

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER**

ORDER

Under Sections 11,11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992, in the matter of Sunplant Forgings Limited and its Directors, viz. Shri Abhinandan Kumar Singh(DIN: 01916461), Shri Sumanta Sinha (DIN: 03573218)and Shri Neeraj Pathak(DIN: 03561265).

1. Securities and Exchange Board of India ("**SEBI**") received a letter dated March 12, 2013, from the Ministry of Corporate Affairs ("**MCA**") forwarding a copy of the letter dated February 20, 2013, from Shri Nishikant Dubey, Member of Parliament. In the aforesaid letter dated February 20, 2013, Shri Nishikant Dubey enclosed an Official Report of the Sub-Divisional Officer, Deoghar which was forwarded to the Deputy Commissioner, Deoghar wherein it was stated that certain companies were collecting monies from the public through issue of debentures and redeemable preference shares allegedly in violation of Section 67, 73(1) of the Companies Act, 1956, etc. It was alleged that Sunplant Forgings Limited ("**SFL**") was one of such companies alleged to have collected money from the public through issue of debentures and redeemable preference shares allegedly in violation of Section 67, 73(1) of the Companies Act, 1956.
2. SEBI, thereafter, vide letter dated April 19, 2013, advised SFL to furnish the following information within fifteen days from the date of receipt of the aforesaid letter *inter alia* in respect of issue of *Redeemable Preference Shares* ("**RPS**"), viz. –
 - i. Copy of the Memorandum and Articles of Association of the company;
 - ii. Audited Balance Sheet and Profit & Loss Account of the company for the last 3 years;
 - iii. Name, addresses and occupation of all the promoters/directors of the company;
 - iv. Names and details of the Key Managerial Personnel of the company;
 - v. (Other information), viz. –
 - a. Copy of Prospectus/Red Herring Prospectus/Statement in lieu of Prospectus/Information Memorandum filed with Registrar of Companies ("**ROC**") for issue of *RPS*;

- b. Date of opening and closing of the subscription list for RPS;
 - c. Details regarding the number of application forms circulated inviting subscription for RPS;
 - d. Details regarding the number of applications received;
 - e. Details regarding the number of allottees and list of such allottees;
 - f. Number of RPS allotted and value of such allotment against each allottee's name.
 - g. Details regarding subscription amount raised;
 - h. Date of allotment of RPS;
 - i. Copies of the minutes of Board/Committee meeting in which the resolution was passed for allotment;
 - j. Date of dispatch of RPS Certificates;
 - k. Details of the total number of applicants for each of SFL's scheme besides the list of final allottees;
 - l. Copies of application forms, pamphlets, advertisements and other promotional material circulated for issue of RPS.
 - m. Terms and conditions of the issue of RPS.
3. SFL, vide letter dated May 4, 2013, sought an extension of a further 30 days on and from May 6, 2013, for submission of the information sought vide SEBI letter dated April 19, 2013. Thereafter, SFL replied to SEBI vide letter dated June 5, 2013, wherein while enclosing the Memorandum and Articles of Association, copies of Balance Sheet and Profit & Loss Account, name, details regarding all the Promoters/Directors, number and list of allottees, etc. it *inter alia* submitted:
- a. *"Copy of Prospectus/Red Herring Prospectus/Statement in lieu of Prospectus/Information Memorandum filed with Registrar of Companies ("ROC") for issue of RPS – ... did not file any copy of Prospectus/Red Herring Prospectus/Statement in lieu of Prospectus/Information Memorandum.*
 - b. *Details regarding the number of applications received – We have not circulated applications to the General public. No. of applications issued and received is 11904 and no. of allottees is 6662.*
 - c. *9698100 RPS of ₹10 each have been allotted and value of such allotment is ₹96981000;*
 - d. *Details regarding subscription amount raised – Amount raised is ₹17,51,14,700;*
 - e. *Date of dispatch of RPS certificates - ... Company delivered cumulative RPS certificates by hand within 10 days of allotment.*
 - f. *Details of the total number of applicants for each of SFL's scheme besides the list of final allottees – 5229."*

4. Thereafter, SEBI vide letter dated September 9, 2013, advised SFL to submit information, viz. list of allottees of RPS (date of allotment, number of persons to whom shares were allotted, etc.) within 5 days of receipt of SEBI letter. SFL replied vide letter dated September 16, 2013, whereby it submitted the information to SEBI. Subsequently, vide letter dated September 23, 2013, SEBI sought clarification from SFL on the number of allottees of RPS and vide letter dated November 1, 2013, advised SFL to submit the audited accounts for the Financial Year 2012–13. However, till date, SFL has not responded to the aforementioned SEBI letters.
- 5.1 The material available on record i.e. correspondences exchanged between SEBI and SFL alongwith the documents contained therein, information obtained from the 'MCA 21 Portal', have been perused. On an examination of the same, it is observed that –
- i. SFL was incorporated on July 23, 2004(as M/s North East Forgings Private Limited), with the ROC, Kolkata, West Bengal with CIN No. as U28991WB2004PTC099218. Its Registered Office at 14, G. C. Avenue, 5th Floor, Kolkata – 700013, West Bengal, India. The Directors in SFL are Shri Abhinandan Kumar Singh, Shri Sumanta Sinha and Shri Neeraj Pathak.
 - ii. The RPS were issued in accordance with *inter alia* the following terms and conditions –
 - a. *The shares will be issued at ₹10 per share.*
 - b. *The minimum no. of shares to be purchased shall be 500 shares and thereafter in multiples of 100 shares for a period of 58 months.*
 - c. *Redemption of such shares is possible only after the expiry of 58 months from the date of allotment.*
 - d. *Each share shall carry a dividend @ 14% to be computed annually with 11.5% redemption bonus on expiry of 58 months.*
 - e. *Purchase in the name of Minor(s) shall be accepted, only if the application form is signed by the legal/ natural guardian on their behalf.*
 - f. *Such shares are transferable as per the discretion of the shareholders holding such shares in the books of the company. A transfer fee of ₹100 will be payable by each transferee.*
 - g. *Individuals, HUF, Corporate Bodies, Trusts, Partnership Firms, Minors (through Guardians), Institutions, Co-operative Bodies, etc. can apply.*
 - h. *All the issues are for RPS on private placement basis. So no prior approval is required from Government/ RBI/ SEBI or other Statutory Authorities."*

- 5.2 During the Financial Year 2011-12, SFL issued 96,98,100– 14% Cumulative *RPS* to 6658 investors. In some cases, SFL allotted shares to more than 49 persons on a single day. Further, the Board of Directors of SFL passed multiple resolutions for the said allotment of 14% Cumulative *RPS* and also filed multiple numbers of Form–2. Details of the aforementioned are reproduced below –

Sl. No.	Date of allotment	No. of shares allotted	No. of persons to whom issued	No. of Board Resolutions passed	Total Amount (₹ in Crores)
1.	16.05.2011	51000	4	1	0.0510
2.	25.05.2011	56000	6	1	0.0560
3.	10.06.2011	13500	4	1	0.0135
4.	25.06.2011	10000	2	1	0.0100
5.	25.07.2011	500	1	1	0.0005
6.	10.08.2011	30000	4	1	0.0300
7.	28.10.2011	576000	391	8	0.5760
8.	29.10.2011	482800	390	8	0.4828
9.	31.10.2011	488600	384	8	0.4886
10.	01.11.2011	414500	340	7	0.4145
11.	04.11.2011	106100	98	2	0.1061
12.	08.11.2011	415700	343	7	0.4157
13.	09.11.2011	591900	392	8	0.5919
14.	11.11.2011	653500	392	8	0.6535
15.	12.11.2011	570100	390	8	0.5701
16.	14.11.2011	545800	392	8	0.5458
17.	15.11.2011	763700	388	8	0.7637
18.	16.11.2011	630800	383	8	0.6308
19.	17.11.2011	664300	392	8	0.6643
20.	18.11.2011	614200	390	8	0.6142
21.	21.11.2011	532700	392	8	0.5327
22.	22.11.2011	495000	388	8	0.4950
23.	23.11.2011	463600	392	8	0.4636
24.	24.11.2011	527800	391	8	0.5278
Total		9698100	Approx. 6658	142	9.6981

5.3 In the context of the abovementioned details, the issue for determination in the instant matter is whether the mobilization of funds by SFL through *issue of RPS*, is in accordance with the provisions of the SEBI Act, 1992 ("**SEBI Act**"); the Companies Act, 1956 read with the Companies Act, 2013.

5.4 I note that the jurisdiction of SEBI over various provisions of the Companies Act in the case of public companies, when they issue and transfer securities, flows from the provisions of Section 55A of the Companies Act. While examining the scope of Section 55A of the Companies Act, 1956, the Hon'ble Supreme Court of India in ***Sahara India Real Estate Corporation Limited & Ors. vs. SEBI (Civil Appeal no. 9813 of 2011) (Judgment dated August 31, 2012)*** (hereinafter referred to as the "**Sahara Case**"), had observed:

"We, therefore, hold that, so far as the provisions enumerated in the opening portion of Section 55A of the Companies Act, so far as they relate to issue and transfer of securities and non-payment of dividend is concerned, SEBI has the power to administer in the case of listed public companies and in the case of those public companies which intend to get their securities listed on a recognized stock exchange in India."

5.5 In this regard –

- i. Reference is also made to Sections 67(1) and 67(3) of the Companies Act, 1956, which are reproduced as under:

"67. (1) Any reference in this Act or in the articles of a company to offering shares or debentures to the public shall, subject to any provision to the contrary contained in this Act and subject also to the provisions of sub-sections (3) and (4), be construed as including a reference to offering them to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner.

(2) Any reference in this Act or in the articles of a company to invitations to the public to subscribe for shares or debentures shall, subject as aforesaid, be construed as including a reference to invitation to subscribe for them extended to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any manner.

(3) No offer or invitation shall be treated as made to the public by virtue of sub-section (1) or sub-section (2), as the case may be, if the offer or invitation can properly be regarded, in all the circumstances-

(a) as not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation; or

(b) otherwise as being a domestic concern of the persons making and receiving the offer or invitation ...

Provided that nothing contained in this sub-section shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more:

Provided further that nothing contained in the first proviso shall apply to non-banking financial companies or public financial institutions specified in section 4A of the Companies Act, 1956 (1 of 1956).”

- ii. While examining the scope of Section 67 of the Companies Act, 1956, the Hon'ble Supreme Court of India in the *Sahara Case* observed:

"Section 67(1) deals with the offer of shares and debentures to the public and Section 67(2) deals with invitation to the public to subscribe for shares and debentures and how those expressions are to be understood, when reference is made to the Act or in the articles of a company. The emphasis in Section 67(1) and (2) is on the "section of the public". Section 67(3) states that no offer or invitation shall be treated as made to the public, by virtue of subsections (1) and (2), that is to any section of the public, if the offer or invitation is not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation or otherwise as being a domestic concern of the persons making and receiving the offer or invitations. Section 67(3) is, therefore, an exception to Sections 67(1) and (2). If the circumstances mentioned in clauses (1) and (b) of Section 67(3) are satisfied, then the offer/invitation would not be treated as being made to the public.

The first proviso to Section 67(3) was inserted by the Companies (Amendment) Act, 2000 w.e.f. 13.12.2000, which clearly indicates, nothing contained in Sub-section (3) of Section 67 shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more.

...

Resultantly, if an offer of securities is made to fifty or more persons, it would be deemed to be a public issue, even if it is of domestic concern or proved that the shares or debentures are not available for subscription or purchase by persons other than those received the offer or invitation. ...

I may, therefore, indicate, subject to what has been stated above, in India that any share or debenture issue beyond forty nine persons, would be a public issue attracting all the relevant provisions of the SEBI Act, regulations framed thereunder, the Companies Act, pertaining to the public issue. ..."

- iii. For ascertaining whether the *issuance* of RPS is a public issue or an issue on private placement basis in accordance with Section 67 of the Companies Act, 1956, the number of subscribers is of utmost importance.

- a. It is observed from the various Minutes of the Board Meeting of SFL (for meetings held on May 16, 2011; May 25, 2011; June 10, 2011; June 25, 2011; July 25, 2011; August 10, 2011; October 28, 2011; October 29, 2011; October 31, 2011; November 1, 2011; November 4, 2011; November 8, 2011; November 9, 2011; November 11, 2011; November 12, 2011; November 14, 2011; November 15, 2011; November 16, 2011; November 17, 2011; November 18, 2011; November 21, 2011; November 22, 2011; November 23, 2011 and November 24, 2011) that the Board of that company passed similar resolutions *inter alia* approving the allotment of RPS of ₹10 each to "*persons/Business Associates at par redeemable after 58 months from the date of allotment as per list tabled before the Board and initialed by the Chairman for the purpose of identification...*"
- b. It is pertinent to note that the allotments made during the financial year 2011–12, consisted of *inter alia* the following multiple series of allotments, viz. –

Sl. No.	Date of allotment	No. of shares allotted	No. of persons to whom issued	No. of Board Resolutions passed
1.	28.10.2011	576000	391	8
2.	29.10.2011	482800	390	8
3.	31.10.2011	488600	384	8
4.	01.11.2011	414500	340	7
5.	04.11.2011	106100	98	2
6.	08.11.2011	415700	343	7
7.	09.11.2011	591900	392	8
8.	11.11.2011	653500	392	8
9.	12.11.2011	570100	390	8
10.	14.11.2011	545800	392	8
11.	15.11.2011	763700	388	8
12.	16.11.2011	630800	383	8
13.	17.11.2011	664300	392	8
14.	18.11.2011	614200	390	8
15.	21.11.2011	532700	392	8
16.	22.11.2011	495000	388	8
17.	23.11.2011	463600	392	8
18.	24.11.2011	527800	391	8

- c. Many of the abovementioned allotments during the financial year 2011–12, were made on the same day. For example, on a single day i.e. October 28, 2011, SFL allotted 5,76,000 shares to 391 investors by passing 8 Board Resolutions whereby it was approved to allot shares to 49,49,49,49,49,49,49 and 48 investors respectively aggregating 391 investors. The same *modus operandi* was followed by SFL while making allotments on various other dates. While it is observed that each allotment of RPS was approved by a resolution passed by the Board of Directors of SFL [as stated in paragraph 5.5(iii)b], the frequency of and time span between such approvals coupled with the series of allotments made thereafter would lead to the inescapable conclusion that the *issue of RPS* was nothing but a public issue of securities. The method adopted by SFL for mobilization of funds is nothing but a design to circumvent the provisions of section 67(3) of the Companies Act, 1956.
- d. In the facts of the instant case, it is observed that although the *issue of RPS* is stated to have been made on a private placement basis, yet, through the same offer, SFL circulated 11904 Application Forms inviting subscription towards the *issue of RPS*, out of which it admittedly allotted RPS to 6662 investors and mobilized funds amounting to approximately ₹17.51 Crores. In addition, it is observed that the invitation made by SFL for subscription to the *issue of RPS* extended to Individuals, HUF, Corporate Bodies, Trusts, Partnership Firms, Minors (through Guardians), Institutions, Co-operative Bodies, etc. Such a generalized category of investor(s) cannot be said to satisfy the condition of specificity as required under Section 67(3) of the Companies Act. The aforesaid facts clearly indicate that the number of persons to whom the *issue of RPS* was made by SFL in tranches during the financial year 2011–12, was 6662 and hence, was way beyond the limit of forty–nine persons as prescribed under Section 67(3) of the Companies Act, 1956.
- e. In addition, SFL is not stated to be a non-banking financial company or a public financial institution within the meaning of Section 4A of the Companies Act and therefore, is not covered under the *second proviso* to Section 67(3).
- f. In view of the above stated facts, the *issue of RPS prima facie* is nothing but a public issue under the first proviso to Section 67(3) of the Companies Act, 1956, which has been elucidated by the Hon'ble Supreme Court of India in the *Sabara Case*. In this regard, it is pertinent to note that by virtue of Section 55A of the Companies Act, Section 67 of that

Act, so far as it relates to issue and transfer of securities, shall also be administered by SEBI in the case of companies who intend to get their securities listed.

5.6 I note that –

- i. From the abovementioned, it will follow that since the issue of RPS is a public issue of securities, such securities shall also have to be listed on a recognized stock exchange, as mandated under Section 73 of the Companies Act, 1956. In this regard, reference is made to Sections 73 of the Companies Act, 1956, of which sub-Sections (1), (2) and (3) are relevant for the instant case, which is reproduced as under:

"73. (1) Every company intending to offer shares or debentures to the public for subscription by the issue of a prospectus shall, before such issue, make an application to one or more recognised stock exchanges for permission for the shares or debentures intending to be so offered to be dealt with in the stock exchange or each such stock exchange.

(1A) Where a prospectus, whether issued generally or not, states that an [application under sub-section (1) has been] made for permission for the shares or debentures offered thereby to be dealt in one or more recognised stock exchanges, such prospectus shall state the name of the stock exchange or, as the case may be, each such stock exchange, and any allotment made on an application in pursuance of such prospectus shall, whenever made be void if the permission has not been granted by the stock exchange ...

(2) Where the permission has not been applied under subsection (1) or such permission having been applied for, has not been granted as aforesaid, the company shall forthwith repay without interest all moneys received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the company and every director of the company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent, as may be prescribed, having regard to the length of the period of delay in making the repayment of such money.

(3) All moneys received as aforesaid shall be kept in a separate bank account maintained with a Scheduled Bank 1 [until the permission has been granted, or where an appeal has been preferred against the refusal to grant such permission, until the disposal of the appeal, and the money standing in such separate account shall, where the permission has not been applied for as aforesaid or has not been granted, be repaid within the time and in the manner specified in sub-section (2)]; and if default is made in complying with this sub-section, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to five thousand rupees."

- ii. In the *Sahara Case*, the Hon'ble Supreme Court of India also examined Section 73 of the Companies Act, 1956, wherein it observed that –

"Section 73(1) of the Act casts an obligation on every company intending to offer shares or debentures to the public to apply on a stock exchange for listing of its securities. Such companies have no option or choice but to list their securities on a recognized stock exchange, once they invite subscription from over forty nine investors from the public. If an unlisted company expresses its intention, by conduct or otherwise, to offer its securities to the public by the issue of a prospectus, the legal obligation to make an application on a recognized stock exchange for listing starts. Sub-section (1A) of Section 73 gives indication of what are the particulars to be stated in such a prospectus. The consequences of not applying for the permission under sub-section (1) of Section 73 or not granting of permission is clearly stipulated in sub-section (3) of Section 73. Obligation to refund the amount collected from the public with interest is also mandatory as per Section 73(2) of the Act. Listing is, therefore, a legal responsibility of the company which offers securities to the public, provided offers are made to more than 50 persons."

- iii. In the facts of the instant case, since the *issue of RPS* was made to fifty persons or more by SFL, the same will attract the requirement of compulsory listing before a recognized stock exchange in terms of Section 73(1) of the Companies Act, 1956. It therefore *prima facie* appears that SFL has violated the provisions of Section 73(1) of the Companies Act, 1956, since it has failed to ensure listing with a recognised stock exchange of the securities issued under the *issue of RPS*.
- iv. As per Section 73(2) of the Companies Act, 1956, the obligation to refund the amount with interest that was collected from investors under the *issue of RPS* is mandatory on SFL. From the Balance Sheet of SFL as on March 31, 2012, it is observed that ₹8.46 Crores is still appearing as '*Share Application Money pending allotment*'. Out of the said amount, allotment of 80,81,070 preference shares is pending for more than 90 days. In view of the same, I find that SFL has *prima facie* not complied with the provisions of Section 73(2) of the Companies Act, 1956.
- v. Section 73(3) of Companies Act, 1956, states that all moneys received shall be kept in a separate bank account maintained with a Scheduled Bank and if default is made in complying with this sub-Section, the company and every officer of the company who is in default, shall be punishable with fine which may extend to five thousand rupees. In

the instant case, there is no evidence on record to indicate whether or not funds received from the investors under the *issue of RPS* have been kept in separate bank account by SFL. In view of the same, I find that SFL has *prima facie* not complied with the provisions of Section 73(3) of Companies Act, 1956.

- 5.7 Under Section 2(36) read with Section 60 of the Companies Act, 1956, a company needs to register its prospectus with the ROC, before making a public offer or issuing the prospectus to the public. As per the aforesaid Section 2(36), "*prospectus*" means any document described or issued as a prospectus and includes any notice, circular, advertisement or other document inviting deposits from the public or inviting offers from the public for the subscription or purchase of any shares in, or debentures of, a body corporate. As mentioned above, since the *issue of RPS* was made to fifty persons or more, it has to be construed as a public offer. Having made a public offer, SFL was required to register a prospectus with the ROC under Section 60 of the Companies Act, 1956. In this regard, SFL in its letter dated June 5, 2013, submitted: "*...did not file any copy of Prospectus/Red Herring Prospectus/Statement in lieu of Prospectus/Information Memorandum.*" In view of the same, I find that SFL has not complied with the provisions of Section 60 of Companies Act, 1956.
- 5.8 Under Section 56(1) of the Companies Act, 1956, every prospectus issued by or on behalf of a company, shall state the matters specified in Part I and set out the reports specified in Part II of Schedule II of that Act. Further, as per Section 56(3) of the Companies Act, 1956, no one shall issue any form of application for shares in or debentures of a company, unless the form is accompanied by abridged prospectus, contain disclosures as specified. Based on the material available on record, I find that SFL has not complied with the provisions of Section 56(1) and 56(3) of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions.
- 5.9 As per Section 465(1) of the Companies Act, 2013, the Companies Act, 1956, "*shall stand repealed*". However, Section 465(2)(i) of the Companies Act, 2013, provides that:

"(2) Notwithstanding the repeal under sub-section (1) of the repealed enactments,—

(a) anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or

fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act;"

- 5.10 Upon a consideration of the aforementioned paragraphs, I am of the view that SFL is *prima facie* engaged in fund mobilising activity from the public, through the *issue of RPS* and a result of the aforesaid activity has violated the aforementioned provisions of the Companies Act, 1956 (Section 56, Section 60 read with Section 2(36), Section 73) read with Section 465 of the Companies Act, 2013.
6. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it deems fit for fulfilling its legislative mandate. Further, as per the provisions of Section 55A of the Companies Act, 1956 read with Section 465 of the Companies Act, 2013, administrative authority on the subjects relating to public issue of securities is exclusively with SEBI. For this purpose, SEBI can exercise its jurisdiction under Sections 11(1), 11A, 11B and 11(4) of the SEBI Act read with Section 55A of the Companies Act, 1956 and Section 465 of the Companies Act, 2013, over companies who issue securities to fifty persons or more, but fail to comply with the applicable provisions of the aforesaid Companies Acts.
7. Protecting the interest of investors is the foremost mandate for SEBI and therefore, steps have to be taken in the instant matter to ensure only legitimate fund raising activities are carried on by SFL and no investors are defrauded. In light of the facts in the instant matter, I find that there is no other alternative but to take recourse through an interim action against SFL and its Directors, for preventing that company from further carrying on with its fund mobilising activity under the *issue of RPS*.
8. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11, 11(4), 11A and 11B of the SEBI Act, hereby issue the following directions –
- i. SFL shall not mobilize funds from investors through the *issue of RPS* or through the issue of equity shares or any other securities, to the public and/or invite subscription, in any manner whatsoever, either directly or indirectly till further orders;
 - ii. SFL and its Directors, viz. Shri Abhinandan Kumar Singh, Shri Sumanta Sinha and Shri Neeraj Pathak, are prohibited from issuing prospectus or any offer document or issue

- advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, till further orders;
- iii. SFL and its abovementioned Directors shall provide a full inventory of all its assets and properties;
 - iv. SFL and its abovementioned Directors shall not dispose of any of the properties or alienate or encumber any of the assets owned/acquired by that company through the *issue of RPS*, without prior permission from SEBI;
 - v. SFL and its abovementioned Directors shall not divert any funds raised from public at large through the *issue of RPS*, which are kept in bank account(s) and/or in the custody of SFL;
9. The above directions shall take effect immediately and shall be in force until further orders.
10. The *prima facie* observations contained in this Order are made on the basis of the material available on record i.e. correspondences exchanged between SEBI and SFL alongwith the documents contained therein, information obtained from the '*MCA 21 Portal*'. In this context, SFL and its abovementioned Directors, may, within 21 days from the date of receipt of this Order, file their reply, if any, to this Order and may also indicate whether they desire to avail themselves an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.
11. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against SFL and its abovementioned Directors, in accordance with law.

Place: Mumbai
Date: July 16, 2014

S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA