

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**

**Order dated 28.12. 2011 under sections 11 (1), 11 (4), 11A and 11 B of SEBI Act, 1992 in the matter of Onelife Capital Advisor & Others -**

**Clarificatory order in compliance with directions of Hon'ble Securities Appellate Tribunal**

1. The Securities and Exchange Board of India (hereinafter referred to as SEBI) vide Order dated 28.12.2011 had *inter alia* issued the following directions, against Onelife Capital Advisors Limited (OCAL) under sections 11 (1), 11 (4), 11A and 11 B of SEBI Act, 1992.

**“Para 14.4: Onelife Capital Advisors Ltd (OCAL PAN No. AASACO9540L)** is directed not to undertake any fresh business in its capacity as Merchant Banker, Portfolio Manager, Stock Broker and Trading Member till further directions in this regard.

**Para 14.5: Onelife Capital Advisors Ltd (OCAL PAN No. AASACO9540L)** is further also directed not to buy, sell or deal in securities directly or indirectly, till further directions in this regard.”

**“Para 14.7:** OCAL is further directed to call back funds (IPO proceeds and short term loan taken from Prudential group) transferred to Fincare Financial and Consultancy Services Pvt Ltd (PAN No.AAACF6005D) and Precise Consulting & Engineering Pvt Ltd (PAN No.AAECF8434E). These amounts together with all of the IPO proceeds that are still lying unutilized with the company across all its bank / deposit accounts or any investments including in mutual funds, shall be deposited in an interest bearing escrow account with a scheduled commercial bank, till further orders. A confirmation on compliance of this direction shall be sent by the promoters of OCAL to the stock exchanges where it is listed, within 7 days from the date of this order.”

2. The aforesaid order was challenged before Hon'ble Securities Appellate Tribunal (SAT) in Appeal no. 17/2012 by OCAL & its 5 directors Vs. SEBI and Appeal no.18/2012 by Tushar Shridharani Vs. SEBI. SAT disposed of the said Appeals vide order dated 20.01.2012 with certain observations and directions. The relevant paragraph of the SAT order is extracted hereunder:

“4. Keeping in view the fact and circumstances of this case, we are not inclined to intervene in the matter at this stage. Since the appellants have not yet filed any reply to the show cause notice, the purpose can well be served by treating these appeals as reply to the show cause notice which should be considered by the Board as expeditiously as possible. In so far as contradictions pointed out by the appellants in the appeal, more particularly with regard to paragraphs 14.4, 14.5 and 14.7 of the impugned order are concerned, the Board shall pass an order within 15 days from today. Before passing the order, in case, the Board wants any further information, the appellants should furnish the same”.

3. Accordingly, the grounds in the memo of Appeal and the annexures filed in support thereof have been perused. A letter dated 31.01.2012 was sent to OCAL seeking information regarding payments received / to be received from various companies, copies of agreement entered with companies, disclosures made to exchanges etc. As it was not possible to pass an order within the time frame given by Hon'ble SAT, SEBI moved an application seeking extension of time which was allowed by SAT vide order dated 06.02.2012 and granted time upto 15.02.2012. In the meanwhile, OCAL sent its reply vide letter dated 03.02.2012 which was received by SEBI on 06.02.2012 enclosing certain documents.
4. The main grievances raised by OCAL in the appeal challenging the directions in the earlier order dated 28.12.2011 are that:

- (i) OCAL is unable to meet the requirement of underwriting an issue, while acting as a Merchant Banker to a company because of the total prohibition in trading contained in para 14.5 of the order and
  - (ii) the part of the order to recall the proceeds from Precise Consulting and Engineering Private Limited (Precise) and Fincare Financial and Consulting Services Private Limited (Fincare) would lead to “the loss of the present existing business and the mandates in hand”. To support this, OCAL has also attempted to bring on record that Precise and Fincare are entitled to a sum of ₹ 19.52 Crore as finder fees for having procured the business for OCAL as Merchant Banker.
5. The direction “not to take fresh business” as contained in Para 14.4 of the earlier order dated 28.12.2011 was passed with the intention that the ex parte ad interim order should not have any sudden adverse consequences on those companies whose IPO’s were already being dealt with by OCAL, as on the date of the order. Otherwise, such companies would have to suffer the inconvenience and would be left with no choice other than abandoning their IPO proposals or shifting to other Merchant banker at additional cost both in terms of time and money.
6. The direction in para 14.7 to call back IPO proceeds and funds transferred to Fincare and Precise was issued with the object that the public monies collected by OCAL should remain available either for the proper use of the company or for refund to the investors, if need be. I am not convinced with the case of loss of business that OCAL has advanced in its appeal as a consequence of this direction. The monies advanced by OCAL to Precise and Fincare are in the nature of business investments made by OCAL and the business so procured, if annulled, would not adversely affect the interests of innocent third parties in any way. Therefore, I do not think that this direction pertaining to calling back *inter alia* of the IPO proceeds and the funds transferred to Precise and Fincare needs any reconsideration at this stage.

7. As investigation is pending, I refrain from getting into the merits/ veracity of the contentions made by OCAL in the appeal and the bonafides of the documents annexed thereat and submitted subsequently. However, in view of the directions of the Hon'ble Tribunal, I have relooked into the earlier order and consider that the following clarifications are appropriate in the circumstances.

(i) As regards the direction in para 14.5, it is clarified that OCAL shall deal in shares for the limited purpose of fulfilling their existing obligations of underwriting for minimum subscription as per requirement under SEBI (ICDR) Regulations, 2009 and do such other incidental acts in respect of those issue/s that were being dealt with by OCAL as on 28.12.2011.

(ii) The direction in para 14.7 in my earlier order shall continue without any modification for the aforesaid reasons. OCAL is granted a further period of 7 days from today to notify the stock exchanges about the compliance.

8. I make it clear that nothing stated herein shall affect the outcome of the investigation.

**Place: Mumbai**  
**Date: 15.02.2012**

**PRASHANT SARAN**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**