



DR.GURPREET KAUR
HEAD OF PG DEPT. OF COMMERCE
GOVT. COLLEGE FOR GIRLS,LUDHIANA

Introduction on Corporate Frauds OR White Collar Crimes

➤ White Collar Frauds refers to financially motivated non-violent crime committed by business and government professionals.

➤ Fraud is a worldwide phenomenon that affects all continents and all sectors of the economy.



157608157





The Satyam Scandale



“SATYAM COMPUTER SERVICES LTD.”

- **Satyam Computer Services Ltd. Was founded in 1987 by Mr. B. Ramalinga Raju.**
- **The Company offers consulting and information technology services spanning various sectors including engineering and product development, supply chain management, business process management.**



WHO IS B. RAMALINGA RAJU?

- Ramalinga Raju was born on September 16, 1954.
- He founded Satyam Computers and was its Chairman until January 7, 2009, when he resigned Satyam Board after admitting to corporate fraud.



WHAT IS SATYAM SCAM?

- The company misrepresented its accounts to its boards , stock exchanges regulators , investors and all other stake holders.
- The scandal broke in 2009 when Raju confessed that the company's accounts were tampered with.
- He disclosed Rs.7000 crore accounting fraud in the balance sheet.

Role of auditors, in light of Satyam scam

This fraud was not committed overnight; it was building up continuously from over years. The role of Satyam's auditors is under scanner. They ignored some of the **obvious indications of embezzlement and thus failed to catch on the massive scam**, which could have been caught much before it acquired the 'massive' status.

- After the disclosure of fraud, Raju was arrested.
- **On Jan.8,2009:-** Citibank freezes Satyam's 30 accounts.
- Raju and his brother was removed from Sensex and Nifty.



CONFESSION LETTER

- Raju wrote in the confession letter
“Every attempt to fill the gap failed”.

It was like riding a tiger, not knowing how to get off without being eaten”.




NEW CHAIRMAN OF SATYAM COMPUTER SERVICES LTD.

- Tech Mahindra Chairman , Anand Mahindra addresses a conference to announce the winner of the bid to buy SATYAM COMPUTER SERVICES in Mumbai.
- Mahindra unveils new identity for SATYAM ie:- MAHINDRA SATYAM.

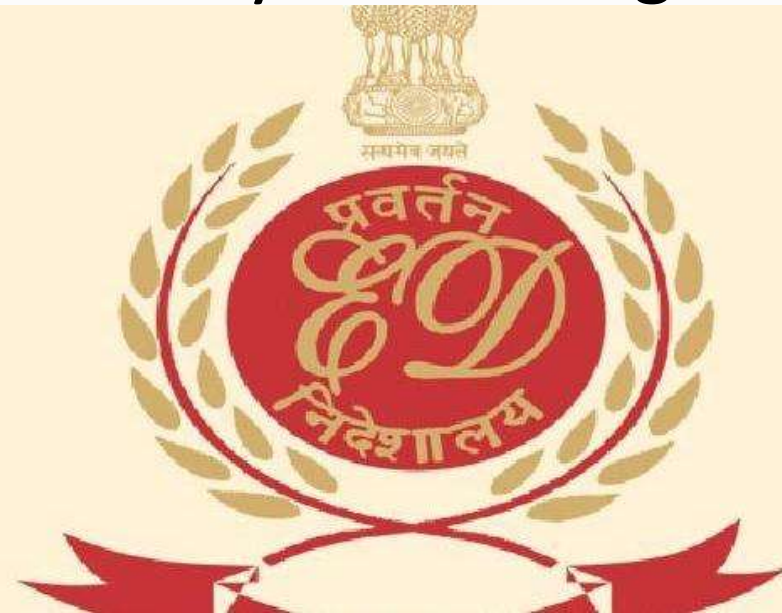




INVESTIGATION

- In 2010:- CBI failed to produce any material to attribute the offence of conspiracy to the accused.
 - In the absence of presumptive ingredients of offence, Raju says charges levelled by CBI are false.
 - On Nov.2,2011:-Supreme court grants bail to Raju,since CBI failed to file charge sheet on time.
- 

- On Oct.28,2013:- Enforcement Directorate files a new prosecution in the nearly five-year- old SATYAM COMPUTER SCAM for criminal action against 47 persons and 166 corporate entities , headed by the former Chairman B. RAMALINGA RAJU, on the charges of money laundering.



- **On Dec.8,2014:-** Raju and three other given six months jail term by SFIO.
- **On Dec.23,2014:-** Judge postpones verdict to MARCH-9, citing voluminous documents.
- **On Mar.9,2015:-** Judge B.V.L.N. CHAKARAVARTHI special court defers verdict till April,9.
- **On April.9,2015:-** It was declared that Raju was guilty.The court announced 7 years imprisonment and a fine of Rs.5.5 crore.

“CONSEQUENCES”

- Before the scandal its share price was RS.300 in Oct.2008. Just after the scandal its share price go down to Rs.6.30.
- The NEW YORK STOCK EXCHANGE has halted trading in SATYAM STOCK.
- Before the scandal Satyam was the 4th RANKED among IT Companies of india and on 9th Jan.2009 it became least valuable IT Company in India.

IMPACT OF SATYAM SCAM ON INDIAN ECONOMY

- Indian firms are looking into methods to avoid scenarios of such scams with in their companies.
- Huge losses to investors aside, the Satyam Scandal has caused “serious Damage” to India’s reputation.
- The government certainly cannot remain aloof and allow Satyam to die off especially when it provides occupation to 53000.

NOIDA FAKE LIKE SCAM



INTRODUCTION

- It was a ponzi scheme in India run by Anubhav Mittal, along with his company's CEO Sridhar and technical head Mahesh that operated between 2015 and 2017. They duped Rs 3700 Crore from nearly 7,00,000 people through an online portal 'socialtrade.biz'.

61345107

.....

Sign In

Not Registered? [Free Sign Up](#)

[Forgot Password ?](#)

What is
SocialTrade.biz

CyberLink
by **PowerDirector**

Social Media exchange is a unique concept of online Barter system which creates a win-win situation for users. On one hand, it allows you to

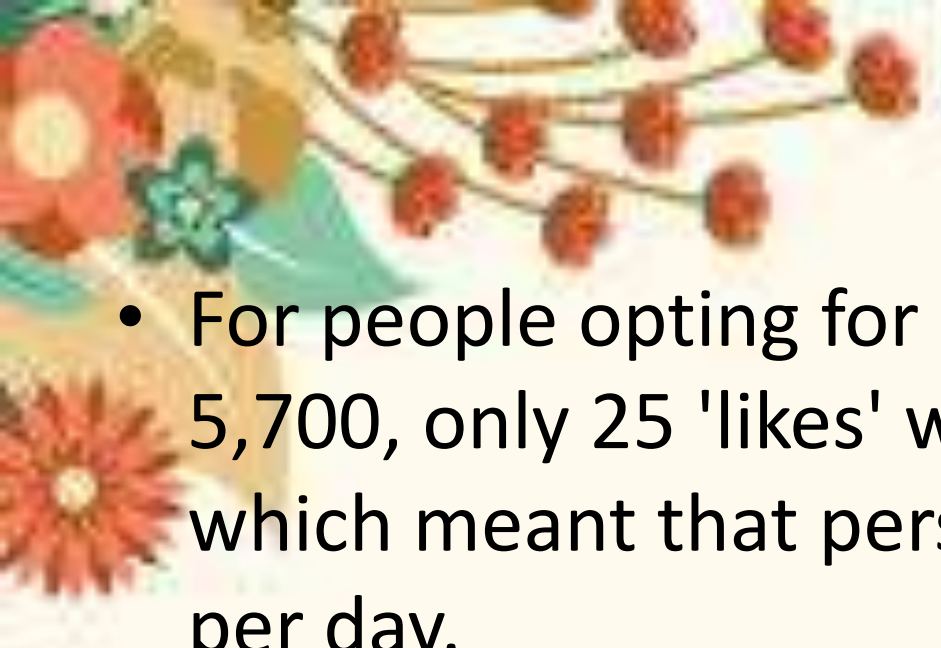

WHO IS ANUBHAV MITTAL?

- Anubhav Mittal is a social media hero, with a Facebook page filled with inspirational video-messages and countless 'likes'. For his fellow-students at a private engineering college, he was Phunsukh Wangdu, a genius fictional character played by Aamir Khan in 3 Idiots.



HOW IT WORK?

- Socialtrade.biz was launched in 2015.
- The social media trading had four kinds of membership - Rs 5,700, Rs 11,500, Rs 2,8750, Rs 57,500.
- On the basis of which kind of membership you paid for, your username id was generated.

- 
- For people opting for a membership of Rs 5,700, only 25 'likes' were allowed in a day which meant that person would earn Rs 125 per day.
 - Similarly, for membership of Rs 11,500, 50 'likes' were allowed,
 - for Rs 28,750, 75 'likes' and
 - for Rs 57500, 125 'likes' were allowed.
- 

INVESTIGATION

- Police had received several complaints about this company. During the investigation they found that their business model was faulty. When a member logged in on their page, the ad URL sent to them was incorrect. Sometimes the members would be clicking on the same URL without realising.



PROCEEDINGS

- The Special Investigation Team (SIT), investigating the matter, had filed a 37,000 page charge-sheet against Anubhav Mittal.
- The accused have been charged for cheating, forgery, criminal breach of trust, and criminal conspiracy. The five persons including Mittal have been arrested and they are in judicial custody.






SPEAK ASIA FRAUD



SPEAK ASIA
SURVEYS

**'get PAID for
your OPINION'**

What was it?

- An online company, claiming to be based at Singapore and carrying a valid ACRA Certification (from Singapore's Compliance Authority), sweeps India media with promotion campaign in 2010.
- Its tagline read ; yes, they did value your opinion but only if you paid up.
- The offer: “You give me \$200 as an enrolment fee and in return, I will pay you \$40 per month for the next 12 months + If you can convince some of your friends to join the program, you get a commission on their earnings as well.

- Imagine ! Where could you earn a recurring income simply by spending 10-15 minutes per week and all you need is a computer with an Internet connection and some basic knowledge of the English language.
- Any informed person would immediately dump such a scheme as “fraud” but hundreds of thousands of people all across India –housewives, salaried professionals and even unemployed youth –invested their hard-earned money.

Why Company Pays us For The Survey?

There are hundreds of company in the market involved in online survey. Most of the company do not pay us anything (Facebook, Google, Microsoft, etc)

But then, most of the people do not attend these surveys as they do not have the time to spare for these surveys.

When the company pays us, we definitely do the surveys as its a source of income for us. The company sells these survey information to their clients and we get paid to in return.

If we do not do surveys for them, they wont get paid, hence they pay us to do the surveys.

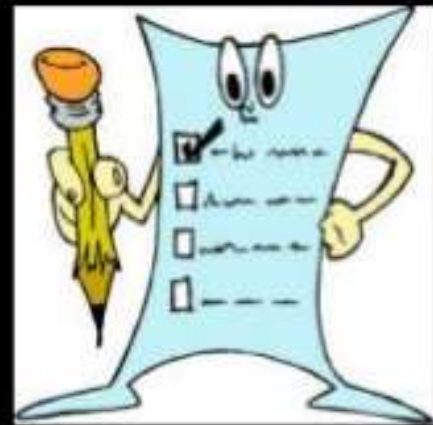


RAM SUMIRAN PAL

- Speak Asia promoter Ram Sumiran Pal, is the mastermind behind a Rs 2,200 crore online marketing fraud.
- The scam cheated more than 24 lakh people across the country .
- The Pal also started travelling all over the country and acted like tycoons with lavish lifestyle to encourage their agents to bring more clients.



ABOUT SPEAK ASIA



**Invest
Rs. 11000**

Weekly two survey



<u>1 week</u>	<u>Rs. 1000</u>
<u>1 month</u>	<u>Rs. 4000</u>
<u>1 year</u>	<u>Rs. 52000</u>



REGISTRATION



- Obtain the Sponsor “User Id” from the person Id who referred you to the Business.
- Keep the following details, handy
 - Valid Email Id
 - Active Mobile No
 - Address with Pin Code, Birth date

REGISTRATION



- Click on Register and fill in the required details carefully.
- After continuing, check for the correct Left or Right position
- Recheck your Email Id & Mobile No
- At this stage the Bank details can be skipped submit

CONGRATULATIONS!



YOU GIVE US YOUR
OPINION. WE'LL GIVE
YOU **BIG MONEY.**



Speakasiaonline.com is a survey driven website, where you can participate in surveys and earn Online

You Simply have to Purchase Plan and Just Take Surveys. Read the Testimonials below



"I have always Given Honest Opinions in Survey & Got Rewarded by excellent amount of Money"

RICHARD THOMAS - DIRECTOR IBM

Join Now for FREE

"Everyone have different opinions, at the end of survey i realise whether i was right or wrong"

TOIN SORREY - RESEARCHER

[Testimonials](#)

[Purchase Subscription](#)

[F.A.Q](#)

[Contact Us](#)



Why Join Speakasiaonline.com ?

Our useful, powerful, and lightweight applications are used by web designers and professional alike. Our Unifit tools and Uni-Plug are free, and make life easier for thousands of web designers all over the world. Uni-Plug is an innovative tool that brings a whole new level of ease to editing content. See what's cooking in the lab...

"I have always Given Honest Opinions in Survey & Got Rewarded"

[read all the reasons](#)

Top Earners

Today's Partner		Weekly Partner	
Member Id	Income	Member Id	Income
ajitbo00	20	deep001	50
		latika001	20
		anand01	30
		magna_singh	10
		naveen	20

Login / Signup

Username:

Password:

[Sign In](#)

[Register](#)

[Forgot Your Password ?](#)

Latest News & Updates

Our useful, powerful, and lightweight applications are used by web designers and professional alike. Our Unifit tools and Uni-Plug...

Our useful, powerful, and lightweight applications are used by web designers and professional alike. Our Unifit tools and Uni-Plug...

Our useful, powerful, and lightweight applications are used by web designers and professional alike. Our Unifit tools and Uni-Plug...

1. Sample Survey



We are conducting a short survey. Your answers will help us evaluate your needs and our ability to meet them. Your candor is appreciated

1. Are you aware of any new product introductions from our company within the last 6 months ?

- Yes
- No

2. How were you made aware of the new product?

- Mail
- Email
- Salesperson
- Distributor
- Manufacture's website
- Magazine advertisement
- Word of mouth

Other (please specify)

3. Please rate your satisfaction with the new product information:

	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	N/A
Delivery method	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consistency of delivery method	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
important of content	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Completeness of content	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relevance to my business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Motivation to learn more	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Motivation to purchase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

INVESTIGATION

- RAM SUMIRAN PAL was arrested by the Delhi crime branch. Pal, 37, and his associates duped at least 24 lakh investors in the scam extending to Singapore, Italy and Brazil among others.
- The probe revealed that all the surveys conducted by the company were fake and were done only in order to lure the people, even from the remote areas of India.

- The Enforcement Directorate (ED) has found that Speak Asia diverted the money to countries like Singapore, Brazil, Malaysia, Dubai and Italy.
- The agencies have frozen around 200 accounts with more than Rs 140 crore in them and have identified another 150 suspicious accounts.



FRAUD ADDRESS



Registrant:

Speakasia Online Pte. Ltd.

71 Bukit Batok Crescent #10-08 Prestige
Singapore, 658071
Singapore

Registered through: GoDaddy.com, Inc. (<http://www.godaddy.com>)

Domain Name: SPEAKASIAONLINE.COM

Created on: 21-Jan-10

Expires on: 21-Jan-13

Last Updated on: 06-Nov-10

Administrative Contact:

asia, speak support@speakasiaonline.com

Speakasia Online Pte. Ltd.

71 Bukit Batok Crescent #10-08 Prestige
Singapore, 658071
Singapore
+65.91234567

WHAT INDIAN MEDIA HAD TO SAY



- **Times of India:** Another company goes to town with easy money scheme
- **Hindustan times :**
A Ponzi? Government,
police probe
Speak Asia

A MAZE OF CONTROVERSY: HOW SPEAKASIA WORKS

■ SpeakAsia Online (SAOL) charges ₹11,000 as annual membership fee to join its survey panels and offers a one-year subscription to an online magazine 'Service Today' that entitles one to take one survey per week for 52 weeks, which in turn fetches ₹1,000 per survey — enabling earnings of ₹4,000 per month.

■ Panel members get ₹1,000 back if they bring in an additional member and ₹3,000 for two members and get ₹150 for each survey taken by the person they referred.

REPEAT PAYMENT

If the panelists want to continue to take the survey next year for free then they will have to clear the exam or earn reward points worth \$1,000 in the first year. If they fail to qualify the exam, they will have to again subscribe to the magazine for ₹11,000 for a second year of participation.

THE CATCH

The company has no clear revenue streams from core business activities, though it says they include fees from "data exchanges" that use its content, and ad revenues from its website.

The Reality

- The ACRA certification was no longer valid.
- The office address in Singapore was a shared space.
- The company had been paying from its pocket to lure people and no company ever hired it for survey.
- With a target of 10m, the company had already duped more than 1.5m Indians when a case was registered against the company at Gorakhpur in April 2011.
- Gullible Indians duped of ₹2,276 Crore before the scam was fully exposed 18 months later; company 'owed' its investors ₹ 30,000 Crore by that time.
- Remember, there are NO FREE LUNCHES in real life.

DON'T

SPEAK ASIA

FOOLING YOUR OPINION

 Like

LIKE IF YOU AINT A FOOL



SARADHA SCAM

Unholy Liaisons



SARADHACHIT FUND SCAM

CHITTY CHITTY BANG BANG!

Scam was.....

- The Saradha Group financial scandal was a major financial scam and political scandal caused by the collapse of a Ponzi scheme run by Saradha Group, a association of over 200 private companies that was believed to be running collective investment schemes popularly referred to as chit funds.
- The group collected around ₹200 to 300 billion (US\$4–6 billion) from over 1.7 million depositors before it collapsed in April 2013.



WHAT IS CHIT FUND ???

- A kind of savings scheme practiced in India
- Can be conducted by financial institutions or between group of friends and family.
- Popular because other small savings schemes run by Indian Postal Service etc give low rate of return.
- Chit Funds are also misused by its promoters and there are many instances of the founders running what is basically a Ponzi scheme and absconding with their money.

EXAMPLE

- Take a typical chit fund with 25 members contributing Rs.100 per week. This fund will run for 25 weeks. On the first week all members will contribute Rs.100. An auction meeting will be conducted, and the foreman of the chit fund will preside over it. The total amount will be Rs.2500. The auction will start with this amount. Bidders will start bidding by discounting this amount. Let us consider that lowest any person bids is Rs.2150 (a discount of Rs.350). This amount (Rs.2150) is given to this winning bidder. Rest of the amount is divided by 25, bringing the discount per person to Rs.14. This discount amount is returned back to each member. Sometimes a part of this may be kept by the foreman as service charges, usually in organized chit funds.

ACTS

Chit funds in India are governed by various state or central laws. Organized chit fund schemes are required to register with the Registrar or Firms, Societies and Chits.

- Union Government - Chit Funds Act 1982 (Section 2(b))
- Kerala - Kerala Chitties Act 1975
- Tamil Nadu - Tamil Nadu Chit Funds Act, 1961
- Karnataka: The Chit Funds (Karnataka) Rules, 1983
- Andhra Pradesh - The Andhra Pradesh Chit Funds Act, 1971
- New Delhi- The Chit Funds Act,1982 and Delhi Chit Funds Rules, 2007
- Maharashtra - Maharashtra Chit Fund Act 1975



SARADHA GROUP

- Key People
 - Sudipto Sen
 - Debjani Mukhopadhdhay
- Originally a financial concern but invested heavily in brand building.
 - Bengali film industry
 - Local television channels
 - Newspapers
- In 2011, Saradha Group buys Global Automobiles, a heavily indebted motorcycle company.
- CSR Activities – Donated motorcycles to Kolkata Police
- The group also invested in football clubs like Mohan Bagan and sponsored Durga Puja.

WHO IS SUDIPTA SEN?

- **Sudipta Sen** was CMD of Saradha Group, which via ponzi schemes duped many investors.
- **Sen** is prime witness in the case. Mar 1, 2017.
- Those who met Sen described him as a soft-spoken man with an amiable personality - qualities that apparently helped him make friends with the high and mighty and get his way through the top echelons of power.



WHO IS DEBJANI MUKHOPADHDHAY?

- Only five years ago, Ms Mukhopadhyay joined Saradha's travel company as a secretary. Her rise in the group thereafter was meteoric.
- Those in the know say she is the woman behind Sudipta Sen's throne, his virtual second-in-command in the Saradha group.





OPERATIONS AND SCAM

- Started in 2006 with promises of astronomical returns in Ponzi Schemes. Started building brand by buying and selling media channels
- Used nexus of companies for money laundering
- Collected money by using secured debentures and redeemable preferential bond
- Violation of section 67 of Indian Companies Act
- SEBI challenged them for the first time in 2009
- Creation of more than 300 new companies



- Saradha group had several branches in West Bengal, Jharkhand, Assam, Odisha, Chhattisgarh and other state to get public deposit.
- Scam summed up to Rs.2460 crore & about 80% of money still unpaid to depositors.
- They used three scheme namely monthly income deposit, Fixed deposit & recurring deposit.

REACTION

- On 7 December 2012, RBI governor stated that the West Bengal government should initiate suo motu action against companies which were indulging in financial malpractices.
- Sudipto Sen, wrote a confessional letter to CBI in April 2013 and fled. He was later arrested.
- PIL was filed on 22nd April 2013 in Guwahati High Court and Calcutta High Court
- CBI investigation started



LEGAL IMPLICATION AND CURRENT STATUS

- 22 April 2013 West Bengal government announced that a four-member judicial inquiry commission headed by Shyamal Kumar Sen, retired Chief justice of Allahabad High Court would probe the scam
- On 24 April 2013, Mamata Banerjee announced a controversial Rs 500-crore relief fund for the low income depositors of the Saradha Group



- As per Supreme Court's order Bengal SIT handed over all arrested suspects including Sudipto Sen, Debjani Mukherjee and Kunal Ghosh over to CBI.
- CBI arrested West Bengal Transport minister Madan Mitra on the charges of criminal conspiracy, cheating, misappropriation and deriving undue financial benefits from the Saradha Group.



SUGGESTION

To save the innocent public from being cheated by corrupt Chit fund conducting companies, periodical checks are conducted by the department. The officials of the Registration Department are keeping strict vigil over the conduct of unauthorized chits.

Ketan Parekh Scam

SSCHEMING
CCRAFTY
AAGGRESSIVE
MMALICIOUS
DON'T LET THEM CON YOU



- Ketan Parekh is a former stock broker from Mumbai, India
- He was convicted in 2008, for involvement in the Indian stock market manipulation scam in late 1999-2001
- Currently he has been debarred from trading in the Indian stock exchanges till 2017
- He was trainee of Harshad Mehta

© India Today

Also known as the “Big Bull” & “Pied piper”



© BCC 2018. ALL RIGHTS RESERVED.



- Though KP was a successful broker, he did not have money to buy large stakes as he held the stakes of more than Rs 750 million in July 1999, according to a report.
- Analyst claimed that he had borrowed from various companies and banks for this purpose.
- His financing method was fairly simple.
- He bought shares when they were trading at low price and saw the prices go up in the bull market while continuously trading.
- It could not have been possible without the involvement of banks.

FACTORS THAT HELPED KETAN PAREKH

How was it detected

- Stock market crash of 2000
 - KP started borrowing heavily
 - Attempted to rig the price upwards and later sell
 - But failed to do so
 - International bear cartel
- IT department found discrepancies in sources of funds of KP
- Routine market surveillance of 5 stocks

- Lack of regulations and surveillance on the bourse allowed a highly illegal and volatile badla business
- CSE had the third-highest volumes in the country after NSE and BSE
- CSE helped KP to cover his operations from his rivals in Mumbai. Brokers at CSE used to buy shares at KP's behest

- These brokers had to keep shares in their name and they were paid 2.5% weekly interest

IMPACT ON CALCUTTA STOCK EXCHANGE

- The Ketan Parekh scam was the second most important scam that rocked the Bombay Stock Exchange after the Harshad Mehta scam.

- Ketan Parekh was threatening to sue the Bank of India for defamation because it complained of bouncing of 1.3 billion pay orders issued to the broker by Madhavpura Merchantile Cooperative Bank
- Investigations by SEBI and CBI reveal that sheer magnitude of money moved by Parekh was a staggering 64 billion

IMPACT OF THE SCAM ON FINANCIAL INSTITUTIONS

Implications

- ❑ BOI complains to CBI-KP is arrested
- ❑ Global Trust Bank and Bank of India 's merger failure
- ❑ SBI's loss was minimal. So it did nothing
- ❑ MMTC was liquidated ; KP paid its stockholders Rs.400 Crores.
- ❑ He still owes them Rs. 400 Crores

Steps taken by SEBI after scam

- SEBI launched immediate investigation on the scam.
- It suspended all the broker member directors of BSE'S governing board
- SEBI also banned trading by all stock exchange presidents, vice presidents and treasurers
- SEBI banned **naked short sales**.
- RBI started inspecting **accounts and sub-accounts** twice a year in spite of once in two year.
- SEBI allowed banks for collateralised lending only through BSE and NSE

AT THE END....

- Rs.2000 billion lost.
- All KETAN PAREKH had to say was,“I MADE MISTAKES”.
- SBI,BOI and PNB had to suffer huge losses.
- On March,2014:- He was proved guilty.
- The special Central Bureau of Investigation court in Mumbai sentenced him to two years' imprisonment and Rs 50,000 fine.



“All my lifetime’s savings are gone. I don’t know how to feed my family.”

-A small investor hit by KP scam in April 2001

THE CURIOUS CASE OF



SAHARA 

INDIA PARIWAR

INTRODUCTION: SAHARA INDIA PARIWAR

- * Sahara India Pariwar an Indian company headquartered in Lucknow
- * Diversified business in finance, infrastructure & housing, media & entertainment, consumer merchandise retail venture etc.
- * Started by Mr. Subrata Roy Sahara in 1978



SAHARA'S RISE

- * **Cricket Team** .They own an **IPL Team** and 42.5% stake in **Formula One's** Force India F1
- * The Brand Trust Report published by Trust Research Advisory, listed Sahara in the **top 100 most trusted brands** of India.
- * Air Sahara sold to Jet Airways in 2006 for over \$500 million.
- * It owned New York's landmark Plaza Hotel.



SAHARA V/S SEBI

- * Sahara India had 2 Companies named **Sahara India Real Estate Corporation (SIREC)** and **Sahara Housing Investment Corporation (SHIC)** that **issued Optionally Fully Convertible Debentures (OFCDS)** through subscriptions **from investors**
- * **RAISED** around **RS.20,000 CRORES** from investors .
- * The **Purpose** of issue was to carry out **Infrastructural Activities** namely, **constructing the bridges, modernizing or setting up of airports, rail system** or any other projects which may be allotted to the company
- * As per Sahara **issue** of OFCDS **was private placement.**

HOW IT ALL BEGUN

- **January 4, 2010-** Roshan Lal, a resident of Indore sent a note written in Hindi to the national housing bank, requesting it to look into housing bonds issued by two companies of the lucknow-headquartered Sahara group, Sahara India real estate corporation and Sahara housing investment corporation.
- Being a CA, Lal wrote in the small note, he found that the bonds ,bought by a large number of investors, were not issued according to the rules.
- The national housing bank did not have the wherewithal to investigate the allegation, So it forwarded the letter to the SEBI, The capital markets regulator.

SAHARA V/S SEBI: (Contd)



- * The Whole Time Member of SEBI **K M Abraham (IAS OFFICER)** passed an order dated 23rd June, 2011 **directing the two companies to refund the money so collected to the investors**
- * Also **restrained the promoters** of the two companies **Sahara India Real Estate Corporation, Sahara Housing Investment Corporation** including **Mr. Subrata Roy** from accessing the securities market till further orders.

SAHARA V/S SEBI: (Contd)

- * **Sahara** then preferred an **appeal before Securities Appellate Tribunal (SAT)** against the order.
- * **SAT** confirmed and **maintained the order of the Whole Time Member** by an order dated 18th October, 2011.
- * Subsequently **Sahara** filed an **appeal before the Supreme Court** of India **against the SAT** order.

SAHARA V/S SEBI



- * Supreme Court-directed refund of Rs 24,000 crore to an estimated three crore investors.
- * But suddenly Sahara said it had repaid most of the money over the last one year and an amount of just over Rs 5,000 crore was pending. (**THEIR TACTIC**)

SAHARA V/S SEBI (Contd)



- * Sahara Group dispatched 3 truck- loads of documents to Sebi's headquarters.
- * Sebi refused to take delivery of the said documents and stuck to its decision.
- * The Supreme Court appointed one of its retired judges Justice B N Aggarwal to oversee Sebi's action in this regard.

SAHARA'S CONTENTION



- * Issue of **Optionally Fully Convertible Bonds (OFCD"s)** is legal.
- * Issue of **OFCD"s** is not a public issue.
- * **OFDC** are neither shares nor Debentures but "Hybrid" Class
- * OFCD"s are "Hybrid Instruments" cannot be listed.
- * Serious **error** is committed by SEBI.
- * **No** statutory requirement to list OFCD

SEBI's CONTENTION



- * **OFCD** was **public issue**
- * **OFCDs** were **transferable securities**.
- * **Violation of section 73 of Companies Act 1956**
- * The **forms issued** by the company **did not enclose an abridged prospectus**
- * **Did not submit Balance Sheet and P&L a/c to** the concerned **ROC** 11

SUPREME COURT'S CONTENTION



- * **Aggrieved Sahara appealed to SAT**(Securities Appellate Tribunal).
- * **Passed order in favor of SEBI.**
- * **Aggrieved Sahara again moved towards Supreme court.**
- * Finally, **Supreme court of India passed the judgment in favor of SEBI.**
- * **Ordered Sahara to repay the** Rs24000 cr with 15% interest.

SUPREME COURT'S CONTENTION

- * Supreme Court allowed Sahara to pay whole amount in three instalments
- * 120 crore immediately, 10,000 crore in January 2013 and remaining amount by February 2013
- * But by February they failed to pay second and third installment.
- * SEBI after getting permission from Supreme Court froze all bank and Demat accounts and attaches properties of chief Subrata Roy and three directors.
- * On October 28 2013, Supreme Court directed Sahara to submit title deeds of properties worth Rs.20,000 crore to SEBI.

THE FINALE



- * Later, Supreme Court barred Subrata Roy and three directors from leaving the country.
- * February 20 2014, Supreme Court directed Subrata Roy to appear before it on February 26.
- * But Subrata Roy did not appear then on 26 Supreme Court issued non-bail-able arrest warrant against Subrata Roy.
- * Subrata Roy surrendered before the Lucknow police on February 28.

- **October 31, 2014**-Subrata Roy shelled out Rs 31 lakh to use special facilities in jail. Roy was allowed by the Supreme Court to use the jail's conference room to negotiate sale of his hotels in order to collect Rs 10,000 crore for his bail.

"Roy and his team are working hard and trying their best even in wake of the current restrictions that Roy is in now,"



The King of Good Times

- **United Breweries Holding Ltd.(UBHL)** is an Indian company headquartered in Bangalore.
- The company markets beer under the Kingfisher brand.
- **United Spirits Ltd.** headquartered at UB Tower in Bangalore. It deals in whisky, brandy, rum, scotch.

United Spirits Limited



- [Vital Mallya](#) (Father of Vijay Mallya) was the chairman of these two companies.
- Vijay Mallya became the chairman of the company in 1983, after his father's death.
- His first step was to combine other companies under the brand name of 'UB Group'.



Expansion of business..

Acquisitions:

- Berger paints.
- Engineering company Best and Crompton.
- Take control of Mangalore chemicals and fertilizers when Karnataka government declare it as a sick unit.
- Kissan products.
- Cadbury chocolates.





In 1986, he was arrested for violating the foreign exchange rules , allegations are related to take over battle between Manu Chabria(Dubai based businessman) and Vijay Mallya for liquor company Shaw Wallace.



Selling of various Business

- In 1991, UB group sold the Berger Paints to Kuldip Singh Dhir (Chairman) to invest in liquor business.
- In 1993, Kissan is owned by Hindustan Unilever Ltd whose subsidiary Brooke Bond acquired it.
- Cadbury is bought back by its parent company.
(Mondelēz International)



Further Expansions:



- Vijay Mallya bought Herberstons Ltd company maker of Bagpiper for expansion of its business.
- He became **THE KING OF GOOD TIMES** when in 1999 he launched kingfisher strong beer and became best selling bear across India.
- In 2005, he bought Shaw Wallace for Rs.1,300 crore from the Chhabria family after his rival's death in 2002.



Launching Of Kingfisher Airlines:

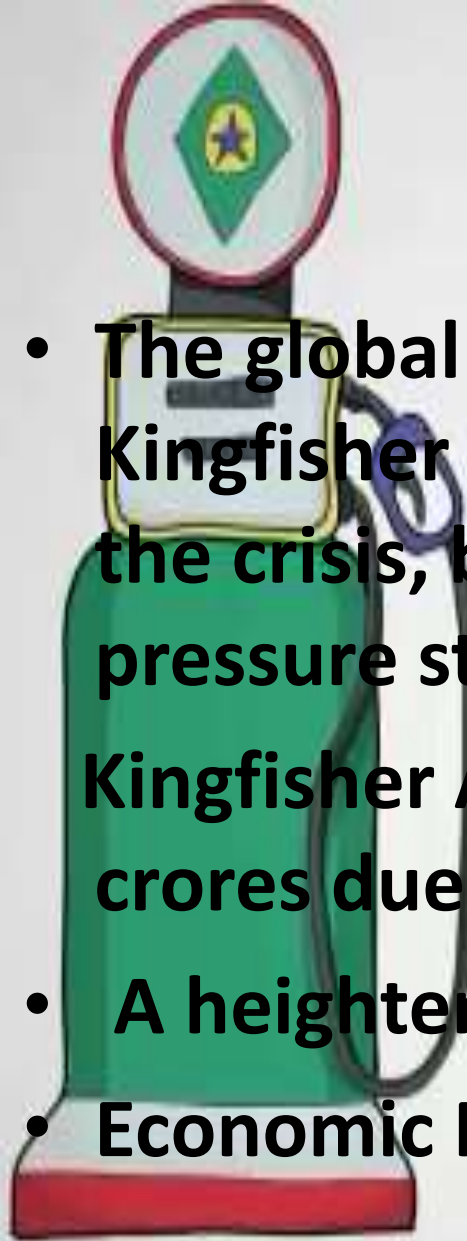
- Everything was eventually overshadowed by Mallya's entry into aviation in 2005.
- Kingfisher Airlines, launched on Mallya's son Siddharth Mallya's 18th birthday, was marketed as India's only world-class, premium airline. For a while, things seemed fine and Kingfisher quickly became the No. 2 airline in India by market share.



KINGFISHER
AIRLINES



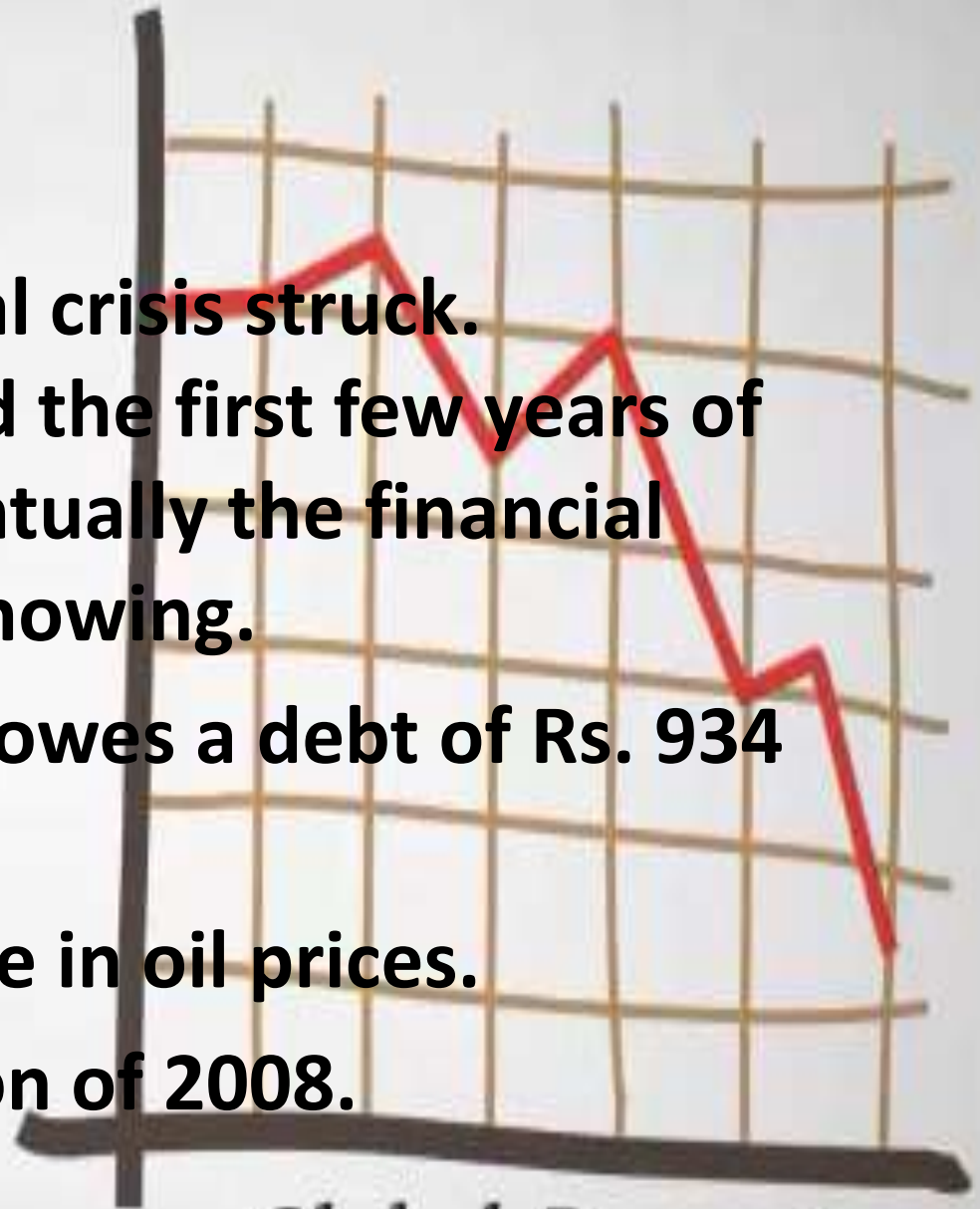
- In 2007 Kingfisher airline is doing well and highly enthusiastic Malaya decide to acquire bank corrupt Air Deccan.
- Air Deccan deal is signed and sealed. United Breweries Limited pays Rs 550 crore for a 26 per cent stake in the carrier. Arguably a wrong move that possibly led to the downfall of United Breweries Limited.



- **The global financial crisis struck. Kingfisher survived the first few years of the crisis, but eventually the financial pressure started showing.**

Kingfisher Airlines owes a debt of Rs. 934 crores due to:

- **A heightened spike in oil prices.**
- **Economic Recession of 2008.**



Oil Prices

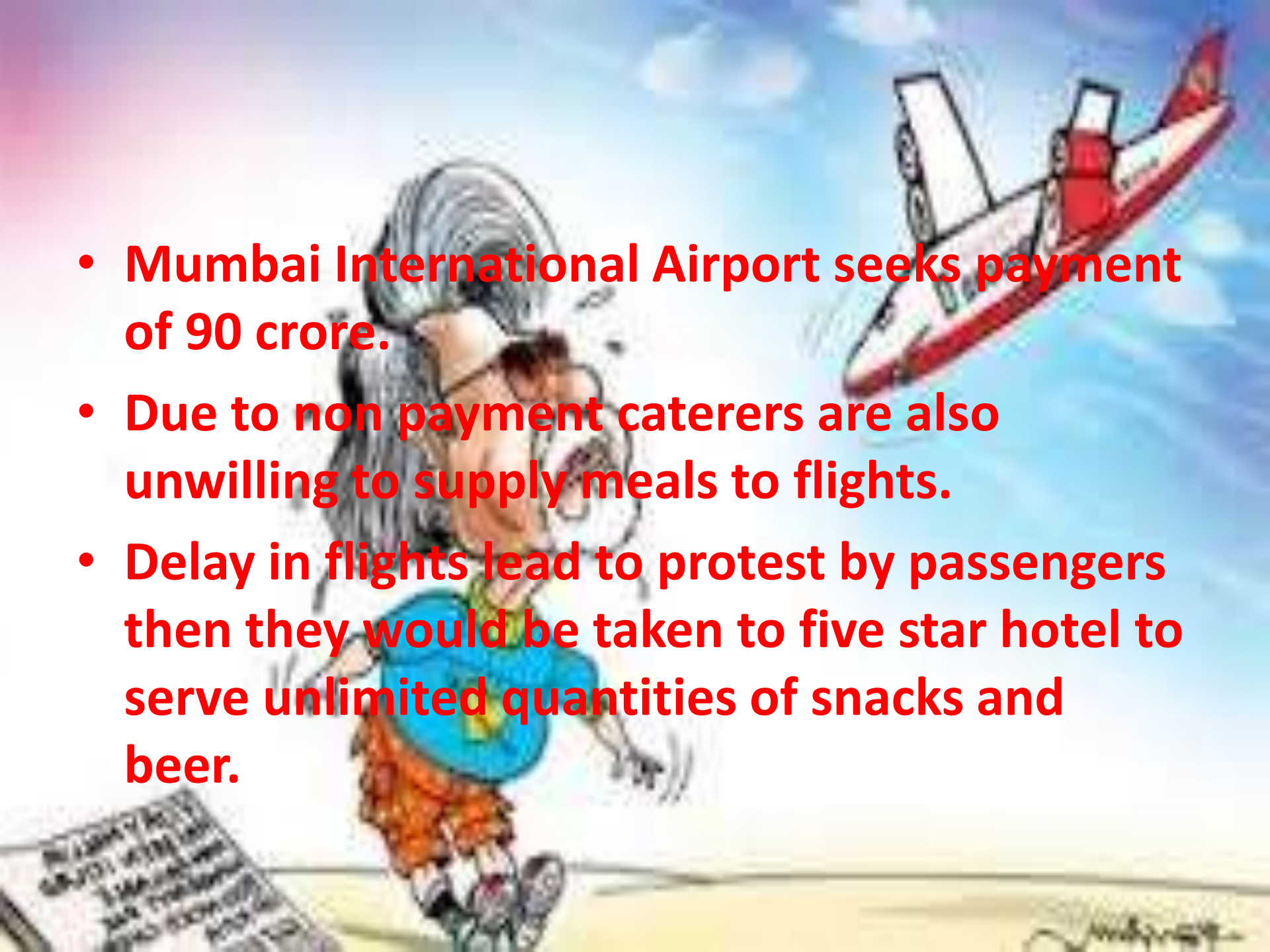
Global Recession

As a consequence of this:

- The airline had to cut its fleet to 28 planes from 66 owing to a resulting cash crunch.
- Kingfisher airline is not able to pay salary to its employees.



- **Mumbai International Airport seeks payment of 90 crore.**
- **Due to non payment caterers are also unwilling to supply meals to flights.**
- **Delay in flights lead to protest by passengers then they would be taken to five star hotel to serve unlimited quantities of snacks and beer.**



- **Mallya hoped to get a foreign airline to invest in Kingfisher after the Indian government allowed foreign direct investment (FDI) in airlines in September 2012.**
- **But Kingfisher, which had never made a profit, never flew again.**
- **The Directorate General of Civil Aviation (DGCA) has suspended the air operating license of Vijay Mallya-controlled Kingfisher Airlines Ltd till further orders.**



The annual report shows losses of airlines:

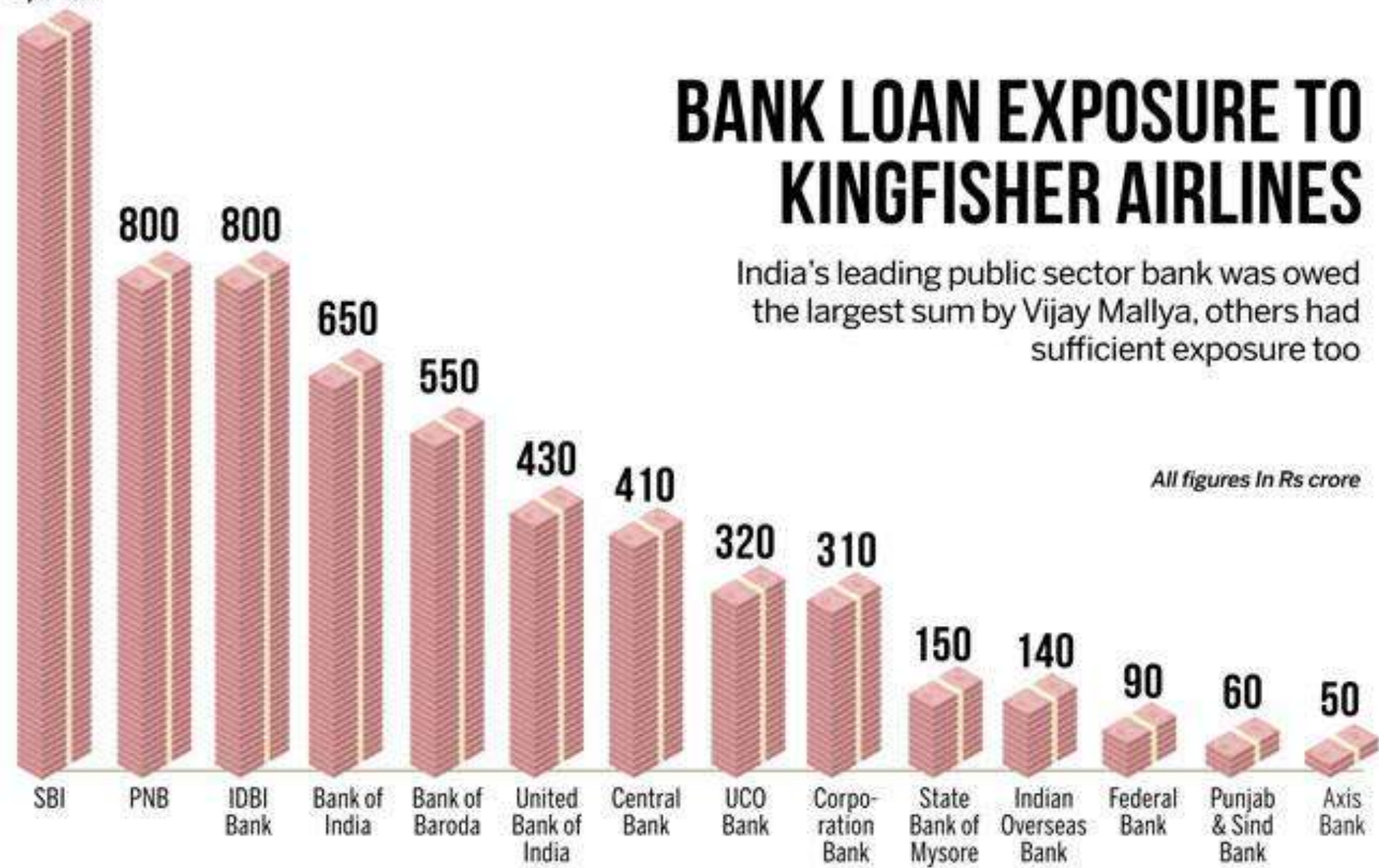
Year	Losses of Airline (in corers)
2010-2011	418.77
2011-2012	444.26
2012-2013	822.42

1,600

BANK LOAN EXPOSURE TO KINGFISHER AIRLINES

India's leading public sector bank was owed the largest sum by Vijay Mallya, others had sufficient exposure too

All figures in Rs crore

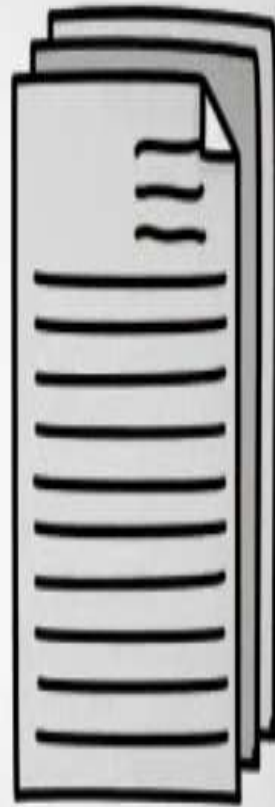


**TOTAL OF 14 BANKS
6,360 CRORE**

**3 OTHER BANKS
603 CRORE**

TOTAL OF 17 BANKS 6,963 CRORE

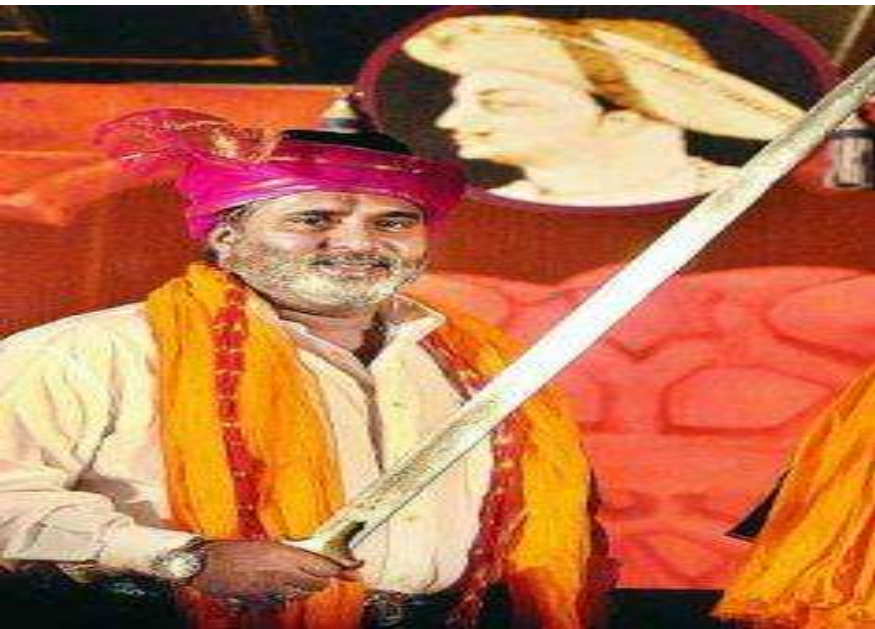
Security for the 7000 Cr Loan



Kingfisher TM



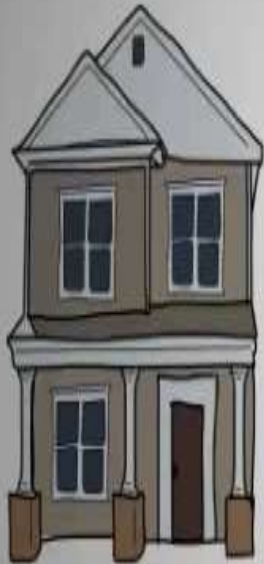
- With his immense wealth Vijay Mallya enjoys the liberty of buying off items of high value.
- He has bought several things that are of a lot of importance in India such as the sword of Tipu Sultan for 1.57 crore.
- Some belongings of Mahatma Gandhi for 9.3 crore.



Being a huge sports fan Mallya co-owns Spyker, the F1 racing team that is worth 88 million Euros. His company bought the IPL (Indian Premier League) team called the Royal Challengers Bangalore.



Security for the 7000 Cr Loan



Not enough



Useless Machines



Waste Papers

Kingfisher TM

About 4000 Cr

Now it's value is very less

Banks have managed to recover some of their money through various recovery measures:

- Some of them sold Kingfisher Airlines shares pledged against the loans.
- They also managed to sell Mallya's lavish Kingfisher Villa in Goa for Rs73 crore, after three failed auctions.
- Kingfisher House in Mumbai remains unsold, after multiple attempts at auctioning it.



END OF AN ERA

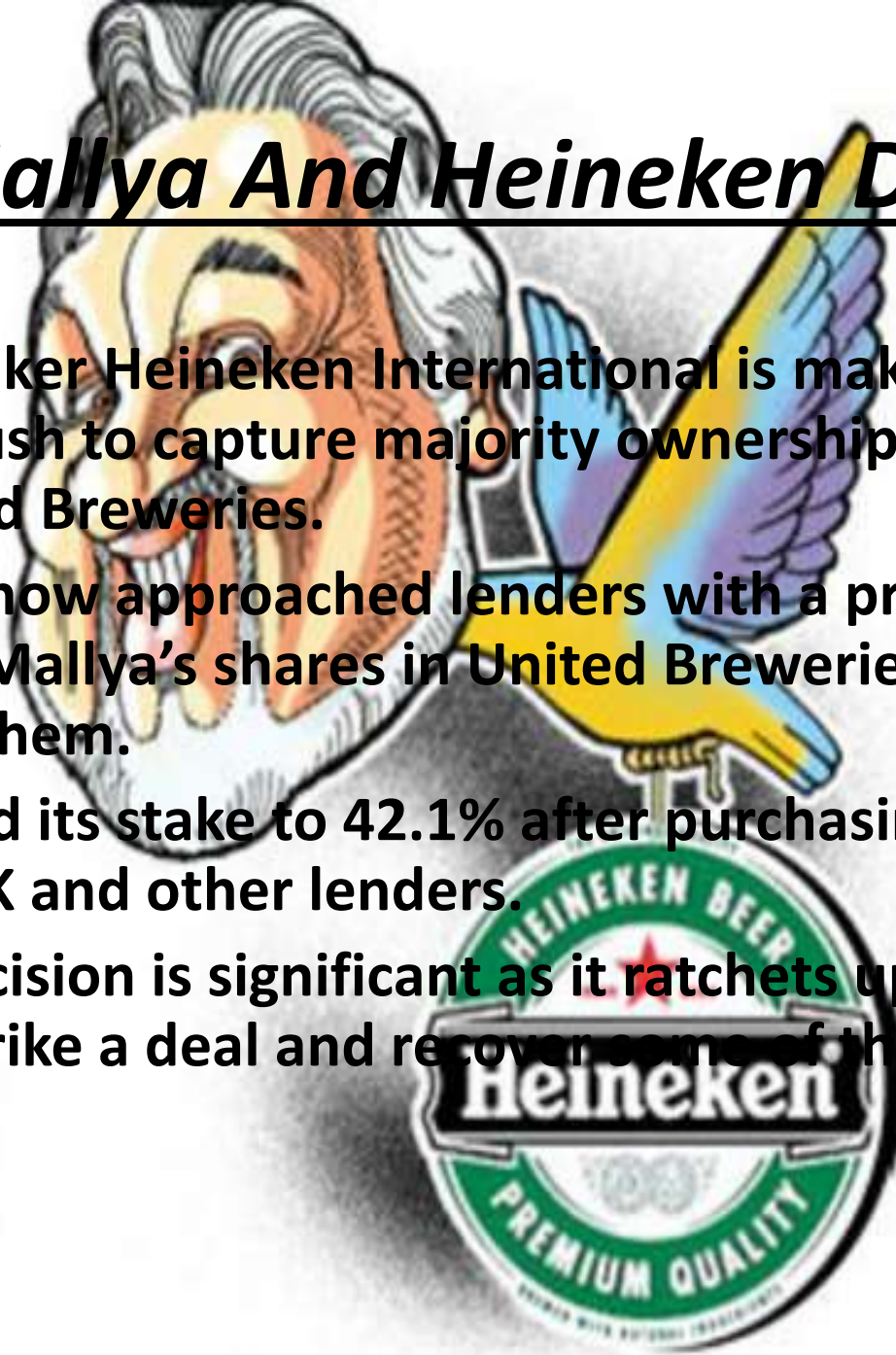


MALLYA SELLS USL TO DIAGEO

- The liquor baron Vijay Mallya made a settlement with Diageo. It was a deal that release him from claims of mismanaging United Spirits and also gave him a one-time settlement of \$75 million.
- Diageo completed the purchase of a majority stake (54.7%) in United Spirits in July 2014.
- Malaya's resignation comes at a time when State Bank of India and Punjab National Bank have declared him a willful defaulter because of his inability to pay dues to as many as 17 banks, amounting to Rs.7,000 crore.

Vijay Mallya And Heineken Deal

- Dutch beer maker Heineken International is making a determined push to capture majority ownership in Vijay Mallya's United Breweries.
- Heineken has now approached lenders with a proposal to buy out all of Mallya's shares in United Breweries that are pledged with them.
- Heineken hiked its stake to 42.1% after purchasing shares from YES BANK and other lenders.
- Heineken's decision is significant as it ratchets up pressure on banks to strike a deal and recover some of the money owed to them.



Removal from various posts:--

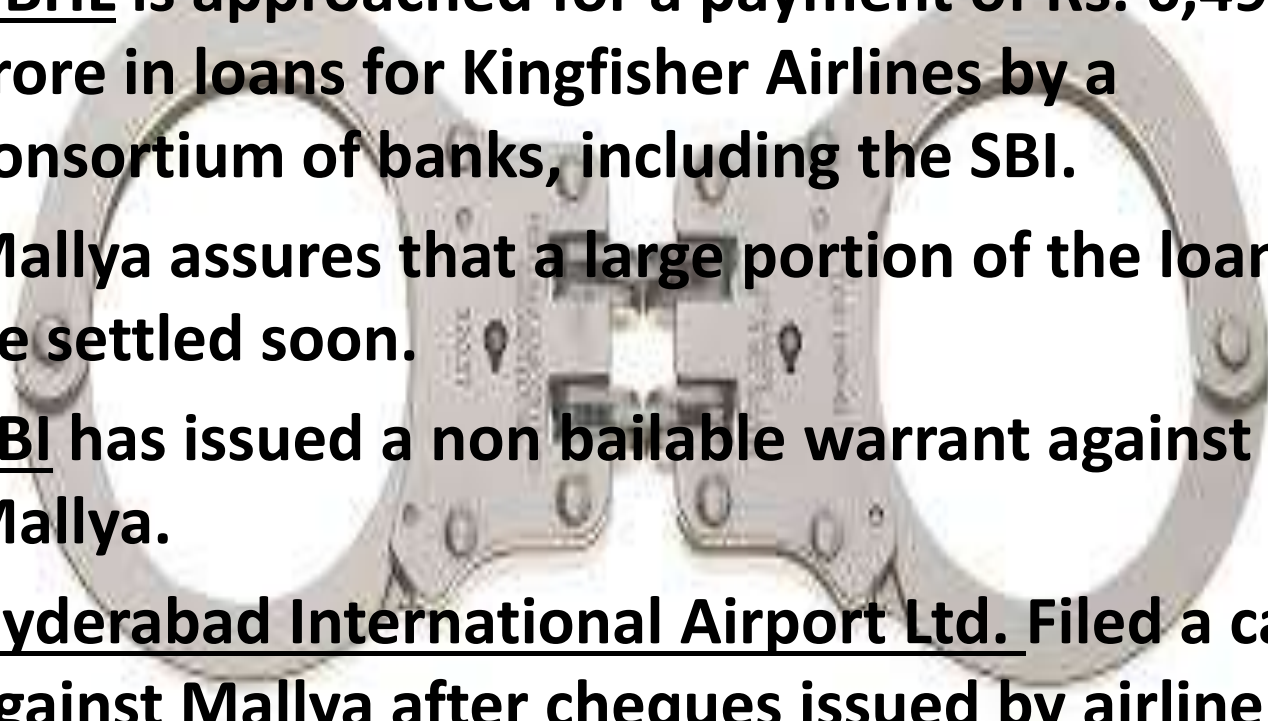
Vijay Mallya, who is facing charges of defrauding banks, has been removed as chairman of the :

- **Federation of Motor Sports Clubs of India (FMSCI).**
- **United spirits.**

Remedial measures taken by **government:**

- The Service Tax Department freezes 11 accounts of Kingfisher Airlines for non-payment of Rs.70 crore.
- December 14, 2011: Govt. de-freezes bank accounts after part-payment of the service tax dues.
- Kingfisher Airlines cancels several of its flights after reports of the Income-Tax Department freezing some of its accounts.



- 
- **March 2013** – Kingfisher Airlines net worth falls to a negative of Rs. 12,919 crore.
 - **UBHL** is approached for a payment of Rs. 6,493 crore in loans for Kingfisher Airlines by a consortium of banks, including the SBI.
 - Mallya assures that a large portion of the loan will be settled soon.
 - **CBI** has issued a non bailable warrant against Mallya.
 - **Hyderabad International Airport Ltd.** Filed a case against Mallya after cheques issued by airline bounced for payments.

Mallaya's loan become an

NPA:




- Around Rs. 1,200 crore in dues owed by Vijay Mallya's collapsed Kingfisher Airlines has been labeled a write-off in the books of India's largest bank, the State Bank of India.
- "It only means that in accounting books, it is listed as a non-performing asset. A write off doesn't mean forgiving loans. The loan will still be pursued," Mr. Jaitley said in the Rajya Shaba.



Proceedings of government **against Mallya:**

- The proceeding of Vijay Mallya case were going on in supreme court.
- In April of 2016, the court issued an arrest warrant and the Indian Govt. cancelled his passport.
- Prior to his passport being revoked, Mallya fled to England, with those in his inner circle having no idea where he'd gone at first.
- The Supreme Court adjourned the proceeding and it will start again when Mallya appear before the court.

- 
- India and UK have an extradition treaty.
 - Under this treaty, Scotland Yard made arrest of Mallya as Indian police have no jurisdiction in U.K.
 - He is out on bail on an extradition warrant executed by Scotland Yard on behalf of the Indian authorities in April.
 - July 6 is the case hearing date but lawyers are not having sufficient proof so it was adjourned to December 3.
 - INDIA has asked early extradition of mallya who is accused of loan default.

EXTRADITION

CONCLUSION



- There are No Shortcuts for Long Term Goals.
- Right now music is loud & party is going – let's see when music stops but I think it should happen soon.
(Some time it even runs long)

Reference:

- economictimes.indiatimes.com
- [www.thehindu.com/kingfisher.](http://www.thehindu.com/kingfisher)
- www.livemint.com
- www.indiatvnews.com
- [https://en.wikipedia.org/wiki/Kingfisher Airlines](https://en.wikipedia.org/wiki/Kingfisher_Airlines)

Thank You!

