Time may be running out for Singh brothers to pay up, even as the blame game continues

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Viswanath Pilla
Moneycontrol News

The Singh brothers may need close to a billion dollars to pay Daiichi Sankyo's arbitration award and comply with the Securities Exchange Board of India (SEBI's) order to return funds diverted from Fortis Healthcare and Religare Enterprises, if they want to avoid a possible imprisonment.

The Supreme Court on March 14 asked Malvinder Mohan Singh and Shivinder Mohan Singh, referred to as Singh brothers, to consult their legal and financial legal advisers and revert to the Court by March 28 as to how they propose to secure the award, which has been passed against them.

The Japanese drug maker is trying to enforce an arbitration award of Rs 3,500 crore it secured from a Singapore tribunal against Singh brothers in January last year. Daiichi alleged that Singh brothers had concealed information about Ranbaxy regulatory problems with the US Food & Drug Administration (USFDA) while selling the company in 2008 for $4.6 billion, of which $2.4 billion went to the brothers.

Meanwhile, back-to-back SEBI orders on March 14 and 19 directed Religare Enterprises and Fortis Healthcare to recover Rs 2,315 crore and Rs 403 crore, respectively, that were diverted by the Singh brothers and their related companies. The market regulator set a three-month deadline for Singh brothers to refund the money.

Religare has already initiated the recovery proceedings through corporate insolvency resolution process under Insolvency & Bankruptcy Code, 2016 against Singh brothers and their entities.

Will the brothers' pay-up

Not long ago, Singh brothers were on the Forbes richest Indian businessmen list, with a net worth of $1.4 billion in 2016. Now, they have lost most of that wealth. Their shareholding in Fortis Healthcare and Religare Enterprises has now fallen to around a percent,

Given the meltdown of their wealth, it looks a tall order for Singh brothers to arrange those funds.

But a person who knew brothers told Moneycontrol said a significant portion of their wealth is locked in real estate assets. "A large portion of the money the brothers received through sale of Ranbaxy was routed into buying real estate," said a person who didn't want to be named.

But there is a problem, says the above person, as "the investments into real estate was made through an intricate web of companies and it's opaque."

Gurinder Singh Dhillon, the spiritual head of Radha Soami Satsang Beas (RSSB), his family members and companies controlled by them are said to be in control of some of these properties. Dhillon is a father like figure for the Singh brothers.

Malvinder Singh in his affidavit to the Supreme Court, alleged that Dhillon, his family members and companies controlled by him used funds from the Ranbaxy sale to buy real estate and loaned over Rs 6,000 crore.

Singh brothers also blamed former Religare top executive Sunil Godhwani for the group's troubles. In a joint statement, they earlier said that Godhwani was the architect of the financial structures, including the loans to the Dhillon family and companies, that led to their financial troubles.

Shivinder now blames his brother Malvinder solely for the troubles. He alleged his brother diverted funds from group companies while he retired from corporate life at 40 and was spending time doing spiritual and charitable work at RSSB. He also tried to distance himself from the whole Daiichi-Ranbaxy deal, saying that he was not involved in the negotiations and wasn't part of the arbitration proceedings.

With so much at stake, it's interesting to see what the next moves of the Singh brothers will be.