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How the Singh brothers became victims of a realty play

High on the Religare listing and Ranbaxy sale, the Singh brothers, the Dhillon family, and their finance whiz Sunil Godhwani entered real estate. What could go wrong?

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[\(FROM LEFT\) SHIVINDER MOHAN SINGH, MALVINDER MOHAN SINGH, AND SUNIL GODHWANI | ECCL](#)

"Genuine Leather Stores" says the sign on shop number 115. It is a nondescript place on the first floor of Yashwant Place in Delhi. The shopping complex has small eateries selling sizzlers, momos,

Tibetan food, and *chhole bhature*. The iconic Chanakya movie hall has taken a new avatar as the towering PVR ECX, adding a tinge of glamour to the old market in the middle of the city's diplomatic quarters.

It is 10.30am. Other shops have started opening for business; the leather store is closed. You would imagine that such an important place would be busier.

Genuine Leather Stores is owned by Naraindas Godhwani, father of Sunil "Sunny" Godhwani. Sunil Godhwani is the finance brain who advised Malvinder and Shivinder Singh (former promoters of Ranbaxy, Religare, and Fortis Hospitals) on the many investment decisions that the brothers took in the heady days when Religare went public.

Today, the Singh brothers and the family of their spiritual guru, the Dhillons, believe that Godhwani took wrong calls, landing them in a very difficult financial position.

ET Prime pieced together this triangular love-hate story between the Godhwanis, Singh brothers, and Dhillons by speaking with several insiders, going through public disclosures, and poring over numerous corporate filings.

It is a story of a win-win association turning into a nightmare, an unending downward spiral.



- **Shabnam Dhillon:** *Wife of Baba Gurinder Singh Dhillon. The 57-year-old had become the point of convergence of all the Dhillon-family businesses.*

- **Sunil Godhwani:** *The money man. Said to have been friends with the Dhillon family since childhood and to have grown up in the dera itself, Godhwani was managing the finances of the dera.*
- **Gurpreet Singh:** *Elder son of the Dhillon couple. He now heads the RHT health trust based in Singapore.*
- **Gurkeerat Singh:** *Younger son of the Dhillon couple. He worked as an operations manager in Fortis Healthcare International before moving to London.*
- **Nayantara Sahgal (daughter-in-law):** *Wife of Gurpreet Singh. She ran a company in association with Sunil Godhwani's wife Sapna, called Vichitra Enterprises, but has since sold her shares to the Godhwani family.*
- **Yuvraj Narain Gorwaney (special invitee, Radha Soami Satsang Beas or RSSB):** *Gorwaney is described as the RSSB man in Delhi; also a relative of the Singh family.*
- **RK Shetty (RSSB committee member, zonal secretary):** *Independent director of Religare. He was also the president of the Indian Hockey Federation and the Karnataka State Hockey Association. He recently quit the Religare board.*
- **Padam Bahl:** *A chartered accountant based in Amritsar and the auditor of RSSB.*
- **Yogendranath Mathur (RSSB joint secretary):** *A medical doctor, Mathur is the second-most powerful man in RSSB. As the joint secretary, several departments of the dera come under his control. At the RHT Health Trust, which holds Fortis's hospital assets, Mathur is the lead independent director.*
- **Bhagwan (Raju) Bhojwani (RSSB special invitee):** *He is the right-hand man of Baba Gurinder Singh Dhillon and is designated as the travel companion of the guru. He recently took over board seats in Arctic Investments and Logos Holding.*

The transactions and movement of money and the multiple roles played by the individuals involved raise questions of corporate governance and conflict of interest. They show how Indian promoters continue to consider listed companies their private fiefdoms.

They also make one wonder about the Radha Soami sect's principles, including that the master "does not accept gifts or money for himself or his family from the *sangat*; all the money donated in *seva* is channelled into supporting the *sangat*".

The key to this association lies in "Genuine Leather Stores" at Yashwant Place. It is evening on Wednesday and the store is open. We are lucky to find a lone employee who calls himself Gaurav looking after the accounts "as it's (income tax) returns time".

Gaurav obviously is just a foot soldier. The store is the registered address for a clutch of companies that establish a web of relationships between the Singh brothers, the Godhwanis, and the Dhillon family.

1. Company 1: Luminous Holdings. Set up in 2002, Luminous is a lightly capitalised firm, but it has other distinctions.

- It is the only active company which has on its board of directors Baba Gurinder Singh Dhillon himself, hailed as God in Human Form (GIHF) by the followers of RSSB. Gurinder Singh Dhillon is related to the Singh brothers on their mother's side. He is the first cousin of their mother Nimmi Singh.
- His wife, 57-year-old Shabnam Dhillon, is the other director of this company. As per its last balance sheet for the year ended March 2017, she held 85% stake in the company, with the remaining 15% equally split among her husband, and sons Gurpreet Singh Dhillon and Gurkeerat Singh Dhillon.
- As of March 2017, it had a capital of INR1 lakh and accumulated losses of INR5.75 crore. Long-term borrowings stood at about INR6.5 crore. On the assets side, it had shares of a defunct listed

company called Brushman India and the unlisted Gitanjali Lifestyle worth INR6 lakh. An “advance for plot” of INR60 lakh was the only significant entry on the assets side.

2. A little over the INR2 crore of the total INR6.5 crore long-term borrowings have come from the Dhillon couple. The remaining INR4.4 crore comes from a Delhi-based company called Fern Healthcare.

3. Fern Healthcare is one of the three companies named by the Luthra & Luthra committee report that probed the allegations of siphoning of funds in Fortis Healthcare.

- Fern’s initial exposure, which began in the financial year 2012-13, was around INR6.2 crore. Funds brought in by Fern were used to pay off the original lenders, which included RHC Holding, the investment firm of the Singh brothers and then the main promoter entity of listed companies Religare Enterprises and Fortis Healthcare.
- Apart from loss-making investments like Brushman India (where it lost INR19 lakh out of INR20 lakh invested), Luminous invested about INR3.6 crore in a company called Arctic Investments.

An e-mail sent to the official e-mail address of Luminous did not elicit any response.

Back at the store, Gaurav says he doesn’t know anything about Luminous. The small, two-room office has two wooden cubicles with old files stacked up. Gaurav says they had wrapped up the leather business long ago and it functions as the family office of the Godhwanis.



Genuine Leather Stores at Yashwant Place in Delhi's Chanakyapuri. Naraindas Godhwani, Sunil Godhwani's father, who ran Genuine Leather Stores, and still comes to the office in Yashwant Place, is an ardent follower of the Radha Soami sect. Initiated by Maharaj Charan Singh, the previous guru, he used to often visit the *dera* in Beas with his family, including young sons Sunil Godhwani and Sanjay Godhwani.

The Godhwani connection

At the *dera*, the young Godhwanis made friends with others of their age group, some of them becoming friends for life. Some even went to the same boarding schools and had many common friends in the *satsangi* circles.

Dera insiders say Charan Singh took a position that the leather business was not in conformity with the *dera*'s principles of vegetarianism. Following this, the Godhwanis shut down their flourishing leather business.

Sunny, as Sunil Godhwani is known among friends, was brought in to manage the finances of

the *dera* during the churn that took place after the passing of Charan Singh in the early years of the new master Dhillon.

Some old-time mutual-fund managers remember interacting with Sunil Godhwani for the investment of *dera*'s funds. Thus, he quickly became part of the inner circle of the new master. No wonder when the Dhillon family chose to enter the corporate world, they chose to go with Sunny.

The Articles of Association of Luminous, when originally filed in April 2002, showed that Sunil Godhwani and Shabnam Dhillon were its first directors. Sunil Godhwani continued on the board of Luminous till October 2007, when he took Religare Enterprises to its IPO.

Incidentally, the Religare prospectus says Sunil Godhwani, 46 at that time, had “20 years’ experience in business” and had been the managing director of Religare Securities Limited (RSL) since April 15, 2002.

Initial directors of Arctic Investments, which received funds from Luminous, included the Godhwani brothers and a Spanish national named Hiro Balani. In later years, it became majority owned by Sanjay Godhwani, with Shabnam owning a minor shareholding.

A bumper IPO at the peak of the market, when the Sensex was rushing towards the 20000 mark, shot both Religare and Sunil Godhwani, its CEO and managing director, into the limelight.

The largesse from the Singh Brothers

According to the prospectus, in June 2006, 15 months before the IPO, Malvinder Singh sold 6.25 million Religare Enterprises shares to Gurpreet Singh Dhillon, the elder son of the Dhillon couple, at a par value of INR10 each. On the same day, Shivinder Singh sold an equal number of Religare shares at par to Gurkeerat Singh Dhillon, the younger son.

Together, this amounted to around 16.4% of the post-issue capital.

Sunil Godhwani himself got a million shares at par, amounting to a 1.3% stake. He was not the only one from the *satsang*; Padam Bahl, the auditor of RSSB, took a board seat as an independent director, RK Shetty, the south-zone secretary, and GPS Bhalla, the secretary of Science of the Soul Research Centre, an RSSB affiliate, were named alternate directors.

The value of these shares multiplied as the IPO got priced at INR185 per share. During the listing day frenzy on November 21, 2007, the shares touched a high of INR600 before cooling off to INR525 levels.

At this point, the notional value of the holdings of the Dhillon family would have been around INR600 crore. Sunil Godhwani's holding would have been worth over INR50 crore.

Showing them the money

For Sunil Godhwani, the Singh brothers, and the Dhillons, that was just the beginning. Sunil Godhwani, hailed by the media as the third brother in the Singh family, had the Midas touch those days. Though the stock market collapsed within a few months after hitting a high of 21000, the Singh brothers managed the unthinkable, some say on the advice of Baba Gurinder Singh Dhillon — they sold Ranbaxy, which they had won battling other arms of their grandfather Bhai Mohan Singh's family, to Japanese major Daiichi-Sankyo.

In the days after the Ranbaxy sale, when the brothers came home with a purse of INR10,000 crore, Sunil Godhwani went around sewing up multiple deals for both Religare and Fortis.

Amid the global financial crisis, businesses were available for a price. While Religare picked up

Hichens Harrison (INR448 crore), Lotus Mutual Fund, and Northgate LLC (INR1,000 crore), Fortis's shopping list included Parkway Holdings (INR3,000 crore) and Wockhardt Hospitals (INR900 crore).

Sunil Godhwani is also said to have engineered the RHT structure for Fortis hospitals, which is loosely based on the structure used by RSSB to manage its own hospitals. We wrote about the [RHT maze earlier](#).

At some point during this time, they set their eyes on that temptress that allures to deceive: real estate. Then, it probably looked like a good business proposition. Today, it appears as plain greed as the bets taken seem to have brought the businesses to the brink of failure.

Misadventures in realty: GYS and two Prius firms

Yuvraj Narain Gorwaney is one of the special invitees to the committee that runs RSSB. For the society, he was a key man in Delhi, liaising with politicians and the government, say insiders. He also dabbled in real estate. The Y in GYS is supposed to stand for Yuvraj, some people familiar with the group say, while G and S are initials which could suit multiple actors in this saga.

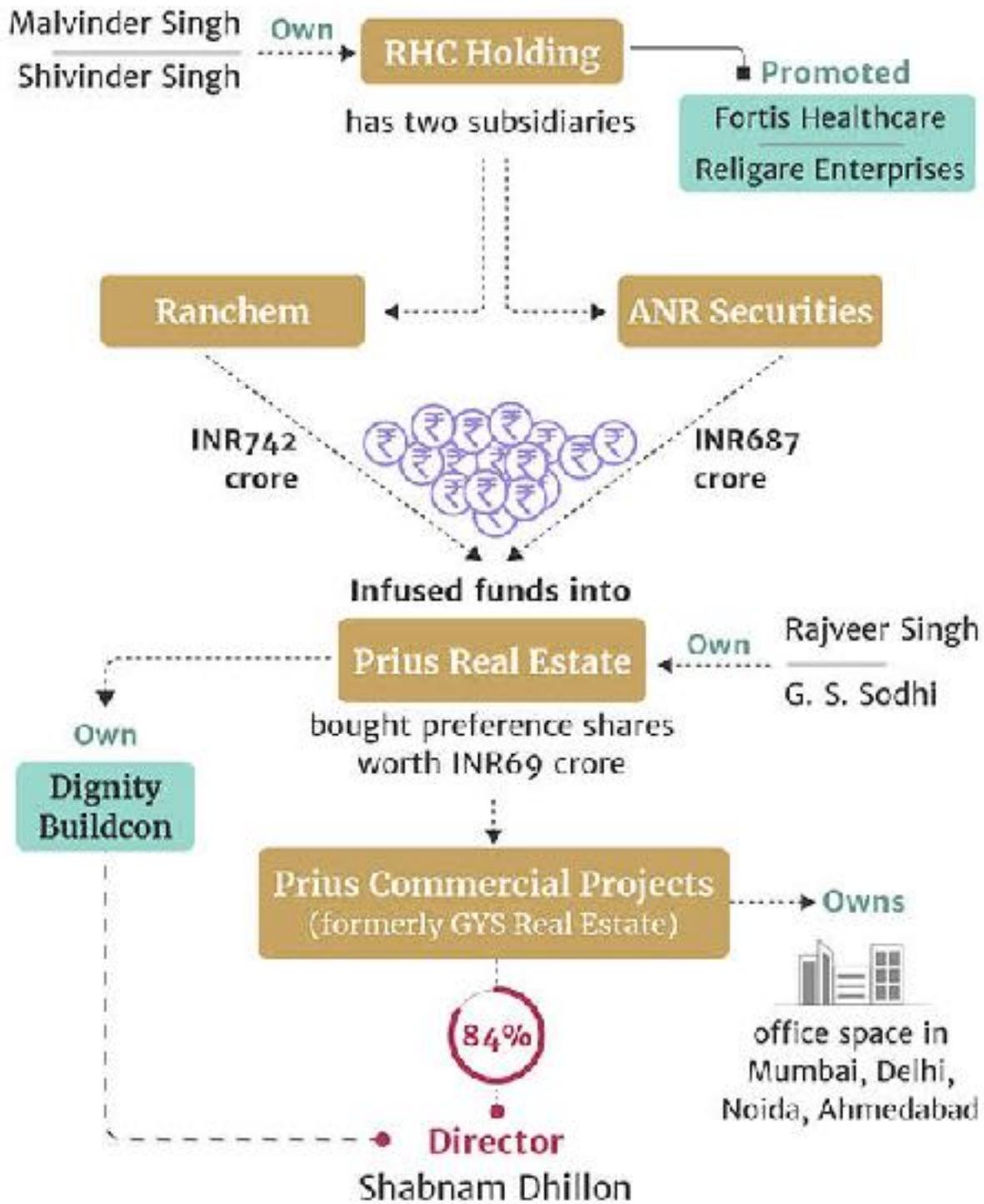
GYS Real Estate was the flagship firm of this real-estate venture. In 2009, it came to own a swanky building in the Saket City Centre in South Delhi, behind the now popular Citywalk mall. The commercial building, operational since 2009, has a total leasable area of 2,56,641 sq. ft.

An analysis of the balance sheets of GYS Real Estate for FY08 and FY09 shows that the funds came in the form of unsecured loans from several companies controlled by the Singh brothers: At the end of FY08, it had received unsecured loans totalling around INR100 crore from companies including Oscar Pharma (INR25 crore), Oscar Investments (INR36 crore), Delta Aromatics (INR15 crore) and Analytical Testing (INR19 crore).

At the end of FY09, these were repaid and loans of INR215 crore and INR33.6 crore were outstanding from RHC Holding and Religare Finvest, the lending arm of Religare Enterprises.

The loans went into acquiring shares of companies engaged in significant realty projects. GYS would come to own five such subsidiaries.

Money seeks its own level



Source: Ministry of Corporate Affairs

Though GYS had corporate clients such as LG Electronics, Mitsui Chemicals, and Amarchand

Mangaldas, Religare became its biggest tenant. In several locations, the building itself was known by the Religare name. This is reflected in Religare's accounts, which show expenses under the head 'rent, rates and taxes' had hit a high of INR172 crore in FY12.

Religare's annual reports show the Religare corporate office in Noida was based in GYS Global, it had offices in GYS Platinum in Saket, and its mutual-fund and insurance arms were based in GYS Infinity in Vile Parle, Mumbai.

In a rating-downgrade report in August 2017, credit-rating firm ICRA underlined the dependence of GYS, now renamed as Prius Commercial Projects Private Limited (PCPPL), as follows:

"High leverage led to poor debt coverage indicators and restricts the financial flexibility of the company."

The report added that the company had significant dependence on Finserve Shared Services Limited (FSSL), which is PCPPL's associate entity.

FSSL was incorporated in 2011 by the name Religare Corporate Services. This is an entity fully owned by RHC Holding, the mothership belonging to the Singh brothers.

But this was not the only connection between the brothers and the realty group controlled by the Dhillons.

The second Prius and its shareholders

PCPPL has received significant funds in the form of preference-share capital from a company called Prius Real Estate, the "second Prius".

As of March 31, 2017, PCPPL had received preference share capital of INR69 crore from Prius Real Estate.

Where does Prius Real Estate get its funds from? The key shareholders are Rajveer Singh and Gurpreet Singh Sodhi. They were once directors of Religare Technova, a listed firm dealing in market infrastructure.

A 2006 profile in the Technova annual report states they were both Punjab University graduates who had over 25 years' experience and "good knowledge in securities market and pharma business".

Prius Real Estate also has Shabnam Dhillon and Yuvraj Gorwaney as directors.

Apart from preference-share investment in Prius Commercial Projects, Prius Real Estate also owns 98% equity stake in Dignity Buildcon. This company is building the massive three-tower Prius Vision commercial complex project in Gurugram's Sector 62. It will have 13 lakh sq. ft. of leasable space.

With Shabnam Dhillon being on both Prius companies, the underlying difference in equity ownership seems to have ceased to matter. Rating agencies have treated the project by Dignity Buildcon Private Limited (DBPL) as part of the GYS group.

In a January report, CARE ratings counted the experienced promoters as one of DBPL's Strengths. "DBPL is a part of the GYS group and is promoted by Delhi-based Mrs Shabnam Dhillon and Mr Yuvraj Narain Gorwaney. Further, Mrs. Shabnam Dhillon holds about 8.52% stake in Religare Enterprises Limited in her personal capacity and is classified as a public shareholder in the company, she further holds 9.01% in Religare Enterprises Limited through corporate holdings."

Religare shares have plunged to less than a tenth of their listing-day highs. Dhillon's holdings, which were pledged to raise finances for the money-guzzling realty business, have been taken over by lenders.

"Furthermore, the promoters of Fortis/Religare group have close ties with the Dhillon family," the CARE report had added. At this point, it is not clear whether this should be counted as a strength or weakness.

The rush to exit boards

The already lacklustre realty market took a body blow towards the end of 2016, when Prime Minister Narendra Modi surprised the nation with demonetisation.

In any case, a significant blow had already been dealt to the Singh brothers' empire. In April 2016, a Singapore tribunal ordered that the brothers pay around INR3,000 crore to Daiichi-Sankyo for allegedly fudging disclosures during the Ranbaxy sale. Daiichi-Sankyo was on the offensive, moving the Delhi High Court to secure its claims. On August 17, 2016, Shabnam Dhillon resigned as director of nine companies including the Prius twins. At present, her only board membership is in Luminous holdings. However, she continued to hold her 84% shareholding in Prius Commercial projects, which has five subsidiaries.

In her resignation letters, she cited preoccupation and used the address of Sunil Godhwani's Yashwant Place premises. Though there is speculation about a falling out between the Godhwanis and the Dhillons, this could not be confirmed because of conflicting signals.

Insiders who know Shabnam Dhillon say though her name has got projected in these deals, she leads a life of a *sevadkar* and could not have done all this on her own.

People familiar with Religare operations say the master himself took significant interest in the affairs of Religare and was even part of meetings with business heads where a proposal to restructure the company was presented. Had the deal gone through, the mess could have been averted, they say.

A former colleague of Sunil Godhwani says, "Private-equity funds were ready to pick up stake in Religare Finvest at INR225 per share levels. But the brothers wanted INR300."

On the same day Shabnam Dhillon resigned from her companies, Rajveer Singh also resigned from four boards: Prius Real Estate, Dignity Buildcon, Hillgrow Infrastructure, and Addon Realty. About a month later, Yuvraj Gorwaney also resigned from the boards of Prius Commercial projects and its subsidiaries.

However, Rajveer Singh continued to be on several other companies of the Singh brothers. These include Best Healthcare, Fern Healthcare, and Modland Wears, all three named in the recent Luthra & Luthra report as alleged recipients of money allegedly siphoned from Fortis Healthcare.

In response to the Fortis's actions following the Luthra & Luthra report, Malvinder Singh in a statement had said: "While we await the Luthra & Luthra report from Fortis Healthcare, we would like to mention that there has been no mismanagement or misuse of funds and position. Treasury operations have been a profitable part of the Fortis business for the past many years. All decisions on ICDs [inter-corporate deposits], which were part of the treasury operations, were collectively taken by the respective decision-making bodies at Fortis after deliberations. Presently there is a vindictive approach from parties with vested interest towards the former Fortis promoters in these challenging times."

Religare Finvest (RFL), the lending subsidiary of Religare Enterprises, had also faced a Reserve Bank of India (RBI) directive to unwind exposure to entities connected to promoters.

In the FY17 results, the auditors drew attention to a letter from the RBI, dated January 27, 2017, in respect of an inspection of the corporate-loan book for the financial year 2014-15 aggregating INR1,845 crore: "RBI has raised concerns around creditworthiness of some borrowers, credit appraisal and loan sanctioning mechanism followed by RFL. The letter also stated that accounts of these borrowers have been used to route funds to other group entities," the audit report said.

Sunil Godhwani himself stepped down from his position as Religare chairman in July 2016, making way for the return of Malvinder Singh at the helm. He was first named CEO, then a whole-time director, before eventually exiting the board late last year.

Blame game

The brothers have claimed mismanagement under Sunil Godhwani. They point out that they stepped off the board of Religare in April 2010. Sunil Godhwani was the chairman and managing director (CMD) and ran the company.

They also claim that he relinquished his position as CMD of Religare in October 2016, when the mismanagement came to light. The brothers again exited the Religare board in February and their holdings have plunged to 3%.

In an e-mail response, an RHC Holding spokesperson says, "Yes, Mr Sunil Godhwani was a significant beneficiary from the irregularities in Religare under his management and tenure. He made significant gains by drawing exorbitant salaries, significant bonuses arising out of group M & A transactions and receipt of substantial ESOPs from various Religare businesses. Besides, he and his family also took loans from various entities without proper paperwork or processes."

The brothers alleged that Sunil Godhwani had not followed processes in lending to ABG Shipyard,

which resulted in a loss of INR800 crore.

"The transactions associated with ABG came to our notice very late. We were not at all involved or party in those transactions as it was a capital market financing activity from Religare Finvest which was under the control of Mr Godhwani. In fact, the ABG write-off was the trigger point when we realised the extent of mismanagement and irregularities done by Mr. Godhwani. The serious mismanagement under his leadership drew the attention and intervention of the regulators. The situation forced us to come onto the board of Religare and not remain passive shareholders. Upon our rejoining the board in July 2016, necessary steps were undertaken and the amounts were recognised as doubtful in the books," the RHC spokesperson says.

The brothers have also initiated proceedings in the Saket district court against Sanjay Godhwani, the brother of Sunil Godhwani, who was the CMD of Ligare Voyages, the aviation business.

"Incidentally the business was also reporting to Mr. Sunil Godhwani," they said. In response to this, Sanjay Godhwani has told the court that the brothers' case is a "gross misuse of law".

The aviation business has its own connection to the *dera*. According to an Airport Authority of India document, while RSSB was the owner of the dera's airport, Ligare Aviation is named the operator.

When ET Prime contacted RSSB, its secretary, JC Sethi, sent an e-mailed reply: "Baba Ji was anointed as the 'Spiritual Head' of Radha Soami Satsang Beas in 1990. When he shifted to Beas (in 1990), the situation was a bit complex because he had been out of country (in Spain) for quite some time. At that time, Dr. Parvinder Singh, father of Mr Malvinder Mohan Singh and Mr Shivinder Mohan Singh, was their biggest source of support. However, Dr Parvinder Singh's unfortunate and untimely demise caused a big vacuum, with lots of external pressures vying for control of the companies. So, Mr Malvinder Mohan Singh and Mr Shivinder Mohan Singh, who were quite young at that time, turned to Baba Ji for help and guidance. In 2011, Baba Ji's health started deteriorating

and he took a back seat, during which time, understandably Mr Sunil Godhwani came to the forefront and became their active adviser.

In 2016, as his health improved gradually, Baba Ji got back to his spiritual responsibilities actively, but physical weakness left him with little time and energy for anything else. At that time, he even thought of stepping down and retiring from his position.

It needs to be appreciated that our entire organisation is run on faith and trust and till today, Baba Ji refuses to point a finger at anyone. He gives advice to all those who seek it, but does not get involved in their day-to-day lives because he believes that life is all about making choices; and each one has to make his own choice. As Master, he can advise, but he cannot make a choice for anyone, because one is bound by the choices one makes (The Law of Karma); and therefore, we all have to accept responsibility for our own actions."

An e-mail seeking comments sent to GYS group's official e-mail ID did not elicit any response.

To the question if the fiasco has complicated equations with the Dhillon family, the RHC spokesperson says, "There is no fallout with Dhillon family. Mr Godhwani was managing the financial transactions of both (Dhillon family and us — Malvinder Singh and Shivinder Singh) as he was part of our family ecosystem and had our full faith and trust. Upon realising the mismanagement by him, we both disassociated from him and are in the process of taking necessary corrective actions/steps."

When asked if their attempt to sell off the Religare brand led to the dispute with Godhwani, they say, "This is completely untrue. There were no discussions at all about Religare acquiring the brand till the time Mr Godhwani was in the company nor do such discussions have anything to do with him being relieved from Religare. In the interest of the businesses and for their growth, there were

discussions with operating companies to acquire the brands from promoters at arm's length value, which however didn't get fructified due for various reasons."

At a recent meeting with ET Prime, Sunil Godhwani declined to comment on the allegations levelled by the Singh brothers. A detailed questionnaire sent to his official e-mail ID and via WhatsApp to his mobile number did not elicit any response.

The former colleague of Godhwani says all the decisions in Religare and group companies were taken with board approvals, and even though the brothers were not personally on the board, they had several representatives on it.

He adds that Godhwani's decisions were made in good faith, and that it is important to see who would have benefitted if the real-estate market had been better and the structures delivered good returns.

Instead, the market rut and poor occupancy led to these companies struggling to meet the interest burden mounting year after year. For funds that have been raised at 17%, the compounding interest becomes a slow killer. When the knockout came from Daiichi, it all crumbled, he adds.

Sunil Godhwani has now become a director in a company called Vichitra Enterprises, housed in the Yashwant Place office. Nayantara Sahgal Dhillon, the wife of Gurpreet Singh Dhillon and daughter-in-law of the master, used to own two-thirds of this company. She has since sold the Vichitra shares to the Godhwani family. In a reverse move of sorts, two *satsangis*, Bhagwan Bhojwani and Sonu Motwani, became directors in Arctic Investments.

The registered address of Arctic Investments till recently? Shop number 115, Yashwant Place.