

The Mirchi Saga of Wadhwan, Baba and Bindra – Part 1

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The third generation Wadhawan brothers Kapil, Dheeraj and Sarang and their wives, are fixtures on Mumbai's Page 3 celebrity circuit, thanks to their well-oiled PR machinery

For the past several weeks, **Dewan Housing Finance Limited or DHFL**, a publicly listed NBFC with a loan book of Rs 1,10,000 crores, has been in the news and subject of an **investigation** by different central agencies, following an expose on its alleged **financial misdealings** by Cobrapost, an online portal.

DHFL's case is a big topic of **concern** for India's financial sector, as it has borrowings of **Rs. 96,000 Cr** from state-owned national and foreign banks, financial institutions and retail investors and a net worth of about Rs 9,000 crores.

DHFL has strongly **denied** all allegations of wrongdoing and announced a series of steps to regain investor **confidence**. In the aftermath of the **Cobrapost expose**, the company has seen the **resignation** of its **CEO** and change in the board of directors. **Kapil Wadhawan**, from the promoter family, who had moved to London, has taken on the **CEO's role** and is now spending daily long hours in the Mumbai office, trying to steady the troubled organisation.

HDIL a leading real estate developer, headed by Rakesh Wadhawan and son Sarang Wadhawan or Sunny Dewan, has been in the crosshairs of law for its loan defaults, attachment of its properties by banks.

Interestingly, the financial markets and its players seem to have had an **advance** inkling of DHFL's future troubles six months ago, for the **share price** of DHFL **crashed** 80% since September 2018. All the directors of Kapil Wadhawan's UK company also **resigned** abruptly in October 2018.

Clearly, market players knew something was happening.

What was it that the **market insiders** came to know on September 21, 2018, which triggered such a crash? Informed market sources now list the company DHFL and its promoter on what they term as **deathwatch**. But we will come to more of this later.

The Wadhawans- From humble beginnings to great heights

The Wadhwan Group founded by its patriarch **Dewan Kuldip Singh Wadhawan** in 1973 has been a power player in Mumbai's muddled finance and real estate market gaining fame and money from its real estate dealings in the decades of 80', 90's and early 2000s. DHFL was founded by his son **Rajesh Wadhawan** in 1984, while his other son **Rakesh Wadhawan** made his foray through HDIL. Stories of the group's easy access to Mumbai's powerful inner circles abound. Longtime political watchers relate an incident, where a firebrand **Deputy**

CM of Maharashtra, having just made a decision in his office, against this group's interests, was **shocked** to receive a call the next moment from his **Baramati Saheb**, asking him to reverse the decision and perish the thought! Stunned, the Deputy CM was alleged to have taken up maunvrat, lest his thoughts waft to Baramati! Such are the ways of the Baramati overlord.

In 2009, the Wadhawan Group business formally **split** into **two parts**, with DHLF and the retail arm going to Rajesh Wadhawan's sons Kapil and Dheeraj, while HDIL went to Rakesh Wadhawan and his son Sarang.

The **third generation** Wadhawan brothers Kapil, Dheeraj and Sarang and their wives, are fixtures on Mumbai's **Page 3 celebrity circuit**, thanks to their well-oiled PR machinery. Mumbai's daily tabloids religiously feature pictures of Dheeraj, Sarang, Kapil and their families socialising with **movie stars**, cricketers, celebrities and Mumbai's elite.

These brothers have also had their share of **controversies** and run-ins with the law. The past year has seen both the arms of Wadhawan family facing **legal troubles** and various government investigations.

Kapil Wadhawan was [reported](#) in 2016 by a **Mumbai Police DCP** for motor vehicle rule violations using a Puducherry- registered (a standard tactic in pre-GST days to evade Mumbai's high vehicle registration charges) dark glass tinted car on Mumbai roads.

HDIL and Dheeraj Wadhwan nicknamed **Baba Dewan** shot to notoriety in 2015, when Lalit Modi [tweeted](#) his confidential letter to **ICC CEO** mentioning HDIL and Baba Dewan for their multi-million dollar **cricket betting habits** and gifts of Rs 60 crores in cash and flats to two Indian and a West Indian cricketer. Lalit Modi asked ICC CEO to keep a **close watch** on Baba Dewan and alleged that Baba Dewan was betting amounts of **US 10-20 million per match**. The tweet of the ICC letter is now deleted from Lalit Modi's twitter timeline, but the link is available [above](#). ICC confirmed receipt of Lalit Modi's email, but as is the norm in cricketing administration, not much is known of the **outcome** of

this matter, either from the ICC or the BCCI.

In recent times, **HDIL** a leading real estate developer, headed by Rakesh Wadhawan and son **Sarang Wadhawan** or **Sunny Dewan**, has been in the crosshairs of law for its loan [defaults](#), [attachment](#) of its properties by banks. HDIL has been [booked](#) by Mumbai Police EOW and is under Mumbai High Court scanner for its [controversial](#) Rs 5,000 crore 47- acre Patrawala Chawl, Goregaon, redevelopment scheme, where HDIL, instead of building tenements for 465 tenants and affordable homes for MHADA, resold the redevelopment rights to other developers **pocketing** Rs 1,100 crores and not providing a single tenement to original homeowners in the past **nine or so years**.

Similar is the case of **Daulat Nagar** in Santa Cruz (West) where a Rs 5,000 crore 1.16 million square feet area **Slum rehabilitation (SRA)** project where tenant residents are stranded **without** houses even after 19 years. A 100 feet [public road](#) has been usurped to construct five buildings and women's toilet blocks have been [illegally converted](#) into shops and sold for crores. The developer HDIL and its partner have received almost **100 notices** from BMC, SRA and other authorities besides facing an [FIR](#) from Mumbai Police EOW and a High Court case.

Law enforcement sources say that Wadhawan brothers have **always** been on the radar of Indian agencies, given their extensive and huge financial dealings with the high and mighty, often **operating at the edge** of what is legally permissible.

To be Continued

Note:

1. Text in Blue points to additional data on the topic.