

**Date: 28.01.2019**

Dear Mr Kapil Wadhawan/Mr Dheeraj Wadhawan/Mrs Aruna Wadhawan/Ms Niti Arya/Company Secretary and Compliance Officer of DHFL

### **By Email**

Greetings from [Cobrapost.com](http://Cobrapost.com)! We are an independent non-profit news website and television production house, predominantly known for investigative journalism since 2003. We welcome you to check out some of our investigations listed at the bottom of this communiqué just for your reference.

We are breaking a story which shows that DHFL's promoters, Kapil Wadhawan, Aruna Wadhawan and Dheeraj Wadhawan, along with their associates, have been responsible for a scam of around Rs. 31,000 crores of public money gotten in terms of loans from various public sector banks, public shareholders and lending agencies. During the course of the investigation, we have uncovered that, amongst other activities:

- You have created dozens of shell companies to siphon funds from DHFL.
- These shell companies have invested in equity of your companies.
- A number of irregular practices have been indulged in by DHFL while loaning huge amounts of money, to the tune of thousands of crores, to these shells.

In the following questionnaire, we seek your specific response as to why you would indulge in the above practices, in potential violation of laws/statutes/guidelines issued by statutory and regulatory bodies and laws made by Acts of the Indian Parliament as the case may be.

Please also see enclosed the story in this connection that we propose to release to the public on 29.01.2019 at 3 P.M. at Press Club of India, Raisina Road, New Delhi – 110 001, after which there will be a detailed press conference and panel discussion. We hereby extend invitation to any Director of DHFL, who is duly authorised, to participate in the panel discussion and offer DHFL's version. We also undertake to publish DHFL's version and your response to the questionnaire, as and when we receive it, on our website [cobrapost.com](http://cobrapost.com), alongside the main story.

## QUESTIONNAIRE

1. Is it true that Kapil Wadhawan, Aruna Wadhawan and Dheeraj Wadhawan together on paper hold about 39% of DHFL's shares, but in reality, also control and/or are related to Galaxy Infraprojects Developers, Hemisphere Infrastructure India and Silicon First Realtors Private Limited which own an additional 10% shareholding in DHFL?
2. Are you aware that this is in clear violation of SAST?
3. Are you aware that in so doing, you possibly have committed an offence under IPC S. 467 for misrepresentation in important documents held sacrosanct by investors, such as government disclosures that give an overview of DHFL and its various promoters' net share in the company and its dealings in movable properties etc,?
4. Is it true that you have created dozens of shell companies to siphon funds from DHFL in the form of loans in the tune of thousands of crores of rupees?
5. Is it true that these shell companies often have various common initial directors?
6. Is it true that the shell companies have, in several cases, common auditors, such as **Bansal, Bansal and Co**, who help mask the nature of its financial status and its transactions, most often including the name of the lender, i.e., DHFL?
7. Is it true that Kapil Wadhawan and Dheeraj Wadhawan have used their influence in the board of DHFL to sanction and disburse loans of crores to these dubious pass-through entities?
8. Is it true that Kapil Wadhawan is a member member of the Risk Management Committee in DHFL?

9. What are the policies of the said Risk Management Committee with respect to loans granted to entities of zero debt equity?
10. Did this Risk Management Committee ensure that the credit exposure of the Company to a group of dubious borrowers does not exceed an internally set limit?
11. Is it true that Kapil Wadhawan and Dheeraj Wadhawan are also members of the Finance Committee, and are directly in a position to influence decisions to grant loans by exerting influence?
12. Are you aware that in case of sanctioning these loans, DHFL has failed to do due diligence in terms of looking at their backgrounds and ensuring that the companies are capable of paying back these amounts over time?
13. Is it true that many irregularities exist in the terms of loans and repayment in case of these shell companies, such as the fact that their net worth seem to be nominal or close to only one lakh rupees?
14. Is it true that the amounts of monies were given out in the form of loans without checking of collateral or maintaining adequate debt-equity ratio with these shell companies?
15. Do you not deem it irregular that amounts worth thousands of crores were given in loan to companies of little or no financial standing in one single tranche, as opposed to the best practice of usually stipulated terms of disbursing loans in stages of payment against the progress of the project works?
16. What does DHFL's loan policy have to say about debt-equity ratio and giving loans of astronomical amounts (in thousands of crores) at one tranche to such companies?
17. Do you think it is in compliance with DHFL's Corporate Governance policies and lending policies?
18. Is it true that in the last few years, DHFL has given unsecured loans to the tune of Rs 14,282 crores to 45 companies controlled by 2 groups- Sahana and Wadhawan?

19. Do you think DHFL undertook adequate due diligence while investigating the background of these companies before disbursing such huge amounts of public monies to them?
20. If so, how did DHFL not discover that many of these companies have the same email addresses, and that, for instance, out of the total 45 companies, 12 companies are using the same email address, [inform2co@gmail.com](mailto:inform2co@gmail.com), and another eight companies are using another common email, [sayalihs2102@gmail.com](mailto:sayalihs2102@gmail.com) in the ROC database?
21. Did DHFL fail to find out that out of these 45 shell companies, 35 have not filed any charge documents for loans on the MCA website, which is a mandatory compliance?
22. Is DHFL aware that out of these 45 companies, 12 companies have not filed balance sheet for FY 2017-18 in the ROC as of January 26, 2019?
23. Is it true that DHFL has sanctioned and disbursed loans amounting to Rs 2480 crores to companies in Gujarat and Karnataka right before the state elections without any due diligence?
24. Is it true that acting with persons in concert and through these shell companies, you have committed tax fraud of approximately Rs 600 crores?
25. Are you aware that in engaging in so doing, you are in violation of Section 201 Income Tax Act, 1961 for delay in deposit of Tax Deducted at Source (TDS)?
26. Is it true that, additionally, DHFL has disbursed a loan of Rs 1000 crores to Rajen skyscrapers, a company 100 per cent held by RKW Developers, which is promoted by Kapil Wadhawan and Dheeraj Wadhawan?
27. Is it similarly true that you have given loans of commensurate amounts which add up to Rs 4390 crores for slum development in Maharashtra to other dubious entities, like:

- (a) Manpreet Estate (180 crores)
- (b) Ghardwar Real Estate (430 crores)
- (c) Suvarat Real Estate (465 crores)
- (d) Immediate Real Estate (580 crores)
- (e) Rip Developers (725 crores)
- (f) Kanitha Real Estate (475 crores)
- (g) Wamika Real Estate (525 crores)
- (h) Prithvi Residency (485 crores)
- (i) Vyomkara Real Estate (525 crores)?

- 28. Is it true that all these companies have used the loan amount to either buy interest/equity in other companies owned by Wadhawan or are in negotiation for joint ventures with Wadhwan Realtors/White Lion, who are controlled by Kapil and Dheeraj Wadhawan?
- 29. Is it true that the above loans were given in one tranche, despite the fact that the Slum Rehabilitation Authorities website, Maharashtra, does not enlist the companies as having undertaken any slum development project at all?
- 30. Is it true that Kyta Advisors Pvt Ltd is the new name for a company formerly known as Wadhawan Realtors?
- 31. Is it true that Kyta Advisors Pvt Ltd (promoted by Wadhawan Group, belonging to Kapil and Dheeraj Wadhawan) was holding around 49% in Darshan Developers Pvt Ltd?
- 32. Is it true that you have also given a total of Rs 2000 crores to Notion Real Estate Private Limited, Earleen Real Estate Developers Private Limited, Prashul Real Estate Private Limited, Edweena Real Estate Private Limited, who have used the money to purchase shares of Darshan Developers from Kyta Advisors Pvt Limited (which was formerly known as Wadhawan Realtors)?
- 33. Are DHFL and its shareholders aware that in doing the above, you are in violation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Risk Management Committee and Finance Committee

whereby compliances and disclosures have been made transparent for better corporate governance, and the board members are obligated to constitute a Risk Management Committee to review the risks related to loans etc.?

34. Are the shareholders aware that in constituting the above Risk management Committee, DHFL has taken recourse to appointing the same Kapil Wadhawan who has controlling interest in the companies where the shell companies have all invested?
35. Are DHFL and its shareholders aware that Kapil Wadhawan and Dheeraj Wadhawan have engaged in insider trading through Galaxy Infraprojects Developers, Hemisphere Infrastructure India and Silicon First Realtors Private Limited to the tune of Rs 1000 crores?
36. That in engaging in the above list of activities, you are in violation of various instructions/directions issued by the National Housing Board on *inter alia* anti-money laundering, corporate governance, prudential norms etc.?
37. Is it true that RKW Developers and Darshan Developers and Skill Realtors, held partially by Wadhawans, have made unlawful donations to BJP to the tune of Rs 19.5 crores despite in no way having the requisite profitability for three consecutive years as prescribed by the Companies Act, 2013?
38. Is DHFL aware that in so doing, RKW Developers and Darshan Developers and Skill Realtors are in violation of Section 182 of Companies Act, 2013 for political donation?
39. Is it true that Kapil and Dheeraj Wadhawan have created offshore assets amounting to Rs 5200 crores with money siphoned from DHFL?
40. Is it true that Kapil Wadhawan, Promoter of DHFL has recently incorporated, on February 23, 2017, a UK Company namely Wadhawan Global Capital (UK) Limited?

41. Is it true that a large sum of money, of approximately GBP 114 million, has been infused by Wadhawan Global Capital Limited (the company holding around 38% in Dewan Housing) into this company?
42. Is it true that the money has been raised in Wadhawan Global Capital from Kyta Advisor Pvt Ltd (formerly Wadhawan Realtors), the Indian company promoted by the Wadhawan Group?
43. Is it similarly true that the source of Kyta Advisor is from the money siphoned from Dewan Housing through loan route to shell companies?
44. Is it true that Kapil Wadhawan has also joined as Director in Zopa Group Limited and that the money from Wadhawan Global (UK) Limited is being utilised as equity contribution in Zopa Group?
45. Is it true that this same Zopa Group, through its 100 per cent subsidiary Zopa Financial Services Limited, has also recently applied for banking license in UK through an application made to the Prudential Regulation Authority (PRA) of England? Do you plan to engage in the same kind of irregularities overseas?
46. Is it true that you similarly hold Wadhawan International Investments Limited in Dubai through money siphoned from DHFL?
47. Is it true that you have transferred had dubious dealings with Turquoise Venture Holdings Limited in Mauritius so as to save on Capital Gain Tax?
48. Is it true that Yardstick Developers Private Limited, a company incorporated in India belonging to Wadhawan Group sold their part stake (41,146,805 shares out of 44,887,424) in DHFL Pramerica Life Insurance Company Limited at a price of Rs 46.46931, aggregating to Rs 191.20 Crores which resulted in profit of Rs 189.25 crores in the hands of Yardstick Developers Pvt Ltd?
49. Is it true that a similar amount of loss was booked amounting to Rs 183.33 crores on sale of shares of Wadhawan International Investment Limited (UAE) to Turquoise Venture Holding Limited? And that, moreover, an

amount of Rs 33.44 crores was written off by Yardstick Developers Pvt Ltd.?

50. Are you aware that in engaging in the above list of activities, you are also in violation of Section 45 of Income Tax Act, 1961 for escaping the Capital Gain Tax?
51. Is it true that the Wadhawans have bought a Sri Lanka Premier League cricket team, Wayamba, in Sri Lanka with the siphoned money?
52. Are you aware that in engaging in the above list of activities, you are in violation of Section 447 of Companies Act, 2013 for fraud?
53. Are you aware that in engaging in the above list of activities, you are also in violation of Section 177 of Companies Act, 2013 for Audit Committee irregularities?
54. Are you aware that in engaging in the above list of activities, you are also in violation of Section 186 of Companies Act, 2013 for breaching the limit of investment?
55. Are you aware that in engaging in the above list of activities, you are also in violation of Section 185 of Companies Act, 2013 for investment in companies where directors are interested?
56. Are you aware that in engaging in the above list of activities, you are also in violation of Section 68 of Income Tax Act, 1961 for unexplained investment?
57. Are you aware that in engaging in the above list of activities, you are also in violation of Schedule III of Companies Act, 2013 for deviation in disclosure in financial statement?

58. Are you aware that in engaging in the above list of activities, you are also in violation of Section 6 of the Foreign Exchange Management Act, 1999, (42 of 1999) read with Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 for foreign divestment of shares?
59. Are you aware that in engaging in the above list of activities, you are also in violation of for misappropriating public money and converting it for their own use into various movable properties, under IPC S. 403
60. Are you aware that in engaging in the above list of activities, you are also in violation of for criminal conspiracy with various persons in concert and dishonestly disposing of properties in violation of several legal contracts, under IPC S. 405?
61. Are you aware that in engaging in the above list of activities, you are also in violation of for having committed wilful "criminal breach of trust" and having fooled DHFL's shareholders and common people, under IPC S. 405?
62. Are you aware that in engaging in the above list of activities, you are also in violation of for deceiving DHFL's investors willfully, and to have fraudulently influenced their decisions to invest in a corporation routing their money to criminal agents, in violation of the investors' legal rights and cause them material damage, under IPC S. 415?
63. Are you aware that in engaging in the above list of activities, you are also in violation of for criminal conspiracy to cheat and defraud investors and loot their hard earned money, under IPC S. 420?
64. Are you aware that in engaging in the above list of activities, you are also in violation of for money laundering, under PMLA S. 3?

*It will be in order if you send us your response, complete with the explanations of all the employees named in the questionnaire. Kindly send us the completed response within the next four hours alongwith that of your colleagues named in the questionnaire. The date of the release of the story is 29<sup>th</sup> January, 2019. Should we get your response well within time, we shall incorporate your version of events before we release the story, failing which we shall incorporate your*

*version in subsequent editions of the story. If one of your directors with proper credentials wishes to sit in the press conference and give their clarification on the story we are willing to consider it. If one of your directors also wishes to examine the material we are willing to show it to him or her.*

Looking forward to hearing from you.

Best  
Team Cobrapost

PS: Some of our recent investigations that have received critical acclaim and triggered impact:

Operation Janmabhoomi

- <http://cobrapost.com/blog/excerpts-interviews-associate-editor-k-ashish-conspirators-executors-operation-janmabhoomi/943>

Operation Red Spider

- <http://cobrapost.com/blog/operation-red-spider-part-1/999>
- <http://cobrapost.com/blog/operation-red-spider-part-2/925>
- <http://cobrapost.com/blog/operation-red-spider-part-3/940>
- <http://cobrapost.com/blog/operation-red-spider-part-4/926>

Operation Falcon Claw

- <http://cobrapost.com/blog/operation-falcon-claw-cover-story/912>

Operation Blue Virus

- <http://cobrapost.com/blog/operation-blue-virus-complete-story/907>
- <http://cobrapost.com/blog/full-movie-ultrahd-split-2017-english-subtitle/909>

Operation Stalkers

- <http://cobrapost.com/blog/stalkers-amit-shahs-illegal-surveillance-exposed/904>

Operation Duryodhana

- <http://cobrapost.com/blog/Operation-duryodhana/1031>

