

# From jail, Subrata Roy tries to sell the New York Plaza

REUTERS, New Delhi/Mumbai

It's hardly the \$30,000 a night royal suite, but after five months in India's biggest jail, the owner of the New York Plaza and London's Grosvenor House is thrilled to be able to use a modest office as he tries to sell the iconic hotels.

Indian tycoon Subrata Roy is putting up the two trophy properties and another luxury New York hotel for sale to raise \$1.6 billion for the bail bond that will get him out of Tihar, a sprawling New Delhi prison complex that houses about 12,000 inmates.

About a minute's walk from the headquarters of the prison, Roy now has a 600 square feet (56 square metre) office where he can hold video conferences and receive visitors to try and sell or mortgage the hotels, say prison officials.

In a small adjoining room, there are three beds for Roy and two associates who have also been jailed.

"They are happy, they can now talk to known people all day," said one Tihar official, who described the setup to a Reuters reporter visiting the prison. "He is very satisfied with the arrangement."

"Our work will be done now," Roy told a senior prison officer after moving to the new office-cum-cell, according to the official.

Entry to the office was not possible because Roy was inside and contact with prisoners is prohibited without permission. Three guards stood by an unlocked metal gate before the building, one stood on the roof and one patrolled its grounds.

It's a race against time for the 66-year-old head of the Sahara conglomerate: Under a deadline set by the Supreme Court, Roy has just a few days left to post the 100 billion rupees in cash and bank guarantees that would secure his release.

The only higher bail ever appears to be a \$3



Sahara Group Chairman Subrata Roy arrives at the Supreme Court in New Delhi on March 4, 2014.

REUTERS/FIL

billion bond set by a judge in Texas in 2004 for a wealthy fugitive, although that was reduced to \$450,000 on appeal.

Roy was jailed in March after he failed to appear at a contempt hearing in the long-running dispute with the capital markets watchdog over the company's failure to repay billions of dollars to investors who were sold outlawed bonds.

He is yet to be charged over the dispute and denies any wrongdoing. His Sahara group has vast real estate, media and hotel interests, part-owns a Formula 1 team and used to sponsor the Indian cricket team.

One asset that could raise quick cash is the landmark New York Plaza Hotel - a 107-year-old luxury property that overlooks Central Park. Studded with chandeliers, the hotel's decor recalls the Great Gatsby era.

Jointly owned with the Saudi Arabia-based Kingdom Holdings, the Plaza offers an overdose of luxury for guests in its 282 rooms, from round-the-clock butlers to in-room iPads for booking a restaurant or requesting a wake-up call.

Its 4,490 square-foot Royal Suite has three bedrooms, three bathrooms, a dining room for 12, a

kitchen, a gymnasium, a grand piano and a library. It costs \$30,000 a night.

Sahara bought the Plaza for about \$570 million in 2012. Two years earlier, it paid 470 million pounds (\$790 million) for the 494-room Grosvenor House opposite Hyde Park and just a stone's throw from Buckingham Palace. Opened in 1929, it houses the Great Room, which is one of Europe's largest banqueting halls and can seat 2,000 guests.

Sahara is also seeking to sell the Dream Hotel in New York's midtown Manhattan.

In Tihar, the office given to Roy has a conference room with a big table, office chairs, and Wi-Fi and video conferencing facilities, said the prison official, who declined to be named as he was not authorised to speak to the media.

Roy and his two associates sleep in a tiny adjoining room, get meals from the prison canteen and have to use shared toilets.

The complex is under round-the-clock video surveillance, with people allowed to visit from 6 am to 8 pm. Roy received four or five visitors on one day last week and local media said they included representatives of prospective buyers.

"All options are being explored. It can be an outright sale or mortgage lien. Phone calls are being made to interested parties, and things will become clear by early (this) week," said a source with direct knowledge of Sahara's position.

"The response has been good so far. There have been some inquiries by investment funds in the Middle East and other places," said the source, declining to give names of the bidders who have shown interest.

The Supreme Court has given Roy 10 working days from Aug. 5 to complete any sales, setting a deadline of Monday. The source said that may not be enough and that Roy may ask the court to extend the deadline.



EASTLAND INSURANCE

Second from left, Mahbubur Rahman, chairman of Eastland Insurance Company, speaks at the company's half-yearly managers' conference in Dhaka on Saturday.



UNICOM

Numayer Mahbub, chief executive of Unicom Enterprise, receives the agency innovation of the year award at the Global Brand Excellence Awards ceremony in Singapore recently.

## India probes bank loan to troubled Kingfisher airline

AFP, New Delhi

India's top crime fighting body is investigating a \$155 million loan by a state-run bank to debt-ridden Kingfisher Airlines, a police official said Sunday.

The Central Bureau of Investigation (CBI) was conducting an initial probe into why the 9.5 billion rupee (\$155 million) loan from the IDBI bank was approved given Kingfisher's levels of debt.

"When the company was in the red why did the IDBI bank give the loan?" CBI spokeswoman Kanchan Prasad told AFP.

Kingfisher, owned by India's liquor baron, the flamboyant Vijay Mallya, owes nearly \$1.5 billion to banks, airports, fuel suppliers, staff and others.

The low-cost airline, which did not make any profit since it started operating in 2005, lost its licence to fly two years ago, after it failed to end a strike by staff including over a failure to pay wages.

Owners of Kingfisher's grounded planes have taken them back.

Prasad said the CBI had carried out a "preliminary enquiry" into the loan over the past two months. The next step could be the filing of a formal case.

Last week, the CBI arrested the chairman of state-run Syndicate Bank over allegations that he took bribes in exchange for loan extensions to private companies.

Prasad said the two cases were not connected, saying the watchdog was not targeting loans by state-run financial institutions as part of a specific investigation.

Mallya, once the self-proclaimed "King of Good Times", who made his fortune through his liquor business, has been battling to maintain control over his empire.

The flamboyant businessman, also a co-owner of a Formula One team, was known to host lavish yacht parties with Bollywood stars and politicians as guests.

## China says local, foreign firms treated same in probes

AFP, Beijing

China said Saturday that its Anti-Monopoly Law does not discriminate between foreign and domestic companies, as big name overseas enterprises have come under a series of high-profile investigations.

The Ministry of Commerce issued a statement noting that foreign firms such as Microsoft and Mercedes-Benz have been probed as has the Chinese unit of a US food supplier.

Ministry spokesman Shen Danyang said that anti-monopoly probes were meant to promote fair competition and protect consumer rights.

He said such investigations were also common practice internationally.

"Looking back at the past six years after the Anti-Monopoly Law took effect, both domestic and foreign firms have been probed according to the law," he said in a statement, the official Xinhua news agency reported.

The statement appeared intended to reassure foreign businesses as Shen also made a point of stressing the positive and important role they have played in China's economic and social development for more than 30 years.

"The Chinese government has always been dedicated to creating an equitable business environment for companies and safeguarding the order of market competition," he said, according to Xinhua.

Foreign pharmaceutical companies including

Britain's GlaxoSmithKline (GSK) have also been the targets of wide-ranging investigations.

Others businesses, such as Apple and Starbucks, meanwhile, have sometimes received unfavourable coverage in state media over issues regarding service and pricing.

On Wednesday China vowed to punish German luxury brand Audi and Chrysler of the United States for "monopoly behaviour". Two days earlier anti-monopoly investigators raided a Shanghai office of Mercedes-Benz.

A total of 12 Japanese companies were under investigation for monopoly pricing of auto components and bearings, though their names have not yet been announced.

A Chinese government agency said earlier that it was investigating Microsoft for allegedly operating a monopoly after raiding four of its offices around the country.

Chinese authorities investigated GSK following allegations it systematically offered bribes to doctors and hospitals and passed the cost on to consumers through high prices.

China, which is frequently hit by food safety scandals, is currently experiencing one over expired meat that has engulfed a local unit of US food supplier OSI Group.

OSI subsidiary Shanghai Husi Food Co. operated a factory shut down by authorities for mixing out-of-date meat with fresh product and selling it to fast food chains in China. Its clients included McDonald's and KFC.

## High-end 'micro-flats' latest trend in Hong Kong

AFP, Hong Kong

At a glitzy show stall for a new residential development in Hong Kong, property agents with loudspeakers are promoting the latest trend in the overcrowded city -- high-end "micro-flats" which still come with an eye-watering price tag.

Hong Kong's poorest residents are used to making their homes in cramped accommodation, but now developers are touting minuscule upmarket apartments to reel in young middle-class buyers.

Although they are part of swish modern complexes, some of the newly-built studio flats measure as little as 16 square metres (177 square feet) and are on sale for HK\$1.5 million -- almost \$200,000.

Single entrepreneur Mike Ko is typical of the buyers that developers are targeting: aspiring home owners who are priced out of the overheated Hong Kong housing market.

"I'm 33 years old and I really need my own place," says Ko. "Studios are good enough. They're quite hip and cool as well."

Ko currently lives with his parents in public housing and has been saving to buy, but says that current price tags mean he can only afford tiny properties.

"The market is too expensive, so buying a studio flat is a good first step to home ownership," he said.

Agents are selling the pint-sized flats on the basis that the market boom will only continue. "You want to buy now because prices will just go up," said one agent at the new Mont Vert development in the suburban neighbourhood of Tai Po.

"You are saving, in a sense," Mont Vert boasts a clubhouse, sea views and surrounding greenery -- but at 16 square metres, its smallest units are only three times larger than cells in Hong Kong's most populous prison.

The main space doubles as both bedroom and living room, with a kitchen and bathroom tucked away in the corners.

Developer Cheung Kong says that 10 percent of the 1,000 apartments on offer are studios, but could not confirm how many of those had been sold.

The development is not yet completed, and -- despite being a massive investment for potential buyers -- there were no show flats, models, or pictures of the interiors of the studio units immediately available.

While some prospective buyers are desperate enough to snap up the tiny flats, there are those who are outraged by the conditions Hong Kong residents are having to bear.



AFP

In the picture taken on July 31, a man walks through a playground as he looks at residential buildings in Hong Kong. The southern Chinese city has been hit with a serious housing shortage as property prices have doubled since 2009, becoming unaffordable for many.

"They are not only small, it is repressive. You are paying that much to be living there, it's ridiculous," Kenneth Tong, a spokesman for local NGO "No Flat Slaves" told AFP.

The organisation believes the government is to blame for a lack of affordable homes and being slow to build more public rental housing.

"People have no other choice," says Tong. There is a "surging need" for cheaper homes in the city, vice-chairman of Hong Kong's pro-democracy Labour Party Fernando Cheung told AFP.

"As a result, you see these very small flats that I think could be described as inhumane if you compare (them)... with units that would be used to house refugees, or even earthquake victims, in other places," Cheung said.

With many larger and pricier flats bought by wealthy mainland Chinese buyers, the smaller homes are targeted at young professionals, university graduates and newly married couples, among others, who are seeking to live independently from their parents and are looking for more reasonable prices, he added.

"It's really mind-boggling to see how the private residential market in Hong Kong has developed to such an extent," Cheung said.

The overcrowded southern Chinese city suffers from a serious housing shortage, with property prices doubling since 2009.

The dearth of new affordable homes has spurred protests and sentiment against the city's big developers.

Now micro-flats are seeking to fill the gap -- though they will remain well outside many househunters' budgets.

Half of the apartments in the new Le Riviera tower project, in a quiet neighbourhood to the east of Hong Kong Island, measure less than 300 square feet and are priced around \$HK5 million. But developers say they will attract single "yuppies" and young families.

"A lot of people who have studied overseas and return love this kind of lifestyle," says David Fong, managing director of the tower's private developer Hip Shing Hong.

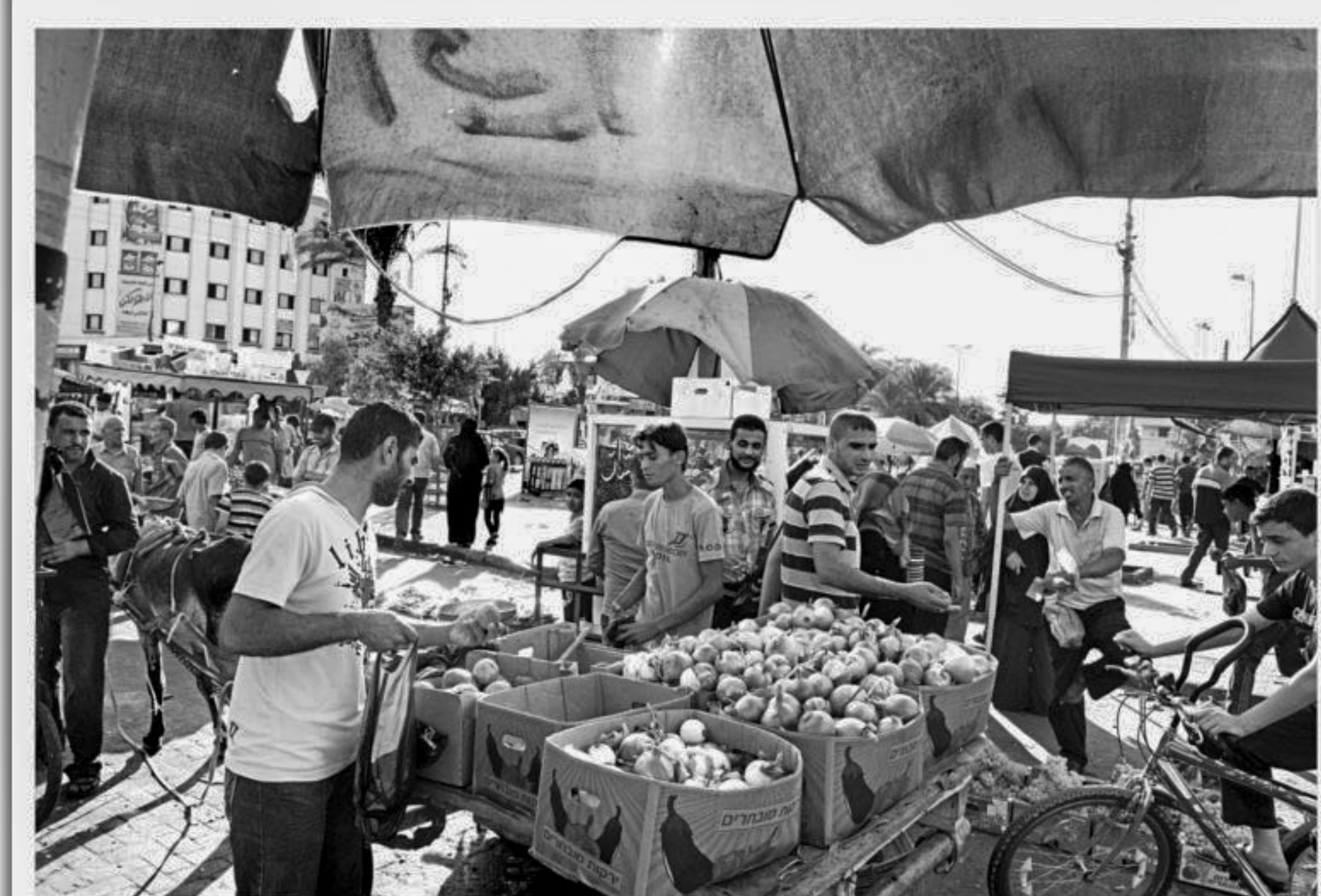
"In London, even in metropolitan New York, the flat size is both small and old. We are small but beautiful," he added.

Fong says that the apartments offer a "European continental lifestyle", with balconies, and interiors decorated by a group of Spanish designers.

"It's a compromise. Everyone would love to live in much bigger flats if they could afford it," he said.

But campaigner Tong says the demand for tiny apartments is "twisted", a product of the city's entrenched desire for home ownership.

"You lose your dignity even though you have the bricks and mortar," he said.



AFP

Locals buy onions at a market in Gaza City on Saturday. Israeli bombardment has left parts of Gaza in ruins, and the enclave's already shattered economy is also feeling the pinch as prices for staple foods have started to climb.