SAKA)

SAHARA INDIA GROUP INVESTORS

QUESTION

1370. SHRI SUBHASH CHANDRA BAHERIA:

Will the Minister of Finance be pleased to state:

- (a) whether the Government is aware about the number of investors duped in Sahara India Group along with the quantum of funds involved and if so, the details thereof;
- (b) the funds deposited so far by Sahara India Group to SEBI account for re-payment to investors;
- (c) the number of investors who have filed their claims with SEBI for refund along with the amount involved therein;
- (d) the number of investors repaid by SEBI till date along with the amount involved; and
- (e) the manner in which the remaining investors will be repaid?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a): Securities and Exchange Board of India (SEBI) has informed that two of the Group Companies of Sahara Group namely, Sahara India Real Estate Corporation Ltd., (SIRECL) and Sahara Housing Investment Corporation Ltd. (SHICL), had raised money aggregating to Rs. 19,400.87 Crore and Rs. 6,380.50 Crore respectively from around 3.07 Crores subscribers/investors/deposit accounts through issue of Optionally Fully Convertible Debentures (OFCDs) without filing offer documents with SEBI and in violation of SEBI Regulations and Companies Act, 1956.

Further SEBI had examined the matter of other group entities like, M/s. Sahara Q Shop Unique Products Range Ltd, M/s. Sahara Q Gold Mart Ltd, M/s. Sahara India Commercial Corporation Ltd, M/s. Sahara Credit Co-operative Society Ltd, M/s. Sahara Prime City Ltd, M/s. Saharayn Universal Multipurpose Society Ltd, M/s. Saharayn E Multipurpose Society Ltd and M/s. Stars Multipurpose Co-operative Society Ltd for applicability of SEBI Regulations and it was observed that the activities of said companies did not fall under the definition of Collective Investment Schemes and hence, outside the purview of SEBI. The matters relating to said companies have been referred by SEBI to various authorities/ Regulators concerned such as Ministry of Corporate Affairs, Ministry of Agriculture and Farmers Welfare, Reserve Bank of India, Government of Maharashtra, and Government of Uttar Pradesh.

(b): As per the directions of the Hon'ble Supreme Court order dated 31.08.2012, Sahara Group has deposited an amount of Rupees 15,448.67 Crore to 'SEBI-Sahara Refund' Account as on 01.02.2020. Further, a cheque of Rs 41.59 crore in respect of a property situated at Vellore was produced before the

Hon'ble Supreme Court on 24.01.2020, where the Hon'ble Supreme Court directed that the same shall be accepted by SEBI 'without prejudice'. The said cheque has been presented to the bank for depositing to "SEBI-Sahara Refund" Account and has not yet been realized as on date.

(c), (d) & (e): As per the direction of Hon'ble Supreme Court and with the advice of Justice (Retd) B N Agarwal appointed by Hon'ble Supreme Court vide order dated 31.08.2012 to oversee the refund process, SEBI had issued a Press Release on 28.05.2013 and Press Advertisements during the months of August-September 2014 and December 2014, advising the investors at large to make necessary applications to SEBI for refund of their money invested in the OFCDs of the aforesaid two Companies viz., SIRECL and SHICL. SEBI has also made available the format of Application for Refund on its website (www.sebi.gov.in) to enable the investors to make their applications for refund. SEBI had once again issued Press Advertisements on March 26, 2018 and June 19, 2018 informing the investors that July 2, 2018 (cut-off date) is the last date for receiving applications for refund and that no application would be accepted/ entertained after the cut-off date and that this would be the last and final opportunity for investors to claim refund.

Pursuant to the above advertisements, SEBI had received 19,560 Applications in total involving 53,361 Original Bond Certificates / Pass Books for an aggregate Principal Amount of Rupees 81.30 Crore. SEBI made refunds with respect to 14,146 Applications involving 39,499 Original Bond Certificates / Pass Books for an aggregate amount of Rupees 109.86 Crores (i.e. Rupees 58.52 Crores as Principal and Rupees 51.34 Crores as an Interest). The refund to investors is subject to verification of their applications and approval of Justice (Retd) B N Agarwal in terms of the order of the Hon'ble Supreme Court.
