

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

DATE : 28.09.2017

Appeal No. 151 of 2016

1. Suvidha Land Developers India Ltd.
House No. 176, Near Habibganj, Behind
Railway Track, Narayan Hoshangabad,
Bhopal, Madhya Pradesh.
2. Mr. Vinod Kumar Shankwar, Director
R/O Opp. Qr. No. 97, Seva Nagar,
Lashkar, Gwalior, 474 001,
Madhya Pradesh.
3. Mr. Rajendra Karn Rajpoot, Director
R/O Surendra Bhonsle,
4, North Avenue, Chaubey Colony,
Raipur, 492 001, Chhattisgarh.
4. Mr. Rajneesh Dutta, Director,
R/O 4/251 Block No. 4, Subhash Nagar,
Hari Nagar, New Delhi – 110 027. Appellants

Versus

Securities & Exchange Board of India
SEBI Bhavan, C-4A, G-Block,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051. ... Respondent

Ms. Purnima Gupta, Advocate for the Appellants.

Mr. Mustafa Doctor, Senior Advocate with Mr. Tomu Francis, Mr. Vivek Shah, Advocates for the Respondent.

CORAM : Justice J. P. Devadhar, Presiding Officer
Dr. C. K. G. Nair, Member

Per : Justice J. P. Devadhar (Oral)

1. This appeal is filed to challenge the order passed by the Whole Time Member ('WTM' for short) of Securities and Exchange Board of India ('SEBI' for short) on February 16, 2016. By the said order the appellant company and its directors were directed to refund the money collected by the company through issuance of redeemable preference shares to the investors, jointly and severally, with interest @ 15% p.a. compounded at

half yearly intervals from the date on which repayment became due to the investors till the date of actual payment.

2. During the financial year 2013-2014, admittedly, the company had issued and allotted cumulative redeemable preference shares to 1137 investors and raised an amount of ` 2.15 crore.

3. As per the decision of the Apex Court in case of **Sahara India Real Estate Corporation Ltd. & Ors. vs. SEBI reported in (2013) 1 SCC 1**, the company could not issue redeemable preference shares to more than 49 persons without making a public offer. Therefore, in the present case, the allotment of redeemable preference shares to 1137 investors without making public offer was bad in law.

4. Apart from the above, it is admitted by the company that in fact part payments have been made to the investors and the balance amount due to the investors could not be refunded inspite of the best efforts made in that behalf. In these circumstances, counsel for the appellants state that with a view to refund the balance amount refundable to the investors in a time bound manner the appellants would like to make a representation to SEBI seeking time to make payments to the investors.

5. Counsel for SEBI states that part payment of the amounts allegedly made by the company to the investors is yet to be verified by SEBI.

6. In these circumstances, since the appellants are willing to comply with the order of SEBI, we dispose of the appeal by directing the appellants to make a representation to SEBI within a period of three weeks from today setting out in detail the amounts already refunded to the investors with full particulars and also setting out in detail, the mode and manner in which the balance amount would be refunded to the investors.

7. If the appellants make a representation within a period of three weeks from today, then SEBI shall consider the same and pass appropriate order thereon as expeditiously as possible.

8. If the appellants fail to make a representation within a period of three weeks from today, then SEBI is at liberty to implement the impugned order.

9. Appeal is disposed of in the aforesaid terms with no order as to costs.

Sd/-
Justice J. P. Devadhar
Presiding Officer

Sd/-
Dr. C. K. G. Nair
Member

28.09.2017
Prepared & Compared by
PTM