

SAHARA'S RESPONSE

to SEBI's irresponsible & wrongful ex-parte order which has left us sadly astonished

Though as an institution, SEBI is a highly responsible and one of the respectable regulators of the Country, but certain individuals occupying their office, act with malice and biased approach which serve no public good and earn only a bad name.

Registrar of companies under Ministry of Company Affairs officially and lawfully had allowed the unlisted companies Sahara India Real Estate Corporation Limited (SIRECL) and Sahara Housing Investment Corporation Limited (SHICL) to issue Optionally Fully Convertible Debentures, based on our Red Herring Prospectus fully complying with the provisions of Companies Act 1956 (the Act) keeping in view the latest provisions of first proviso to Sec.67(3) of the Act.

Unfortunately some officers bearing the grudges against the Sahara India Pariwar, repeatedly not fulfilling their vested legal demands, have even gone to the extent of uploading the order on website; and not supplying it directly to the company. This is but obvious to whimsically hit the company and disturb its well wishers and investors from associating with it.

SEBI in the past fought with Insurance Regulatory and Development Authority (IRDA) and now giving us direction to stop issuing Bonds (OFCDs) which has been permitted by Ministry of Company Affairs (MCA) without consulting a word even with the actual regulator MCA.

Note : Media has also wrongly interpreted and stated that in M/s. Sahara Prime City Limited IPO has been rejected by SEBI.

SEBI had been seeking informations from us about OFCDs. We all the time wrote back that this matter is definitely not under SEBI's jurisdiction. We should not become the victim of cross fire between two Government regulators SEBI and MCA.

We submitted to SEBI the legal opinion that this OFCD is definitely not the matter of SEBI, it is not their jurisdiction. This opinion has clearly been submitted in SEBI given by five legal luminaries namely Shri A.M. Ahmadi, Former Chief Justice of India; Shri C. Achuthan, Former Presiding Officer, Securities Appellate Tribunal, Mumbai; Shri S.P. Kurdukar, Former Judge, Supreme Court of India; Shri A.K. Manmadhan, Advocate, High Court of Bombay and Shri U.P. Mathur, (Former Secretary Company Law Board & former Director of Inspection & Investigation in the Department of Company Affairs), Advocate & Corporate Law Consultant.

Not only this the SEBI has also shown total disrespect to the orders passed by Hon'ble High Court of Bombay in the matter of Kalpana Bhandari and Others vs Securities and Exchange Board of India and others 2004 (1) BomCR 663, 2005 125 CompCas 804 Bom in which it has given that "SEBI has powers (i) in case of listed public companies and (ii) in case of those public companies which intend to get their securities listed on any recognised stock exchange in India. In other words SEBI does not have power in relation to the issue and transfer of securities and non-payment of dividend under the various provisions referred to in section 55-A for the companies other than listed public companies and the public companies which intend to get their securities listed on any recognised stock exchange in India. Such power is vested in the Central Government".

Note: Sahara companies in question are neither listed nor intend to be listed.

SEBI is doing all these irresponsible acts based on some baseless (anonymous

also) complaints. We repeatedly asked SEBI for the name and address of complainant which they so wrongfully refused to inform us. Recently the main complaint case against us has been totally rejected by Government of Madhya Pradesh. We some times face these complaint problems from very greedy people who try to extort large sum from us which we never have entertained or allowed.

SEBI in its order has cited various information it collected through MCA website vindicates the stand of the company that the information required as per the Act have been supplied to proper regulator, i.e. MCA. Further, when company had appealed SEBI to wait till receiving the directions of MCA and no undue long time had elapsed, the action of SEBI looks to be taken in haste with bias. The reasons look apparent but we have no written basis to mention here. It is apparent that SEBI has for best reasons known to it, totally ignored all legal opinions and Hon'ble High Court Judgement.

SEBI's very important reaction was that we are not supplying them all the information that they are asking for. We wonder why they asked these information from us and why not from MCA? You please go through the part of our detailed last letter of 30th September 2010 to SEBI that clearly says why we have not sent them the information.

"Once again our humble request to you is to take all information from Ministry of Corporate Affairs (MCA) who are the regulators in this matter. There may be jurisdictional problems amongst Regulators like it happened between SEBI and IRDA recently, still the Business and Industry like us should not be put as party in cross fire, as it is happening with us, hence please do not make our company as disobedient company in the eyes of its Regulator, i.e., MCA. When information was taken on our deposit mobilization (RNBC) activities of our Group Company from RBI why not to take information on Bonds (OFCD) from MCA.

Inside information from SEBI's internal people says that if we give all the information ourselves to SEBI, SEBI would take action against Sahara through Media to disturb Sahara establishments. If SEBI takes all information from MCA they won't be able to act against Sahara. Of course, SEBI knows this is wrong and arbitrary action which will not stand in legal trial but SEBI will create Media trial to destabilize Sahara. The above is substantiated with the fact that SEBI is not taking the information from MCA and is insisting to get it from the Company. Kindly take the information from MCA.

We do not want to blame SEBI which is definitely a highly respected institution and we genuinely respect SEBI as an institution. Yes, there are sometimes such individuals who go unreasonable and baselessly biased and create unnecessary problems. We are definitely pained.

We are an organisation where 9 lac families are earning their bread and butter. Please do not disturb us unreasonably, unnecessarily. Please support on merit and bless us."

In the past also similar biased act of regulator we have experienced, so we were very apprehensive and after this biased order our apprehension has now come right.

SEBI has talked about ₹4-7 thousand crores which we have received through OFCDs etc. Out of confusion so many newspapers etc. had mentioned about ₹20,000 crore plus ₹20,000 crore etc. **SO..**

..One Should Know About Sahara's Financials

(Provisional as on 30th June 2010)

Group Liability Statement

₹ In Crores	
Particulars	Book Value
Net Outstanding liability with accrued interest of Public Deposits plus Unsecured loan from Banks plus Money from close Associates plus Advances against various projects plus Life insurance Policy Holders Fund plus Money in Mutual Fund.	34,328

Group Assets Statement

₹ In Crores		
Particulars	Book Value	Market Value
Liquid Investment, Cash & Bank balances and Fixed Deposits etc.	19,390	19,456
Sundry Debtors, Loan and Advances, tax refundable and other current assets etc.	7,629	7,629
Land, construction Work in progress, Finished Stock and Fixed Assets etc.	27,949	82,139
Total Group Assets	54,968	1,09,224

Note: The above statement is prepared on the basis of provisional Balance Sheet as on 31/03/2010 or 30/06/2010 of Sahara Flagship Group Companies.

WE ARE ABSOLUTELY AND RELIGIOUSLY LAW ABIDING ORGANISATION NOT BECAUSE WE FEAR LAW BUT WE RESPECT LAW OF THE LAND.

NOW WE SHALL SOON APPEAL AGAINST SEBI'S ACTION AT AN APPROPRIATE FORUM.

SEBI could have approached MCA in this matter to fulfil their duties towards the masses (as they are claiming). Otherwise they would have given this order in the interest of people (so called claim by SEBI) directly to us through a letter. What was the reason of putting 34 pages in their website to make it public? Respected Readers must be understanding the intentions clearly.

So in the interest, image, goodwill of entire Sahara India Pariwar SEBI has pushed us against the wall that is why we are forced to come out with all above details.