

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date: 16.04.2024

**Misc. Application No. 266 of 2024
And
Appeal No. 230 of 2024**

Farm Silo Tech LLP And Ors. ...Appellants

Versus

Securities and Exchange Board of India ...Respondent

Mr. Pesi Mody, Senior Advocate with Mr. Rahul Totala and Mr. Kunal Katariya, Advocates i/b Swapnil Lohiya, RT Legal Advocates for Appellants.

Mr. Pradeep Sancheti, Senior Advocate with Mr. Manish Chhangani, Mr. Sumit Yadav, Mr. Abhay Chauhan and Mr. Atul Kumar Agrawal, Advocates i/b The Law Point for the Respondent-SEBI.

ORDER:

1. An appeal has been filed by the appellants against an *ex-parte ad-interim* order dated January 29, 2024 passed by the Whole Time Member ('WTM' for convenience) of the Securities and Exchange Board of India ('SEBI' for convenience) alleging that the appellants are running unregistered Collective Investment Scheme ('CIS'). The order directs the appellants to not float any CIS directly or indirectly and not to collect any money from new

investors/ partners or any additional funds from existing investors/ partners. The order also freezes the bank and demat accounts of the appellants and stops them from diverting any money kept in their accounts and directs them not to dispose of or alienate any movable or immovable assets. It further directs the appellants to provide a full list of inventory of assets, to withdraw all advertisements issued in relation to the alleged CIS, restrains the appellants from accessing the securities market and directs them to submit details of all partners/ investors who have contributed to the scheme.

2. The appellants have sought urgent interim relief on the ground that they are facing huge losses on a daily basis due to freezing of their bank accounts. The appellants are in the business of agriculture and have set up 3 Limited Liability Partnership ('LLPs') which have more than 5000 partners who have contributed approximately Rs. 192 crores for improving the lot of farmers and farm laborers and improve productivity with the help of technology and scientific methodology. Their business is across 11 states on approximately 13000 acres of land wherein more than 4000 farm laborers/ staff are employed. Considering that all agriculture produce is perishable, the restrictions imposed by the impugned order has adversely

affected the business of the appellants leading to huge irretrievable losses. If the appellants are not provided access to their accounts to meet the expenses related to agriculture including the farms, crops, labour etc. these losses will continue to mount. The appellants have been continuously writing to the respondent to defreeze their accounts for running their business however, no response is forthcoming.

3. On the other hand, the learned senior counsel for the respondent argued that no interim relief should be allowed to the appellants. The appellants have been running a CIS under the guise of LLPs. They have failed to provide complete information to the respondent despite various communications. Stating that this was a fit case for passing of an *ad-interim* order, the directions issued are necessary to ensure that the interests of the investors are protected and the integrity of the securities market safeguarded.

4. Having heard the learned senior counsel for the parties, the appellants are directed to submit a draft proposal to the respondent, latest by April 19, 2024, with the objective of ensuring the running of day to day business of the appellants. If such a proposal is submitted, the WTM will hear the appellants

on the proposal submitted on April 22, 2024 and pass orders on the proposal by April 26, 2024.

5. Delay in the filing of the appeal is condoned on account of reasons stated in the application. The misc. application seeking condonation of delay is disposed of accordingly.

6. The respondent is directed to file a reply within three weeks from today. Appellants are directed to file a rejoinder within three weeks thereafter. The matter would be listed for admission and for final disposal on June 21, 2024.

Ms. Meera Swarup
Technical Member

16.04.2024
PK