

Central Bureau of Investigation
Anti Corruption Branch
New Delhi

**SUPPLEMENTARY (FIRST)
CHARGE SHEET**

**RC.DAI.2009.A.0045
(2G SPECTRUM CASE)**

Against Shri A. Raja, the then Minister of
Communication & Information Technology
And others.

**SUPPLEMENTARY FINAL REPORT
(Under Section 173 Cr.P.C.)**

IN THE COURT OF SPECIAL JUDGE (CBI), NEW DELHI

- (01) **Name of Branch** : ACB/CBI/
New Delhi **FIR No.** : RC DAI 2009 A 0045
- Year** : 2009 **Date** : 21.10.2009
- (02) **Final Report / Charge sheet No.** : Supplementary
No. 01
- (03) **Date** : 21.04.2011
- (04) **Act** : IPC **Sections** : 120-B
7 & 12
PC Act, 1988
Alternatively 11 & 12
- (05) **Type of Final Form / Report** : **Charge sheeted / Not Charge sheeted for want of evidence/ FR undetected / FR untraced / FR offence abated / FR unoccurred**
(Tick applicable portion)
- (06) **If Final Report Unoccured** : False / Mistake of fact / Mistake of Law / Non-cognizable / Civil Nature (tick applicable portion)
 Not applicable
- (07) **If Charge sheeted** : Original / **Supplementary (First)**
- (08) **Name of the I.O.** : Vivek **Rank** : Supdt. of Police
Priyadarshi
- (09) (a) **Name of the Complainant / Informant** : Source
- (b) **Father's Name** : --
- (10) **Details of Properties/Articles/Documents recovered/ Seized during the investigation and relied upon (separate list can be attached, if necessary).**

Sl. No.	Property Description	Estimated Value (in Rs.)	PS Property Register No.	From whom/where recovered or seized	Disposal
As per list attached					

(11) (13) Particulars of accused persons charge sheeted (use separate sheet for each accused)

(i) Name : Sh Asif Balwa
Whether verified : Yes

(ii) Father's Name : Late Sh. Yusuf Balwa

(iii) Year/Date of Birth : 17.06.1970

(iv) Sex : Male

(v) Nationality : Indian

(vi) Passport No : Not available
Date of Issue :
Place of Issue :

(vii) Religion : Islam (viii) Whether SC/ST/OBC :
(ix) Occupation : Private Person - Director / stakeholder, M/s Kusegaon Fruits & Vegetables Pvt. Ltd. (now, M/s Kusegaon Realty Pvt. Ltd.), D B House, Film City Road, Goregaon (E), Mumbai - 63.

(x) Address :
(i) Present address : Flat no. 501, 5th Floor, Razia Manor, Opposite Almedia Park, Bandra (W), Mumbai.
(ii) Permanent address : Flat no. 501, 5th Floor, Razia Manor, Opposite Almedia Park, Bandra (W), Mumbai.

(xi) Whether verified : Yes

(xii) Provisional Criminal No. : N.A.

(xiii) Regular Criminal No. (if known) : N.A.

(xiv) Date of Arrest : 29.03.2011

(xv) Date of release on bail : Not released.

(xvi) Date on which forwarded to Court : 30.03.2011

(xvii) Under Acts & Sections : 120-B IPC read with section 7 & 12 of PC Act, 1988. Alternatively 120-B IPC read with section 11 & 12 of PC Act, 1988

(xviii) Name(s) of bailers/sureties and address : N.A.

(xix) Previous convictions with case reference : N.A.

(xx) Status of the accused : Private Person
(Forwarded / Bailed by Police / Bailed by Court / Judicial Custody / Absconding / Proclaimed offender)

(11) (14) Particulars of accused persons charge sheeted (use separate sheet for each accused)

(i) Name : Sh Rajiv B. Agarwal
Whether verified : Yes

(ii) Father's Name : Late Sh. Bate Krishna Agarwal

(iii) Year/Date of Birth : 18.03.1962

(iv) Sex : Male

(v) Nationality : Indian

(vi) Passport No : Not available
Date of Issue :
Place of Issue :

(vii) Religion : Hindu (viii) Whether SC/ST/OBC :
Occupation : Private Person - Director / stakeholder, M/s Kusegaon Fruits & Vegetables Pvt. Ltd. (now, M/s Kusegaon Realty Pvt. Ltd.), D B House Film City Road, Goregaon (E), Mumbai - 63.

(x) Address :
(i) Present address : B-802, Shagun Tower, Yashdham, Film City Road, Malad (E), Mumbai-400097.
(ii) Permanent address : OK-16/43, Hira Bhawan, Suria, Varanasi-221001 (U.P.)

(xi) Whether verified : Yes

(xii) Provisional Criminal No. : N.A.

(xiii) Regular Criminal No. (If known) : N.A.

(xiv) Date of Arrest : 29.03.2011

(xv) Date of release on bail : Not released.

(xvi) Date on which forwarded to Court : 30.03.2011

(xvii) Under Acts & Sections : 120-B IPC read with section 7 & 12 of PC Act, 1988. Alternatively 120-B IPC read with section 11 & 12 of PC Act, 1988

(xviii) Name(s) of bailers/sureties and address : N.A.

(xix) Previous convictions with case reference : N.A.

(xx) Status of the accused : Private Person
(Forwarded / Bailed by Police / Bailed by Court / Judicial Custody / Absconding / Proclaimed offender)

(11) (15) Particulars of accused persons charge sheeted (use separate sheet for each accused)

(I) Name : Sh. Karim Morani

Whether verified : Yes

(II) Father's Name : Late Sh. Gulam Aly Shakoor Morani

(III) Year/Date of Birth : 22.03.1959

(iv) Sex : Male

(v) Nationality : Indian

(vi) Passport No. : Not available

Date of Issue : Place of Issue

(vii) Religion : Islam (viii) Whether SC/ST/OBC

(ix) Occupation : Private Person - Director of M/s Cineyug Media & Entertainment Pvt. Ltd, formerly known as M/s Cineyug Films Pvt. Ltd, Eldora Apartments, Ground Floor, Juhu Church Road, Juhu, Mumbai-49.

(x) Address

(i) Present address : Shagun Apartment, 6th Floor, Ninth Road, Juhu Scheme, Mumbai - 49.

(ii) Permanent address : Shagun Apartment, 6th Floor, Ninth Road, Juhu Scheme, Mumbai - 49.

(xi) Whether verified : Yes

(xii) Provisional Criminal No. : N.A.

(xiii) Regular Criminal No. (if known) : N.A.

(xiv) Date of Arrest : Not arrested

(xv) Date of release on bail : -

(xvi) Date on which forwarded to Court : -

(xvii) Under Acts & Sections : 120-B IPC read with section 7 & 12 of PC Act, 1988. Alternatively 120-B IPC read with section 11 & 12 of PC Act, 1988

(xviii) Name(s) of bailers/sureties and address : N.A.

(xix) Previous convictions with case reference : N.A.

(xx) Status of the accused : Private Person
(Forwarded / Bailed by Police / Bailed by Court / Judicial Custody / Absconding / Proclaimed offender) N.A.

(11) (16) Particulars of accused persons charge sheeted (use separate sheet for each accused)

(i) Name : Sh Sharad Kumar
Whether verified : Yes

(ii) Father's Name : S/o Late Sh. Rajesh Kumar

(iii) Year/Date of Birth : 01.03.1964

(iv) Sex : Male

(v) Nationality : Indian

(vi) Passport No : Not available
Date of Issue :
Place of Issue :

(vii) Religion : Hindu (viii) Whether SC/ST/OBC

(ix) Occupation : Private Person - Director / promoter of M/s Kalaignar TV Pvt. Ltd, 367/369, Anna Salai, Teynampet, Chennai-18

(x) Address :
(i) Present address : Door No.7, Nawab Habibulah Avenue, 3rd Street, Chennai-6
(ii) Permanent address : Door No.7, Nawab Habibulah Avenue, 3rd Street, Chennai-6

(xi) Whether verified : Yes

(xii) Provisional Criminal No. : N.A.

(xiii) Regular Criminal No. (if known) : N.A.

(xiv) Date of Arrest : Not arrested

(xv) Date of release on bail : -

(xvi) Date on which forwarded to Court : -

(xvii) Under Acts & Sections : 120-B IPC read with section 7 & 12 of PC Act, 1988. Alternatively 120-B IPC read with section 11 & 12 of PC Act, 1988

(xviii) Name(s) of bailers/sureties and address : N.A.

(xix) Previous convictions with case reference : N.A.

(xx) Status of the accused : Private Person
(Forwarded / Bailed by Police / Bailed by Court / Judicial Custody / Absconding / Proclaimed offender) N.A.

(11) (17) Particulars of accused persons charge sheeted (use separate sheet for each accused)

- (i) Name : Ms. Kanimozhi Karunanithi
Whether verified : Yes
(ii) Father's Name : Sh. M:Karunanithi
(iii) Year/Date of Birth : 05.01.1968
(iv) Sex : Female
(v) Nationality : Indian
(vi) Passport No : Not available
Date of Issue :
(vii) Religion : Hindu (viii) Whether SC/ST/OBC :
(ix) Occupation : Private Person, Promoter / stakeholder of M/s Kalaignar TV Pvt. Ltd, 367/369, Anna Salai, Teynampet, Chennai-18)
(x) Address :
(i) Present address : New No. 14, Old No. 46, First Main Road, CIT Colony, Mylapore, Chennai-04.
(ii) Permanent address : New No. 14, Old No. 46, First Main Road, CIT Colony, Mylapore, Chennai-04.
(xi) Whether verified : Yes
(xii) Provisional Criminal No. : N.A.
(xiii) Regular Criminal No. (If known) : N.A.
(xiv) Date of Arrest : Not arrested
(xv) Date of release on bail :
(xvi) Date on which forwarded to Court :
(xvii) Under Acts & Sections : 120-B IPC read with section 7 & 12 of PC Act, 1988. Alternatively 120-B IPC read with section 11 & 12 of PC Act, 1988
(xviii) Name(s) of bailers/sureties and address : N.A.
(xix) Previous convictions with case reference : N.A.
(xx) Status of the accused : Private Person
(Forwarded / Bailed by Police / Bailed by Court / Judicial Custody / Absconding / Proclaimed offender) N.A.

(12) Particulars of accused persons not charge-sheeted (use separate sheet for each accused) : NIL.
Any special remarks including reasons for not charge sheeting : N.A.

(13) (i) Particulars of witnesses to be examined:
Attach separate sheet, if required.

Sl. No.	Name	Father's / Husband's Name	Occupation	Address	Type of evidence to be tendered
As per list attached					

(ii) **List of Articles /documents**
Attach separate sheet (if required) : As per list of documents attached

(14) **If FIR is false, Indicate action taken or proposed to be taken u/s 182 / 211 IPC :- N.A.**

(15) **Brief facts of the case (add separate sheet, if necessary):**

CBI had registered an FIR no. RC DAI 2009 A 0045 on 21.10.2009, and investigation had disclosed as following :-

- i. That accused public servants, viz. S/Sh A Raja (A-1), then MOC&IT; Siddhartha Behura (A-2), then Secretary (Telecom) & RK Chandolla (A-3), then PS to MOC&IT, in abuse of their official position, and in conspiracy with Shahid Usman Balwa (A-4), Director, M/s Swan Telecom Pvt. Ltd., Vinod Goenka (A-5), Director, M/s Swan Telecom Pvt. Ltd, and Sanjay Chandra (A-7), Managing Director of M/s Unitech Ltd., gave undue favours to M/s Swan Telecom Pvt. Ltd. (A-6) (now Etisalat DB Telecom Pvt Ltd) and M/s Unitech Wireless (Tamil Nadu) Private Ltd (A-8) (representing all the 8 Unitech group companies later merged into it), both ineligible applicants for UAS Licences, resulting in wrongful pecuniary gain to these accused companies / accused private persons. During said conspiracy accused A Raja (A-1), in conspiracy with Siddhartha Behura (A-2) also forged his own note dated 07.01.2008 and used the same to wrongly project & justify that the proposed amendment in press release had the concurrence of the Law officer, with an intent to fraudulently allocate UAS Licences and valuable spectrum to the accused private companies on priority. During further investigation a report of the Joint Director (Inspection), Ministry of Corporate Affairs, Govt. of India has also been received indicating the ineligibility of M/s Unitech Wireless (Tamil Nadu) Private Ltd (A-8) (including all the 8 Unitech group companies later merged into it).

- ii. That accused persons, viz. Sh. Gautam Doshi (A-9), Group Managing Director, Reliance ADA Group; Sh. Surendra Pipara (A-10), Senior Vice President of Reliance ADA Group and Sh. Hari Nair (A-11), Senior Vice President of Reliance ADA Group and, working at the behest of and for wrongful benefit to M/s Reliance Telecom Ltd. (A-12), on receipt of approval for allocation of dual technology spectrum to M/s Reliance Communications Ltd. (holding company of M/s Reliance Telecom Ltd.), deliberately did not withdraw their fraudulent applications for UAS Licences and in conspiracy with accused Shahid Usman Balwa (A-4) and Vinod Goenka (A-5), transferred the management and control of M/s Swan Telecom Pvt. Ltd. (STPL) (A-6) to them, thereby intentionally aiding / facilitating accused Shahid Usman Balwa (A-4) and Vinod Goenka (A-5) to fraudulently get UAS Licences & valuable spectrum for M/s Swan Telecom Pvt. Ltd. (A-6) despite full knowledge that the company was ineligible on date of application, as applications were in violation of clause 8 of UASL guidelines dated 14.12.2005. That in pursuance of said conspiracy accused persons A-4 & A-5 forged certain records of the accused company A-6 and related group companies, used the same and with intent to cheat submitted false certificates to / concealed vital information from Department of Telecommunications for fraudulently getting issued UAS Licences and valuable spectrum on priority and thereby cheated the Department of Telecommunications.
- iii. That aforesaid facts and circumstances constituted commission of offences, during, 2007-09, punishable u/s 120-B, 420, 468, 471 of IPC and also punishable u/s 13 (2) r/w 13 (1) (d) of Prevention of Corruption Act 1988 against accused persons, viz. S/Sh A Raja, then MOC&IT; Siddhartha Behura, then Secretary (Telecom); RK Chandolia, then PS to MOC&IT; Shahid Usman Balwa, Director, M/s Swan Telecom Pvt. Ltd., Vinod Goenka, Director, M/s Swan Telecom Pvt. Ltd.; M/s Swan Telecom Pvt. Ltd. (now Etisalat DB Telecom Pvt Ltd) through its Director; Sanjay Chandra, Managing Director of M/s Unitech Ltd.; M/s Unitech Wireless (Tamil Nadu) Private Ltd through its Director; Sh. Gautam Doshi, Group Managing Director, Reliance ADA Group; Sh. Hari Nair, Senior Vice President of

Reliance ADA Group; Sh. Surendra Pipara, Senior Vice President of Reliance ADA Group & M/s Reliance Telecom Ltd. through its Director.

iv. That further, following substantive offences were also made out :-

- a) Sh. A Raja (A-1), then MOC&IT - the offence punishable u/s 420, 468, 471 IPC & 13 (2) r/w 13 (1) (d) PC Act 1988.
- b) Sh. Siddhartha Behura (A-2), then Secretary, Department of Telecom - the offence punishable u/s 420 IPC & 13 (2) r/w 13 (1) (d) PC Act 1988.
- c) Sh. R K Chandolia (A-3), then PS to MOC&IT - the offence punishable u/s 420 IPC & 13 (2) r/w 13 (1) (d) PC Act 1988.
- d) Sh. Shahid Usman Balwa (A-4), Director, M/s Swan Telecom Pvt. Ltd.; Sh Vinod Goenka (A-5), Director, M/s Swan Telecom Pvt. Ltd. and M/s Swan Telecom Pvt. Ltd. (A-6) (now M/s Etisalat DB Telecom Pvt Ltd) through its Director - offences punishable u/s 420/ 468/ 471 IPC
- e) Sh. Sanjay Chandra (A-7), Managing Director, M/s Unitech Ltd. and M/s Unitech Wireless (Tamil Nadu) Private Ltd. (A-8) through its Director - offence punishable u/s 420 IPC
- f) Sh. Gautam Doshi (A-9), Group Managing Director, Reliance ADA Group; Sh. Surendra Pipara (A-10), Senior Vice President of Reliance ADA Group; Sh. Hari Nair (A-11), Senior Vice President of Reliance ADA Group & M/s Reliance Telecom Ltd. (A-12) through its Director - offence punishable under section 109 r/w 420 of IPC.

Accordingly, a charge sheet dated 02.04.2011 was filed in the court of Special Judge, New Delhi, against said accused persons for the aforementioned offences alleged to have been committed by them and the Ld. Special Judge was pleased to take cognizance of the said offences on 02.04.2011 and issue processes.

The investigation had also disclosed that in furtherance of the said conspiracy, M/s Dynamix Realty, a partnership firm of M/s DB Realty Ltd. and other DB Group companies, paid Rs 200 crores to M/s Kalaignar TV Pvt. Ltd. during December 2008 to August 2009, following a circuitous route through M/s Kusegaon Fruits & Vegetables Pvt. Ltd. (a DB Group company) and M/s Cineyug Films Pvt. Ltd. (DB group later held 49 % equity in it).

Further investigation in the case has been undertaken and it has revealed as under:-

Investigation had also disclosed that one M/s Green House Promoters Pvt. Ltd. was registered with Registrar of Companies, Chennai in the year 2004 and initial directors of the company were Sh A M Saadhick Batcha and his wife Ms. S Reha Banu. Later other people also joined the company as directors as per details mentioned below :-

1. A M Sadhick Batcha	23.08.04 onwards
2. A M Jamal Ahmed	31.01.2006 to 19.09.09
3. M Subramaniyam	20.07.2006 to 31.03.09
4. David Karthikeyan	22.07.2006 to 31.03.09
5. Ramachandran Ramaganesh	02.07.2007 to 10.03.10
6. M. A Parameshwari	12.02.07 to 02.02.2008
7. M S Malarvizhi Ram	02.02.08 to till date
8. Ms Reha Banu Sadhick Batcha	23.08.04 to 31.03.09
9. A Kaliya Perumal	12.02.07 to till date
10. R P Paramesh Kumar	12.02.07 to till date

Ms. M. A Parameshwari, worked as Director (Legal) in the company and is the wife of accused A Raja (A-1). Other persons mentioned in bold are also the relatives of accused A Raja (A-1). Sh. A Kaliya Perumal, Director of the company is brother of accused A Raja (A-1). Sh. Ramachandran Ramaganesh and Sh. R P Paramesh Kumar are nephews of accused A Raja (A-1)

Investigation has also disclosed that M/s Protiviti Consulting Pvt. Ltd. , a consulting firm, was appointed by M/s Green House Promoters Pvt. Ltd to assist them in strengthening their accounting compliance and Management Information System (MIS) by preparing Standard Operating Procedure (S.O.P)

vide a job arrangement letter dtd July 30, 2008 signed by Mr A. M. Sathick Batcha (since expired) on behalf of M/s Green House Promoters and Sh. Mrityunjay Kapur on behalf of M/s Protiviti Consulting Private Limited for a fee of Rs. 12 Lacs. At the same time M/s DB Realty Ltd., belonging to the Dynamix Balwa group of companies which also controls M/s Swan Telecom Pvt. Ltd. (now, M/s Etisalat DB Telecom Pvt. Ltd.) (A-6) also entered into an agreement with M/s Protiviti Consulting Pvt. Ltd. asking it to conduct due diligence of M/s Green House Promoters Pvt. Ltd. in context of proposed investment by M/s D B Realty in M/s Green House Promoters Pvt. Ltd. for advising the SOPs for M/s Green House Promoters Pvt. Ltd., the experts of the Protiviti, as representatives of M/s DB Realty, also took interviews of various employees of M/s Green House Promoters Pvt. Ltd. and afterwards certain unskilled staff of the said company was removed in preparation of such proposed investment by M/s D B Realty Ltd. For this purpose M/s Protiviti Consulting Pvt. Ltd. also looked at land acquisition process, Sales process, purchase process, Marketing process, ~~Finance process, construction process, human resource process, Cash in Bank~~, Conceptualization, Capital Expenditure Monitoring process, etc. and suggested standard procedures for the same. M/s Protiviti Consulting Pvt. Ltd. submitted its draft financial due diligence report dated August 2008 upon M/s Green House Promoters Pvt Ltd and the same was made available by it to M/s DB Realty Ltd., Mumbai.

Investigation has also disclosed that M/s DB Realty Ltd., through its subsidiary M/s Eterna Developers Pvt. Ltd., also transferred an amount of Rs. 1.25 Crores to M/s Green House Promoters Pvt. Ltd. on 29.09.2008, in connection with advance for a land purchase, which was however, returned on 29.11.2008, prior to the registration of FIR of this case.

Investigation has disclosed that such proposed investment in M/s Green House Promoters Pvt. Ltd. or procurement of land-bank of M/s Green House Promoters Pvt. Ltd. was not further taken up by M/s DB Realty.

Investigation has revealed that M/s Swan Telecom Pvt. Ltd. received additional share money of Rs. 3228 Crores from M/s Etisalat Mauritius Ltd. and Rs. 381 Crores from M/s Genex Exim Ventures Pvt. Ltd. on 17.12.2008.

Immediately thereafter, with effect from 23.12.2008 to 11.08.2009, M/s Dynamix Realty, a partnership firm of M/s DB Realty Ltd. (now a company listed on stock exchanges), M/s Eversmile Construction Company Pvt. Ltd. and M/s Conwood Construction Developers Pvt. Ltd., both DB Group companies, transferred a total amount of Rs. 209.25 crores to M/s Kusegaon Fruits & Vegetables Pvt. Ltd. through banking channels as per following details:-

Sl. No.	Date	Amount
1.	23.12.2008	10 crores
2.	12.01.2009	2.5 crores
3.	14.01.2009	0.25 crores
4.	16.01.2009	2 crores
5.	27.01.2009	0.25 crores
6.	28.01.2009	8 crores
7.	29.01.2009	1.5 crores
8.	12.02.2009	2 crores
9.	20.03.2009	5 crores
10.	06.04.2009	1.5 crores
11.	08.04.2009	25 crores
12.	22.06.2009	01 crore
13.	15.07.2009	0.25 crore
14.	16.07.2009	80 crores
15.	16.07.2009	20 crores
16.	11.08.2009	50 crores
	Total	209.25 crores

During investigation in this respect no agreement executed between M/s Dynamix Realty and M/s Kusegaon Fruits & Vegetables Pvt. Ltd. has come on record, in respect of the above referred transactions. The accused, Asif Balwa (A-13) and Rajiv B. Agarwal (A-14), both Directors in M/s Kusegaon Fruits & Vegetables Pvt. Ltd., have taken a plea that M/s Dynamix Realty extended this amount as unsecured loan of Rs. 206 crore (approx) bearing interest @ 7.5% per annum to M/s Kusegaon Fruits & Vegetables Pvt. Ltd.

Investigation has further revealed that M/s Kusegaon Fruits & Vegetables Pvt. Ltd transferred a total amount of Rs. 200 crores in the accounts of M/s Cineyug films Pvt. Ltd. as per following details :-

Sl. No.	Date	Amount
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1.	23.12.2008	Rs. 10 Crore
2.	16.01.2009	Rs. 2 Crore
3.	28.01.2009	Rs. 8 Crore
4.	20.03.2009	Rs. 5 Crore
5.	06.04.2009	Rs. 25 Crore
6.	15.07.2009	Rs. 100 Crore
7.	07.08.2009	Rs. 50 Crore
	Total	Rs. 200 Crores

Investigation has also revealed that M/s Kusegaon Fruits & Vegetables Pvt. Ltd, also transferred a total sum of Rs. 6,24,75,000- in M/s Cineyug Films Pvt. Ltd., during January, 2009 to July 2009. Later, vide an agreement titled as 'subscription and shareholders agreement' executed between M/s Cineyug Films Pvt. Ltd. (Company), its four promoters and M/s Kusegaon Fruits & Vegetables Pvt. Ltd on 27.01.2010, this amount was post facto shown as a transfer towards acquisition of 49% equity shares of M/s Cineyug Films Pvt. Ltd. by M/s Kusegaon Fruits & Vegetables Pvt. Ltd. As per the said agreement, M/s Kusegaon Fruits & Vegetables Pvt. Ltd (investor) would subscribe to 1,22,500 equity shares @ Rs 510/- each aggregating to Rs. 6,24,75,000/- and Rs. 200 Crore 8% Optionally Convertible Redeemable Debentures of the company. The subscription shares would be entitled to voting rights equivalent to 49% of the share capital of M/s Cineyug Films Pvt. Ltd (company). This agreement was signed by accused Karim Morani (A-15), other directors on behalf of M/s Cineyug Films Pvt. Ltd. and accused Asif Balwa (A-13) & accused Rajiv B. Agarwal (A-14), both directors of M/s Kusegaon /Fruits & Vegetables Pvt. Ltd. The details of the said fund transfers is as follows :-

Sl. No.	Date	Amount
1.	29/01/2009	1,50,00,000
2.	12/02/2009	2,00,00,000
3.	08/04/2009	1,50,00,000
4.	22/06/2009	1,00,00,000
5.	15/07/2009	25,00,000
	Total	6,25,00,000

Investigation has further revealed that in order to facilitate the payment of illegal gratification of Rs. 200 Crores from DB Group companies to M/s Kalaignar TV Pvt. Ltd., accused Karim Morani (A-15) further caused to pay this amount of Rs. 200 Crores received by him in accounts of M/s Cineyug Films Pvt. Ltd to M/s Kalaignar TV Pvt. Ltd. as per following details :-

Sl. No.	Date	Amount
1.	23.12.2008	Rs. 10 Crore
2.	28.01.2009	Rs. 10 Crore
3.	20.03.2009	Rs. 5 Crore
4.	06.04.2009	Rs. 25 Crore
5.	15.07.2009	Rs.100 Crore
6.	07.08.2009	Rs. 50 Crore
	Total	Rs. 200 Crores

Investigation has, therefore, revealed that M/s Dynamix Realty, which is a partnership firm of Dynamix Balwa Group companies, which also own M/s Swan Telecom Pvt. Ltd. (A-6), paid Rs. 200 crores as illegal gratification to M/s Kalaignar TV Pvt. Ltd. which is also controlled by affiliates of Dravid Munetra Kadgam to which accused A Raja (A-1) belongs and such fund transfer was facilitated by A-15, A-16 and A-17 through their companies M/s Kusegaon Fruits & Vegetables Pvt. Ltd. and M/s Cineyug Films Pvt. Ltd. as per following details:-

M/s Dynamix Realty		M/s Kusegaon Fruits & Vegetable Pvt. Ltd.		M/s Cineyug Films Pvt. Ltd.		M/s Kalaignar TV Pvt. Ltd.	
23.12.08	10 Crore	23.12.2008	Rs. 10 Crore			23.12.2008	Rs. 10 Crore
12.01.09	2.5 Crores	16.01.2009	Rs. 2 Crore			28.01.2009	Rs. 10 Crore
14.01.09	0.25 Crores	28.01.2009	Rs. 8 Crore			20.03.2009	Rs. 5 Crore
16.01.09	2 Crore	29.01.2009	Rs. 1.5 Crore			06.04.2009	Rs. 25 Crore
27.01.09	0.25 Crores	12.02.2009	Rs. 2 Crore			15.07.2009	Rs.100 Crore
28.01.09	8 Crore	20.03.2009	Rs. 5 Crore			07.08.2009	Rs. 50 Crore
29.01.09	1.5 Crore	06/04/2009	Rs. 25 Crore				
12.02.09	2 Crore	08.04.2009	Rs.1.5 Crore				
20.03.09	5 Crore	22.06.2009	Rs. 1Crore				
06.04.09	1.5 Crore	15.07.2009	Rs. 25 Lacs				
08.04.09	25 Crore	15.07.2009	Rs. 100 Crore				
22.06.09	1 Crore	07.08.2009	Rs. 50 Crore				
15.07.09	0.25 Crore						
16.07.09	100 Crore						
11.08.09	50 Crore						

Accused persons have taken a plea that M/s Cineyug Films Pvt. Ltd. transferred the said funds to M/s Kalaighar TV Pvt. Ltd. in order that M/s Cineyug Films Pvt. Ltd. could acquire the equity shares of M/s Kalaighar TV Pvt. Ltd. to the tune of 32-35% of total equity. Investigation has revealed this plea to be false, as no valid agreement to this effect was entered into by the said companies. Later, after registration of this criminal case by Central Bureau of Investigation vide FIR no. RC DAI 2009 A 0045, this amount was shown as loan, having an interest @ 10% per annum, on the pretext of clause 2.2 of a Share Subscription and Shareholders' Agreement dated 19.12.2008 claimed by accused persons to have been signed between M/s Cineyug Films Pvt. Ltd., M/s Kalaighar TV Pvt. Ltd. and promoters. Accused Sharad Kumar (A-16) signed the same on behalf of M/s Kalaighar TV Pvt. Ltd. and its promoters. Investigation has also revealed that accused Karim Morani, Asif Balwa and Rajiv B. Agarwal arranged these funds from M/s Dynamix Realty, a partnership firm of DB group companies managed and controlled by A-4 & A-5, and facilitated the transfer of these funds in a dubious manner to M/s Kalaighar TV Pvt. Ltd.

Investigation has revealed that for all the aforesaid transactions of more than Rs. 200 Crores between M/s Dynamix Realty, M/s Kusegaon Fruits & Vegetables Pvt. Ltd., M/s Cineyug Films Pvt. Ltd. and M/s Kalaighar TV Pvt. Ltd., claimed to be in nature of loan, no valid agreement was signed between any of the parties and no collaterals / securities were ensured to secure the alleged loan amounts. Later, after registration of the criminal case vide FIR no. RC DAI 2009 A 0045 dated 21.10.2009 by CBI, and on taking various steps in investigation of the case, M/s Cineyug Films Pvt. Ltd offered the following securities to M/s Kusegaon Fruits & Vegetables Pvt. Ltd against the above referred unsecured loan of Rs. 200 crores :-

- a) **10/04/2010**: Submission of Original documents of 3 properties from M/s Cineyug Films Pvt. Ltd to M/s Kusegaon Realty Pvt. Ltd towards collateral security for 8% OCRD of Rs. 200 Crores.
- b) **31/08/2010**: Additional collateral security by Promoters of M/s Cineyug Films Pvt. Ltd. for Non disposal of 9,51,531 shares of M/s DB Realty Ltd

in favour of M/s Kusegaon Realty Pvt. Ltd towards collateral security for 8% OCRD of Rs 200 Crores.

- c) **26/11/2010:** Additional security by M/s Cineyug Films Pvt. Ltd. by submission of Original documents of 1 property to M/s Kusegaon Realty Pvt. Ltd against collateral security for 8% OCRD.
- d) **01/12/2010:** Additional security by Promoters of M/s Cineyug Films Pvt. Ltd. for share pledge cum power of attorney of M/s DB Hospitality Pvt. Ltd.

Investigation has also revealed that in terms of the Share Subscription and Shareholders Agreement dated 19.12.2008, claimed by accused persons to have been signed between M/s Cineyug Films Pvt. Ltd., M/s Kalaignar TV Pvt. Ltd. and promoters, it was required that the funds transferred till 31.03.2009 be treated as loan if no agreement could be entered regarding the price of equity of M/s Kalaignar TV Pvt. Ltd. However, investigation has revealed that though no such agreement could admittedly be reached between M/s Cineyug Films Pvt. Ltd. and M/s Kalaignar TV Pvt. Ltd., still the additional amounts of Rs. 175 crores were paid by M/s Cineyug Films Pvt. Ltd. to M/s Kalaignar TV Pvt. Ltd. Investigation has revealed that following agreements for Inter Corporate Deposit were purportedly signed by M/s Cineyug Films Pvt. Ltd. and M/s Kalaignar TV Pvt. Ltd., to conceal actual nature of the transactions:-

- a. **06/04/2009:** ICD (Inter corporate Deposit) agreement regarding a loan of Rs 25,00,00,000/- @10% interest per annum for a period of two years.
- b. **15/07/2009:** ICD (Inter corporate Deposit) agreement regarding a loan of Rs 100,00,00,000/- @10% interest per annum for a period of two years.
- c. **07/08/2009:** ICD (Inter corporate Deposit) agreement regarding a loan of Rs 50,00,00,000/- @10% interest per annum for a period of two years.

Later, after registration of the criminal case vide FIR no. RC DAI 2009 A 0045 dated 21.10.2009 by CBI, and on taking various steps in investigation of the case, entire equity holding of M/s Kalaignar TV Pvt. Ltd. was pledged, vide

an Agreement to Pledge dated 30.12.2009, to M/s Cineyug Films Pvt. Ltd as security for the due payment / repayment of the purported loan amount under the Loan agreement and as security for performance of the obligations of the company set out under Loan agreement. Accused Sharad Kumar (A-16) signed the said agreement.

During investigation accused persons belonging to M/s Kalaignar TV Pvt. Ltd. have claimed that they got their company valued in June, 2009 by a consultant and it was valued at around Rs. 846 crore. Since, by this valuation the proposed stake to be given to M/s Cineyug Films Pvt. Ltd. in lieu of Rs. 200 Crores fell below 20%, M/s Cineyug Films Pvt. Ltd purportedly decided to call back their investment in M/s Kalaignar TV Pvt. Ltd. It is also claimed by the accused persons and the companies concerned that till such time of repayment, an interest @ 10% per annum was decided to be charged on the amount paid so far. However, investigation has revealed that before this valuation was purportedly done in June, 2009, and any agreement regarding valuation of equity could be reached between the two parties, as claimed, an amount of Rs.50 Crores had already been transferred to M/s Kalaignar TV Pvt. Ltd. Contrary to the claim of the accused persons that no agreement could be reached about the valuation of equity of M/s Kalaignar TV Pvt. Ltd. to be subscribed by M/s Cineyug Films Pvt. Ltd., additional amount of Rs. 150 Crores was transferred in July-August, 2009, after such purported agreement failed. The aforesaid transactions related to purported investment by M/s Cineyug Films Pvt. Ltd. in M/s Kalaignar TV Pvt. Ltd., without any due diligence, or provision of any collateral, defies common sense and normal business practices.

Investigation has also revealed that when accused A Raja (A-1) was contacted by CBI for his examination scheduled on 24.12.2010, M/s Kalaignar TV Pvt. Ltd started refunding the amount of Rs 200 crores to M/s Dynamix Realty, through M/s Cineyug Films Pvt. Ltd. and M/s Kusegaon Fruits & Vegetables Pvt. Ltd. A substantial part of the amounts was refunded by it just before and after 02.02.2011, when accused A Raja (A-1) was arrested by CBI in this case. The details of such transfers by M/s Kalaignar TV Pvt. Ltd. to M/s Cineyug Films Pvt. Ltd. are as under:-

Sl. No.	Date	Amount
1.	24.12.2010	Rs. 10 Crore
2.	27.12.2010	Rs. 20 Crore
3.	04.01.2011	Rs. 10 Crore
4.	05.01.2011	Rs. 10 Crore
5.	11.01.2011	Rs. 10 Crore
6.	24.01.2011	Rs. 65 Crore
7.	29.01.2011	Rs. 25 Crore
8.	03.02.2011	Rs. 50 Crore
	Total	Rs. 200 Crore.

Investigation has also revealed that, in order to conceal the dubious nature of the amounts transferred, M/s Kalaingar TV Pvt. Ltd. paid back the aforesaid amounts with interest to M/s Cineyug Films Pvt. Ltd. as per following details :-

Date	Amount (Net after TDS)	Gross Amount
20/12/2010	Rs. 14,86,54,109	Rs. 15,24,65,753
26/12/2010	Rs. 9,61,90,000	Rs. 10,00,00,000
03/02/2011	Rs. 5,82,95,576	Rs. 6,11,64,384
Total	Rs. 30,31,39,685	Rs. 31,36,30,137

Investigation revealed that M/s Cineyug Media & Entertainment Pvt. Ltd. also, in furtherance of the design to facilitate concealing the dubious nature of entire transactions, paid back the amount of Rs 200 crores to M/s Kusegaon Realty Pvt. Ltd., as per following details :-

Sl. No	Date	Amount
1.	24.12.2010	Rs. 10 Crore.
2.	27.12.2010	Rs. 20 Crore
3.	04.01.2011	Rs. 10 Crore
4.	05.01.2011	Rs. 10 Crore
5.	11.01.2011	Rs. 10 Crore
6.	24.01.2011	Rs. 65 Crore
7.	29.01.2011	Rs. 25 Crore
8.	03.02.2011	Rs. 50 Crore
	Total	Rs. 200 Crore

Investigation has also revealed that, in order to conceal the dubious nature of the amounts transferred, M/s Cineyug Films Pvt. Ltd. also paid back the aforesaid amounts to M/s Kusegaon Realty Pvt. Ltd. with interest as per following details :-

Date	Amount (Net after TDS)	Gross Amount
20/12/2010	Rs. 12,00,89,041	Rs. 12,19,17,808
29/12/2010	Rs. 7,96,00,000	Rs. 8,00,00,000
03/02/2011	Rs. 4,86,86,849	Rs. 4,89,31,507
Total	Rs. 24,83,75,890	Rs. 25,08,49,315

Investigation has revealed that M/s Kusegaon Fruits & Vegetables Pvt. Ltd. in turn, paid back Rs. 200 crores, with interest @ 7.5% per annum to M/s Dynamix Realty. The details are as under:-

Sl. No.	Date	Amount
1.	23.12.2010	Rs. 12 crores
2.	29.12.2010	Rs. 10 crores
3.	30.12.2010	Rs. 20 crores
4.	31.12.2010	Rs. 7.95 crores
5.	10.01.2011	Rs. 7.95 crores
6.	01.01.2011	Rs. 12.06 crores
7.	17.01.2011	Rs. 10 crores
8.	24.01.2011	Rs. 65 crores
9.	01.02.2011	Rs. 25 crores
10.	04.02.2011	Rs. 50 crores
11.	12.02.2011	Rs. 1.35 crores
12.	28.02.2011	Rs. 2.24 crores
	Total	Rs. 223.55 crores

Investigation about the nature of transactions between M/s Dynamix Realty, M/s Kusegaon Fruits & Vegetables Pvt. Ltd., M/s Cineyug Films Pvt. Ltd. and M/s Kalaignar TV Pvt. Ltd. has also revealed that M/s Cineyug Films Pvt. Ltd. in its Balance sheet as on 31st March, 2009, showed an amount of Rs 28,50,00,000/- as "other liabilities" from M/s Kusegaon Fruits & Vegetables Pvt.

Ltd. Likewise on the asset side it is shown under "Sundry Loans & Advances" to the tune of Rs. 29,21,56,969/- (including the purported loan of Rs 25 crores given to M/s Kalaignar TV Pvt. Ltd).

Further, as per Balance sheet of M/s Cineyug Films Pvt. Ltd as on 31st March 2010, a liability of Rs 212,00,89,041/- on account of loan from M/s Kusegaon Fruits & Vegetables Pvt. Ltd (8% OCRD with interest) has been shown. Likewise on the asset side it is shown as other advances paid to M/s Kalaignar TV Pvt. Ltd to the tune of Rs. 214,86,54,109/- (with interest). Investigation has revealed that M/s Kusegaon Fruits & Vegetables Pvt. Ltd. paid the amounts of Rs. 200 Crores to M/s Cineyug Films Pvt. Ltd during 2008-09, purportedly towards subscription of debentures. However, the subscription agreement to this effect was admittedly entered much later on 27.01.2010 and collaterals against these payments from M/s Cineyug Films Pvt. Ltd. were taken thereafter on record, which also defies common sense and normal business practices.

During the course of investigation, certified copy of the balance sheet filed by M/s Kalaignar TV Pvt. Ltd before Registrar of Companies, Chennai, as on 31.03.2009 and 31.03.2010 have also been obtained. These balance sheets reveal that a sum of Rs. 31,82,21,171/- has been shown as 'Sundry Creditors for others' as on 31.03.2009. It purportedly included Rs. 25 crores received from M/s Cineyug Films Pvt. Ltd. However, on the contrary, in order to conceal the actual nature of these amounts / transactions, as per balance sheet filed as on 31.03.2010, this amount has been reduced by Rs. 25 crores and mentioned as Rs. 6,82,21,171/- and this amount of Rs. 25 crores has been enhanced under the head 'unsecured loans' to the tune of Rs. 83,69,35,057/-. On the other hand as per balance sheet filed as on 31.03.2009, unsecured loan has been shown as Rs. 58,69,35,057/- and as on 31.03.2010 the total unsecured loans has been shown as 214,86,54,109/- including Rs. 25 crores + further Rs. 175 crores received from M/s Cineyug Films Pvt. Ltd. This regrouping of schedules has been done by accused promoters / directors of M/s Kalaignar TV Pvt. Ltd. in the balance sheet filed as on 31.03.2010, in order to conceal the actual dubious nature of transaction, after registration of CBI case vide FIR no. RC DAI 2009 A 0045 dated 21.10.2009 and related investigation.

Investigation has also revealed that in balance sheet filed as on 31.03.2009 by M/s Cineyug Films Pvt. Ltd. a sum of Rs. 31,38,05,690/- has been shown as current liabilities, including Rs. 28,50,00,000/- to M/s Kusegaon Fruits & Vegetables Pvt. Ltd and a sum of Rs. 29,21,56,969/- including Rs. 25 crores has been shown as 'Sundry Loans and Advances'. The balance sheet as on 31.03.2010 revealed that a sum of Rs. 212,00,89,041/- has been shown as unsecured loans from M/s Kusegaon Fruits & Vegetables Pvt. Ltd and a sum of Rs. 214,86,54,109/- has been shown as loan to M/s Kalaingar TV Pvt. Ltd.

Investigation has also revealed that in balance sheet filed as on 31.03.2009 M/s Kusegaon Fruits & Vegetables Pvt. Ltd a sum of Rs.31,50,00,000/- has been shown as unsecured loan from M/s Dynamix Realty. A sum of Rs. 28.5 Crores has been shown as investment towards share application money of M/s Cineyug Films Pvt. Ltd. On the contrary this amount of Rs. 28.5 Crores was shown as 'Sundry Loans and Advances' by M/s Cineyug Films Pvt. Ltd. in its balance sheet as of 31.03.2009. The balance sheet of M/s Kusegaon Fruits & Vegetables Pvt. Ltd as on 31.03.2010 revealed that a sum of Rs. 209,25,10,000/- has been shown as unsecured loan and a sum of Rs. 200,00,00,000 has been shown as an advance to M/s Cineyug Films Pvt. Ltd.

Investigation has revealed that accused persons, viz. Shahid Balwa (A-4) and Vinod Goenka (A-5), were the promoters / directors of M/s Swan Telecom Pvt. Ltd., which is a DB group company. M/s Dynamix Realty is a partnership firm of three DB Group companies in which Shahid Balwa (A-4), Vinod Goenka (A-5), Asif Balwa (A-13) and Rajiv B. Agarwal (A-14) were directors / stakeholders / authorized signatories. Accused Asif Balwa (A-13) and Rajiv B. Agarwal (A-14) were also the directors / stakeholders of M/s Kusegaon Fruits & Vegetables Pvt. Ltd. and were also the authorized signatories of the said company. They signed all the bank instruments regarding transfer of aforesaid amounts on behalf of said company. Accused Karim Morani (A-15) was a director / promoter of M/s Cineyug Films Pvt. Ltd. and was a signatory to all the agreements / bank instruments in respect of aforesaid transactions on behalf of M/s Cineyug Films Pvt. Ltd. Other directors / promoters of M/s Cineyug Films Pvt. Ltd. have stated that accused Karim Morani was responsible for financial decisions / transactions on behalf of the company, and they were looking after

other functions of the company. Accused Asif Baiwa (A-13) and Rajiv B. Agarwal (A-14) also represented M/s Kusegaon Fruits & Vegetables Pvt. Ltd. for its 49% stake in M/s Cineyug Films Pvt. Ltd.

Investigation has revealed that in the June 2007, accused Sharad Kumar (A-16), along with other promoters, incorporated M/s Kalaignar TV Pvt. Ltd. after they left Sun TV network. Accused Sharad Kumar (A-16) was a promoter & director of M/s Kalaignar TV Pvt. Ltd. and is a stakeholder of the company to the tune of 20%. He is a director and CEO of the company. He has attended / chaired all the board meetings of the company wherein the decisions regarding the aforesaid transactions were taken by the company. He has also signed all the agreements purportedly signed with M/s Cineyug Films Pvt. Ltd., and other relevant documents in this regard, not only on behalf of the company but also on behalf of himself and other directors / shareholders of the company. He had also been visiting accused A Raja (A-1) in connection with pursuing various pending works relating to M/s Kalaignar TV Pvt. Ltd.

Investigation has revealed that in the June 2007, accused Ms. Kanimozhi Karunanithi (A-17), along with other promoters, incorporated M/s Kalaignar TV Pvt. Ltd. after they left Sun TV network. She had also been in regular touch with accused A Raja (A-1) regarding launching of Kalaignar TV channels and other pending works of M/s Kalaignar TV Pvt. Ltd. Accused Ms. Kanimozhi Karunanithi (A-17) was also an initial director of the company and resigned only for the reason that her clearance from MHA was pending and could take time and delay the matter of launching the Kalaignar TV channels. Accused A Raja (A-1) was further pursuing the cause of M/s Kalaignar TV Pvt. Ltd. not only for getting registration of the company from Ministry of Information & Broadcasting but also for getting it in the Tata Sky bouquet. Investigation has also revealed that accused Ms. Kanimozhi Karunanithi (A-17) was a stakeholder of M/s Kalaignar TV Pvt. Ltd. to the tune of 20% equity and was an active brain behind its operations. She was also widely covered by the Kalaignar Seithigal (News) channel. She also actively pursued with the intermediaries and DMK Hqrs. the matter regarding reappointment of accused A Raja (A-1) as Minister of Communications & Information Technology in 2009, which clearly establishes

the strong association of accused Ms. Kanimozhi Karunanithi (A-17) and accused A Raja (A-1) in the official / political matters.

The other stakeholder Mrs. Dayalu Karunanithi, was requested by board of M/s Kalaingar TV Pvt. Ltd. to act as Director of the Company. However, as per the minutes of board meeting dated 27.07.2007, she categorically informed that in view of her old age and deteriorating health, she cannot be expected to give any attention to the company's affairs and requested Mr. Sharad Kumar to exercise degree of skill which may reasonably be expected of a person of his knowledge, experience, caliber and status. As per these minutes she also informed the board that due to her age and non understanding of any language other than Tamil, after appointment as Director, she will attend the meeting only to suffice the legal requirement to have quorum and not for anything else.

The said board minutes also noted that Mrs. Dayalu Karunanithi can understand only Tamil and cannot read, write, speak or even understand any other language, and that the fact of the same already intimated to Registrar of Companies while executing the incorporation documents. The board accordingly resolved that - "Pursuant to the provisions of Section 260 and all other applicable provisions of the Companies Act, 1956, Mrs. Dayalu Karunanithi, be and is hereby appointed as Additional Director of the company with effect from 27th July, 2007 with noting of her reservations and statements for her appointment as Director."

The investigation has disclosed that there are number of circumstances, including the ones mentioned here-in-below, which together conclusively establish that the amount of Rs. 200 Crores paid by M/s Dynamix Realty to M/s Kalaingar TV Pvt. Ltd, through M/s Kusegaon Fruits & Vegetables Pvt. Ltd. and M/s Cineyug Films Pvt. Ltd., was not a genuine business transaction but in the nature of illegal gratification paid in lieu of the UAS Licences, valuable spectrum and other undue benefit given by accused public servants to M/s Swan Telecom Pvt. Ltd. (A-6) :-

- (i) The refund of the entire amount has occurred after the registration of the CBI case. In fact the date when the refund of the amount started, i.e. 23.12.2010 coincides with the date when accused A Raja (A-1) was

asked to join investigation at CBI office on 24.12.2010 and 25.12.2010. The major chunk of funds was refunded after 25.01.2011, i.e. Rs. 65 Crores on 24.01.2011, Rs.25 Crore on 29.01.2011 and Rs. 50 Crore on 03.02.2011. During this time around media reports about likely arrest of accused A. Raja (A-1) started appearing and on 02.02.2011 he was arrested.

- (ii) The subscription and shareholder agreement between M/s Cineyug Films Pvt. Ltd., its promoters and M/s Kusegaon Fruits and Vegetables Pvt. Ltd. vide which 49% shares of M/s Cineyug Films Pvt. Ltd. were subscribed by M/s Kusegaon was signed on 27.01.2010, i.e. after registration of this case vide FIR No. RC DAI 2009 A 0045 dated 21.10.2009 and searches had been conducted at various premises of the private companies. Although, the funds against these shares were transferred way back in December, 2008 as elaborated above.
- (iii) The original shares subscription and shareholder agreement between M/s Cineyug Films Pvt. Ltd., M/s Kalaignar T.V. Pvt. Ltd. and its promoters has not been produced by any of the concerned parties. The photocopy made available is not on a stamp paper & is not enforceable in law, and has been prepared only to mislead the investigation and create a false justification for said payments.
- (iv) Till 31st March, 2009 an amount of Rs. 25 Crores had already been received by M/s Kalaignar TV Pvt. Ltd. from M/s Cineyug Films Pvt. Ltd. It is claimed vide agreement dated 19.12.2008 that this money was transacted for the purpose of acquiring equity of M/s Kalaignar TV Pvt. Ltd. Accordingly, this amount should have been shown in the balance sheet either as share money or share application money, if shares were yet to be allotted. The balance sheet of M/s Kalaignar TV for the year ending on 31.03.2009 has shown this amount as part of schedule 11 under head 'Sundry Creditors for Others'. On the other hand no share application money has been in the Schedule 1. In the balance sheet for the year ending 31.03.2010 the amount has been regrouped as

unsecured loan and a figure of Rs. 25 crores has been shown in this head as on 31.03.2009. By this time the entire 214 crores (including interest liability) was received by M/s Kalaignar TV Pvt. Ltd. upto August, 2009. In October, 2009 the CBI case no. RC DAI 2009 A 0045 (2G Spectrum case) was registered and investigations about quid pro quo were taken up at Chennai during January, 2010. This regrouping of the amount is clearly an act of window dressing and an afterthought.

- (v) As regards the money paid by M/s Dynamix Realty to M/s Kusegaon Fruits & Vegetables Pvt. Ltd., the said company (M/s Kusegaon Fruits & Vegetables Pvt. Ltd.) has communicated that there was no formal agreement between them for a loan of Rs. 209.25 Crores.
- (vi) Material collected during investigation has not disclosed any collateral / securities taken by M/s Cineyug Films Pvt. Ltd. from M/s Kalaignar TV Pvt. Ltd., M/s Kusegaon from M/s Cineyug or M/s Dynamix Realty from M/s Kusegaon for a loan of such huge amount of Rs. 200 Crores. At this time, the entire paid-up equity of M/s Kalaignar TV Pvt. Ltd. was Rs. 10.01 Crores and its entire income (turnover) for the year ending on 31.03.2009 was only Rs. 47.54 Crores. The paid-up equity of M/s Cineyug Films Pvt. Ltd. as on 31.03.2009 was only Rs. 1 lakh. The paid-up equity of M/s Kusegaon Fruits & Vegetables Pvt. Ltd. as on 31.03.2009 was only Rs. 1 lakh. M/s Kusegaon Fruits & Vegetables Pvt. Ltd. has shown, in its balance sheet dated 31.03.2009, an amount of Rs. 31.5 crores as receipt of loan from M/s Dynamix Realty (shown as sister concern). It has also shown to have given an amount of Rs. 28.5 crores to M/s Cineyug Films Pvt. Ltd. as share application money. On the other hand M/s Cineyug Films Pvt. Ltd., in its balance sheet dated 31.03.2009, has shown an amount of Rs. 29.21 crores in schedule-F 'current assets loans and advances' under the head 'sundry loans and advances'. It has not shown any amount received under share capital account or as share application money.

- (vii) The entire amount of Rs. 200 crores was paid by M/s Dynamix Realty to M/s Kalaignar TV Pvt. Ltd., through aforesaid intermediaries, during 23.12.2008 to 07.08.2009, after the offshore investments in M/s Swan Telecom Pvt. Ltd. from M/s Etisalat Mauritius Ltd. and M/s Genex Exim Ventures Pvt. Ltd. came in on 17.12.2008.
- (viii) The funds from which M/s Kalaignar TV Pvt. Ltd. has refunded Rs. 200 crore to M/s Cineyug Films Pvt. Ltd. have partly come from M/s Anjugam Films Pvt. Ltd. (said to be a subsidiary of Kalaignar TV) (Rs. 70 crores approx.), internal accruals from advertisements advances (Rs. 96 crores approx.) and internal accruals from OCC accounts (Rs. 65 crores approx.). Moreover, the subsidiary company has also given Rs. 70 crores. The other OCC account accruals are at an interest rate of more than 13.25% to 14.5% per annum. These facts indicate the sudden reaction of the company to the steps in investigation and arrest of accused A. Raja (A-1), in arranging these funds and repaying.
- (ix) Clause 2.2 of the copy of the agreement given by the M/s Kalaignar TV Pvt. Ltd. and M/s Cineyug Films Pvt. Ltd., and said to have been signed on 19.12.2008 (original copy not traceable during investigation) mention that 'Notwithstanding any other provisions of this Agreement, in the event the Conditions Precedent are not complied with on or before March 31, 2009, the Advance Amount shall stand automatically converted into a loan and the Company shall return the same to the Investor with interest thereon at the rate of 10% per annum.' Even going by this clause, when M/s Kalaignar TV Pvt. Ltd. has received only Rs. 25 crores till 31.03.2009 and the both parties could not agree on the valuation of the shares, it is not clear as to why the remaining amount of Rs. 175 crores was also subsequently transferred and the advance amount was not returned.
- (x) Rate of interest shown to have been charged by M/s Cineyug Films Pvt Ltd from M/s Kalaignar TV Pvt. Ltd., by M/s Kusegaon Realty from M/s Cineyug Films and by M/s Dynamix Realty from M/s Kusegaon Realty was of the order of 7.5% to 10%, against the rate at which M/s Kalaignar

TV had earlier taken loan from the bank at more than 13% per annum, i.e. Overdraft account in Indian Bank, Chennai.

- (xi) The company M/s Kusegaon Fruits & Vegetables Pvt. Ltd. was incorporated under the Companies Act, 1956 and the main objectives of the company were to carry on the business of farming, agriculture etc. Later the company's name was changed to M/s Kusegaon Realty Pvt. Ltd. The company, as per objects incidental to the attainment of main objects, could borrow or advance money to any other company. However, there was no object relating to business of cinematography in the company the purported loan of Rs. 200 crores was given by M/s Kusegaon Fruits & Vegetables Pvt. Ltd. to M/s Cineyug Media & Entertainment Pvt. Ltd. was contrary to the main objects of the company.
- (xii) M/s Dynamix Realty was a partnership firm and a partnership was entered into by M/s D.B. Realty Ltd., M/s Byaramile Construction Company Pvt. Ltd. and M/s Conwood Construction Developers Pvt. Ltd. and the partnership deed was entered specifically in order to develop a Slum Rehabilitation Project at Mumbai. The partnership deed did not provide for any other related project or a project relating to farms and agriculture business or cinematography work.
- (xiii) Investigation has revealed that none of the companies, firms involved into the entire transactions, purportedly claimed as loans of amount Rs. 200 crores, had the main objective of lending money. The companies could lend money only for the purposes incidental of the main objects and lending money could not be the main object of the company. The amount of interest purportedly earned out of these money are a large proportion of the entire revenue of M/s Kalaingar TV Pvt. Ltd. and M/s Cineyug Films Pvt. Ltd. As regards M/s Kusegaon Fruits & Vegetables Pvt. Ltd., the almost entire earnings of the company are out of these transactions only. Investigation has disclosed that none of these companies was holding status of non banking finance company.

(xiv) Investigation has also disclosed that M/s Dynamix Realty and M/s DB Realty Ltd. had taken credit facilities from M/s IL&FS Finance Services during 2007 to 2011, amounting to Rs. 140 crores and Rs. 102 crores, respectively. These loans were secured by M/s IL&FS Finance Services by way of collateral securities / mortgages of big chunks of land held by the entities, shares of the promoters of the companies concerned and rate of interest charged was 13.5% & 16% respectively. The transactions by which M/s Dynamix Realty paid the amount of Rs. 200 crores to M/s Kalaignar TV Pvt. Ltd. through M/s Kusegaon Fruits & Vegetables Pvt. Ltd. & M/s Cineyug Films Pvt. Ltd. during 2008-2011 at rates of interest of 7.5% to 10%, while M/s Dynamix Realty itself and its promoters had taken loans of similar amounts at much higher rate of interest cannot be said to be a genuine business transactions. It is more so in view of the fact that none of the transactions among these four companies / firms were secured by way of any collateral / guarantee / mortgage when these transactions were made. Moreover, taking into consideration the untenable and unacceptable plea of the accused persons that the payment of funds were in the nature of loans, there exists incontrovertible material to establish the fact of inadequate consideration by the accused persons in as much as these so called loans were obtained by M/s Kalaignar TV Pvt. Ltd. at 10% per annum, whereas those giving the so called loans themselves took loans from IL&FS at the rate of 13.5% to 16% per annum. M/s Kalaignar TV Pvt. Ltd. itself took credit limit from Indian Bank at the rate of 13.25% to 14.5% per annum.

Therefore, investigation has established that pursuant to the criminal conspiracy accused A Raja (A-1), accused Sharad Kumar (A-16) & Ms. K Kanimozhi Karunanithi (A-17), stakeholders &/or Directors of M/s Kalaignar TV Pvt Ltd., Chennai, accepted and received an illegal gratification of Rs. 200 Crores in M/s Kalaignar TV Pvt. Ltd. from accused Shahid Balwa (A-4) and Vinod Goenka (A-5) from the accounts of DB Group Companies, in the years 2008-09, as a reward in lieu of the undue favours shown by A-1, in connivance with other accused public servants, in allocation of UAS Licences, valuable &

scarce spectrum in various telecom circles and other undue favours to M/s Swan Telecom Pvt. Ltd. (A-6) during 2008-09.

Investigation has also established that accused Asif Balwa (A-13) & Rajiv B. Agarwal (A-14), both directors of M/s Kusegaon Fruits & Vegetables Pvt. Ltd. (now M/s Kusegaon Realty Pvt. Ltd.), and accused Karim Morani (A-15), Director of M/s Cineyug Films Pvt. Ltd. (now, M/s Cineyug Media & Entertainment Pvt. Ltd.), Mumbai intentionally aided and facilitated the said payment of illegal gratification of Rs. 200 Crores by A-4 & A-5, as a reward for undue favours shown to their group company A-6, to M/s Kalaignar TV Pvt. Ltd. on behalf of A-1, A-16 and A-17, and gave it a colour of a regular business transaction. The aforesaid facts and circumstances constitute commission of offence during 2007-2011, punishable u/s 120-B IPC r/w section 7 of Prevention of Corruption Act, 1988 against S/Shri A Raja (A-1), the then MOC and IT. Sharad Kumar (A-16) and Ms. Kanimozhi Karunanithi (A-17), and section 12 of PC Act, 1988 against accused S/Shri Shahid Balwa (A-4), Vinod Goenka (A-5), Asif Balwa (A-13), Rajiv B. Agarwal (A-14) and Karim Morani (A-15).

Investigation has also shown that, even if the defence of the accused persons that the said transactions of Rs. 200 crores among M/s Dynamix Realty, M/s Kusegaon Fruits & Vegetables Pvt. Ltd., M/s Cineyug Films Pvt. Ltd. and M/s Kalaignar TV Pvt. Ltd. were genuine business transactions in the nature of loan / advances, is accepted, it is established that accused A-1 (being a public servant) in conspiracy with accused Sharad Kumar (A-16) and Ms. K Kanimozhi Karunanithi (A-17), despite knowing the fact that accused A Raja (A-1) had connections with accused Shahid Balwa (A-4) and Vinod Goenka (A-5) regarding his official functions, obtained for M/s Kalaignar TV Pvt. Ltd. a loan of Rs. 200 crores for a consideration which they knew to be inadequate, from Shahid Balwa (A-4) and Vinod Goenka (A-5), the promoters of M/s Swan Telecom Pvt. Ltd. (A-6) to which A-1 and other public servants had allotted UAS licenses, valuable spectrum and other undue favours in 2008-09. Investigation has also disclosed that accused Asif Balwa (A-13) and Rajiv B. Agarwal (A-14) and Karim Morani (A-15) knowingly abetted and facilitated such transactions of loan to M/s Kalaignar TV Pvt. Ltd. on behalf of A-1, A-16 and A-17 for the

consideration which they knew to be inadequate. The aforesaid facts and circumstances constitute commission of offence during 2007-2011, punishable u/s 120-B IPC r/w section 11 of Prevention of Corruption Act, 1988 against accused S/Shri A Raja (A-1), the then MOC and IT, Sharad Kumar (A-16) and Ms. Kanimozhi Karunanithi (A-17), and section 12 of PC Act, 1988 against accused S/Shri Shahid Balwa (A-4), Vinod Goenka (A-5), Asif Balwa (A-13), Rajiv B. Agarwal (A-14) and Karim Morani (A-15).

Accordingly, in addition to the offences charged by CBI against the accused persons in the main charge-sheet, accused persons viz. A Raja (A-1), Shahid Balwa (A-4), Vinod Goenka (A-5), Asif Balwa (A-13), Rajiv B. Agarwal (A-14), Karim Morani (A-15), Sharad Kumar (A-16) and Ms. Kanimozhi Karunanithi (A-17) are liable to be prosecuted for offences punishable under section 120-B IPC read with section 7/11 & 12 of PC Act, 1988, as per details mentioned below :-

- a) Shri A. Raja (A-1) for the offence punishable u/s 7 of PC Act, 1988 or alternatively section 11 of PC Act, 1988.
- b) Shri Sharad Kumar (A-16) and Ms. Kanimozhi (A-17) for the offence punishable u/s 120-B IPC read with section 7 of PC Act, 1988 or alternatively u/s 120-B IPC read with section 11 of PC Act, 1988.
- c) S/Shri Shahid Balwa (A-4), Vinod Goenka (A-5), Asif Balwa (A-13), Rajiv B. Agarwal (A-14) and Karim Morani (A-15) for the offence punishable u/s section 12 of PC Act, 1988.

Sanction for prosecution is not required against accused A. Raja (A-1), the MOC&IT. Accused A Raja (A-1), Shahid Balwa (A-4), Vinod Goenka (A-5), Asif Balwa (A-13) and Rajiv B. Agarwal (A-14) are in judicial custody. Accused persons namely Karim Morani (A-15), Sharad Kumar (A-16) and Ms. Kanimozhi Karunanithi (A-17) were not arrested during investigation.

It is, therefore, prayed that cognizance of the aforesaid offence may be taken. Production warrants may be ordered to be issued for A-13 and A-14. Process may be issued for the appearance of the accused persons viz. Karim Morani (A-15), Sharad Kumar (A-16) and Ms. Kanimozhi Karunanithi (A-17) to face the trial as per law, along with other accused persons, viz. A-1 to A-12. Further investigation is continuing, and additional list of witnesses and documents will be submitted, if need be, on the basis of further investigation.

(16) Refer Notice served Yes/No ✓ Date
(Acknowledgment to be placed)

(17) Dispatched on : 25-04-2011

(18) No. of enclosures: 2

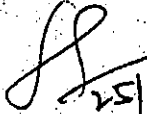
(19) List of enclosures:

(i) List of relied upon witnesses (4 pages)

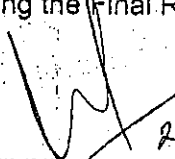
(ii) List of relied upon documents (13 pages)

(If necessary, additional list of documents and witnesses shall be submitted).

Forwarded by Head of Branch
/CBI/ACB/Delhi.


Name : S K PALSANIA
HOB : ACB : CBI : DELHI

Signature of the Investigating Officer
submitting the Final Report / charge sheet


Name : VIVEK PRIYADARSHI
SP : ACB : CBI : DELHI