

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 11(1), 11(4), 11A(1)(b) and 11B of the Securities and Exchange Board of India Act, 1992

In the matter of SHAH GROUP BUILDERS LIMITED

In respect of Shah Group Builders Limited [PAN:AAJCS8586M], Mr. Nalin Virji Shah, [DIN:0194184], Ms. Neelam Nalin Shah [DIN:00194214] and Mr. Nirav Nalin Shah [DIN:00194239]

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') received an investor complaint on October 04, 2013, against one Shah Group Builders Limited (hereinafter referred to as 'SGBL' or 'the Company'), alleging therein that:
 - a. the Company has raised money through issue of shares with a promise to list the shares through IPO;
 - b. the Company had defaulted in payment of agreed interest and has not refunded the principal amount;
 - c. the Company has failed to call any shareholders' meeting or AGM.

With respect to the complaint on failure to hold Annual General Meeting (AGM), SEBI referred the matter to the Registrar of Companies (hereinafter referred to as 'RoC'), Mumbai vide letter dated November 22, 2013, for examining the matters falling under their jurisdiction. Vide this letter, the RoC was also requested to provide the copies of Red Herring Prospectus/ Prospectus, Information Memorandum, return of allotments, etc., if any, filed by SGBL in connection with its issue of *equity shares*/ convertible securities.

2. SEBI initiated a preliminary examination into the issuance of *equity shares* by SGBL to the public. It asked the Company vide a letter dated November 22, 2013, to *inter alia* furnish the following information/ documents:
 - i. Details of issuance of *equity shares*/ convertible securities since incorporation;
 - ii. Copies of Red Herring Prospectus/ Prospectus/ Information Memorandum issued/ filed in connection with the issuance of *equity shares*/ convertible securities by the Company.

3. The Company, vide its letters dated December 07, 2013 and January 20, 2014, sought extension of time to furnish the above said information. Further, vide letter dated February 04, 2014, SGBL submitted the copies of financial statements for the year ended March 31, 2013, 'Articles of Association' and 'Income Tax return' of the Company for the assessment year 2013 - 14 and replied as under:
- i. The Company was incorporated as a private limited company on June 27, 2005 and was converted into a public limited company w.e.f. July 31, 2006. The Company is into the business of construction.
 - ii. The authorised capital of the Company was ₹7 crore divided into 7 crore equity shares of face value of ₹1 each. The Company has raised money from time to time starting from the financial year 2008-09. The Company has issued only *equity shares* and has not issued convertible securities;
 - iii. SGBL presently has 1,117 equity shareholders as on date who have contributed ₹892.57 lakhs. The equity shares have been issued from time to time at different prices. The face value of equity shares is ₹1 each. The present equity share capital of the Company is ₹589.60 lakhs.
 - iv. Return of allotments in respect of the allotments of shares have been filed with RoC.
4. From the information submitted by SGBL, it was noted that the Company has admitted to allotting *equity shares* over a period of time to 1,117 allottees. SEBI vide its another letter dated March 12, 2014, advised the Company to explain as to how SGBL has complied with the requirements of the provisions of the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, with respect to the issuance of equity shares. No reply/ information was received from the Company. Thereafter, SEBI sent reminder letter dated June 12, 2014 to SGBL. Vide another letter dated July 24, 2014, the Company *inter-alia* was again advised to submit the reply and also to provide the details of issuance of equity shares/ convertible securities made by the Company since incorporation.
5. The Company, vide letter dated August 11, 2014, replied to the letter of SEBI and filed a copy of the 'Information Memorandum' which was circulated among the prospective investors to solicit subscription to the equity shares of SGBL. The submission of the Company are as under:
- i. The Company has circulated 'Information Memorandum' dated May 25, 2006, among the friends, relatives, associates and known people and the same was marked 'private

and confidential'. Subscription towards the equity shares of SGBL was received during the period of April 2006 to March 2008. The Company had made 8 allotments to 1,521 allottees aggregating to ₹9.75 crore comprising of ₹2.71 crore towards share capital and ₹7.05 crore towards the share premium.

- ii. Share application money pending allotment was shown in the annual accounts for the year ended March 31, 2007 and March 31, 2008. After the receipt of the application money, the Company did not make any immediate allotment and gave sufficient time to the applicants to withdraw their application money. However, none of the applicants withdrew application.
 - iii. The allotment of plot by CIDCO had materialised in May 2007 and the Company had paid about ₹3 crore as earnest money to CIDCO. SGBL paid ₹66 crore to CIDCO in August 2007 and about ₹66 in October 2010. Out of the total ₹135 crore paid to CIDCO, only ₹9.75 crore was raised by SGBL through friends, relatives and associates and balance ₹124 crore was arranged by the Company on its own;
 - iv. The Company's promoters are providing exit opportunities to shareholder who wishes to sell his shares and the number of shareholders has come down from 1,521 to 1,031. SGBL's endeavour is to give good reward to the shareholders for the investment in the Company. The shareholder reaps benefit as the commercial and residential projects in which the Company is engaged will provide them good returns on their investments.
6. The reply submitted by SGBL, had *prima facie* indicated that the Company has issued shares to 1,521 allottees. Since the details of allotments were not forthcoming from the Company, SEBI examined the matter on the basis of the material collected during the preliminary examination i.e., the complaint, information submitted by the Company and the information obtained from the 'MCA-21' portal maintained by Ministry of Corporate Affairs (hereinafter referred to as 'MCA'). The following are the preliminary observations :-
- a. SGBL was incorporated on June 27, 2005, with CIN no. as U70101MH2005PLC154243, having its office at 323 - 329, Arneja Corner, Plot No. 71, Sector 17, Vashi, Navi Mumbai - 400705.
 - b. As per the details submitted by SGBL, the directors/ promoters of the Company are Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah.

- c. As per the Annual Return of SGBL as on March 31, 2013, SGBL had the authorized share capital of ₹7,00,00,000 divided into 7,00,00,000 equity shares of ₹1 each. The paid up equity share capital of the Company as on March 31, 2013 was ₹5,89,59,970.
- d. From the Annual Return of SGBL as obtained from the 'MCA 21' Portal, it is *prima facie* noted that the Company has 1,522 shareholders as on March 31, 2013, holding 5,89,59,970 equity shares. The relevant details with respect to the issuance of equity shares by SGBL as obtained from Form-2/ Return of Allotments filed by the Company with MCA and obtained from 'MCA-21' Portal, are as under:

Table A

Date of board meeting	No. of allottees	No. of Equity Shares	Amount raised (in ₹)
28/07/2008	44	84,60,000	84,60,000
04/08/2008	22	36,73,000	73,46,000
04/08/2008	3	2,50,000	6,25,000
06/10/2008	1,112	1,11,22,800	5,56,14,000
16/10/2008	96	8,50,000	51,00,000
26/10/2008	148	22,92,170	1,60,45,190
05/11/2008	1	1,500	12,000
15/11/2008	95	4,35,500	43,55,000
30/03/2012	1	3,18,75,000	12,75,00,000
	1,522	5,89,59,970	22,50,57,190

**The allotment of shares were also made on March 30, 2006 and May 24, 2006 to promoters.*

From the above, it is seen that SGBL had allotted equity shares in various tranches and had mobilised funds to the tune of ₹22,55,57,190 from 1,522 investors since incorporation till March 31, 2013. **The Annual Return as obtained from the 'MCA 21' Portal revealed that the Company had also allotted shares on March 30, 2006 (10,000 shares to 3 allottees) and May 24, 2006 (4,00,000 shares to 1 allottee). However, these allotments do not reflect in the subsequent filings made by the Company.**

7. Having noted the above details, I proceed further with the matter. I note that SGBL had raised ₹22,55,57,190 from July 28, 2008 to March 30, 2012 as detailed in table A above. From the 'form 2'/'the return on allotment' as submitted to RoC by SGBL, it is observed that the allotments have been made to more than 49 persons on four instances i.e. on October 06, 2008, October 16, 2008, October 26, 2008 and November 15, 2008. Considering that the Company has received share application monies during the period of 2006 - 2008, pursuant to soliciting the applications through the 'Information Memorandum' dated May 25, 2006, the consequent 8 allotments made during the July 28, 2008 to November 15, 2008 could reasonably be construed as part of a single public

offering made through the circulation of 'Information Memorandum' dated May 25, 2006. The allotment made on March 30, 2012, to Shah Group Builders & Infraproject Limited, also *prima facie* appear to be part of the same offer of equity shares through which the allotments were made in the year 2008.

8. The issue for determination in the instant matter is whether SGBL had complied with the applicable provisions of the SEBI Act, 1992 (hereinafter referred to as 'SEBI Act'), the Companies Act, 1956 (since repealed) read with the Companies Act, 2013, the SEBI (Disclosure and Investor Protection) Guidelines 2003 (hereinafter referred to as 'DIP Guidelines') read with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'ICDR Regulations') in respect of its issuance of *equity shares*.
9. As the *equity shares* have been issued to the public during the year 2008 and 2012, the provisions of sub-sections (1), (2) and (3) of the Section 67 of the Companies Act, 1956, are applicable to the allotments made by SGBL. In terms of Section 67(3), no offer or invitation shall be treated as made to the public by virtue of sub-sections (1) or (2), as the case may be, if the offer or invitation can properly be regarded, in all 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. In terms of the *proviso* to the aforesaid section, the provisions of Section 67(3) shall not apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more. Therefore, 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 receiving the offer or invitation. The number of persons to whom the shares/ debenture have been allotted becomes relevant to judge whether an issue of shares is made to public or made on a private placement basis.
10. SGBL has issued *equity shares* to 1,522 persons and mobilized funds to the tune of ₹22,50,57,190 during the period of July 28, 2008 to March 30, 2012. As noted earlier the Company had made allotments to more than 49 persons on four instances i.e. on October 06, 2008, October 16, 2008, October 26, 2008 and November 15, 2008. As per the first proviso to Section 67(3) of the Companies Act, 1956, where the “offer” or “invitation to

subscribe for shares or debentures” is made to fifty persons or more, then it has to be construed as a public offer. Further, the Company has admitted to circulation of the 'information memorandum' among the potential investors to solicit subscription for its equity shares and confirmed the receipt of application money during the period of 2006 - 2008. The offer and issue of *equity shares* by the Company through eight (8) allotments made during the period of July 28, 2008 to November 15, 2008 to 1,521 investors cannot *prima facie* be said to be a 'private placement'. Hence, the issue made by SGBL *prima facie* is nothing but public offer of securities. I also note that the allotment made on March 30, 2012, to Shah Group Builders & Infraproject Limited, also *prima facie* appear to be from the same offer of equity shares through which the allotments were made in the year 2008. All mobilisation of funds from fifty or more investors should be classified as a public issue requiring the company to make an application to list its securities. In view of the foregoing, it could be *prima facie* observed that the aforesaid issues of *equity shares* made by SGBL were deemed public issues. While examining the scope of Section 67 of the Companies Act, 1956, the Hon'ble Supreme Court of India in the matter of *Sabara India Real Estate Corporation Limited & Ors. Vs. SEBI (Civil Appeal no. 9813 and 9833 of 2011)* (hereinafter referred to as the '*Sabara Case*'), had observed that:

"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. ... 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. ..."

[Emphasis supplied]

11. Having observed that the *equity shares* issued by SGBL are *prima facie* in the nature of public issue, the Company was required to comply with provisions of the Companies Act, 1956 and other relevant statutory provisions as applicable. I note that in the case of any public issue of securities, the relevant provisions of the Companies Act, 1956 *inter alia* Sections 60 read with Section 2(36), 56(1), 56(3) and Section 73 thereof needs to be complied with. In terms of Section 60 read with the Section 2(36) of the Companies Act, 1956, a company needs to file a prospectus with respect to its public issue with the RoC. As per Section 2(36) of the Companies Act, 1956, '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 a body corporate. As per the information available on record, SGBL has not filed any prospectus with respect to the said issues of *equity shares*.

Having made the public offer as discussed above, SGBL ought to have filed the Prospectus with RoC under Section 60 of the Companies Act, 1956. I have perused the copy of the 'Information Memorandum' as submitted by the Company along with its letter dated August 11, 2014. From the same, it is noted that the Company has stated that it "is desirous of bringing public issue in due course depending on market condition and other relevant factors so as to list its shares at stock exchanges and provide listing benefits to the applicants". In terms of Section 60B(2) of the Companies Act, 1956, a Company inviting subscription by an information memorandum shall be bound to file a prospectus prior to the opening of the subscription lists, at least three days before the opening of the offer. While Section 60B (3) stipulates that the 'Information Memorandum' shall carry the same obligations as are applicable in case of prospectus. Section 60B(9) requires the Company to file a final prospectus with SEBI/ RoC. Consequentially, SGBL has also *prima facie* not complied with the above discussed provisions of the Companies Act, 1956.

12. By issuing equity shares to more than 49 persons, the Company had to compulsorily list such securities in compliance with Section 73 of the Companies Act, 1956, in order to ensure that the subscribers to the shares have a facility to approach a stock exchange for having their holdings converted into cash whenever they desire. The same also provides liquidity and exit opportunity to the investors. As per Section 73(1) and (2) of the Companies Act, 1956, a company is required to make an application to one or more recognised stock exchanges for permission for the shares or debentures to be offered to be dealt with in the stock exchange and if permission has not been applied for or not granted,

the company is required to forthwith repay with interest all moneys received from the applicants. From the material available on record, SGBL, does not appear to have done so and thus, contravened the said provisions. It *prima facie* neither made an application seeking listing permission nor refunded the amounts on account of such failure. SGBL has also not complied with the provisions of Section 73(3) of the Companies Act, 1956 as it has not kept the amounts received from investors in a separate bank account and failed to repay the same in accordance with Section 73(2) of the Companies Act, 1956. In view of the above, it is alleged that SGBL has contravened the provisions of the Companies Act, 1956, which regulates the public issue of securities, including Sections 60B(2), 60B(9) read with Sections 2(36), 56(1), 56(3) and 73 of the Companies Act, 1956, in respect of its collection of public funds towards the issue of *equity shares*.

13. I now discuss the regulatory powers and the jurisdiction of SEBI on the companies that raise funds, by issue of securities, from the public. In this regard, I refer to the Section 55A of the Companies Act, 1956. In terms of the relevant provisions of the said section, the provisions contained in Sections 55 to 58, 59 to 81 (including Sections 68A, 77A and 80A), 108, 109, 110, 112, 113, 116, 117, 118, 119, 120, 121, 122, 206, 206A and 207 of the Companies Act, 1956, in so far as they relate to the issue and transfer of securities shall be in the case of listed public companies and in the case of those public companies which intend to get their securities listed on any recognised stock exchange in India, be administered by SEBI. The terms 'securities' as per Section 2(h) of the Securities Contracts (Regulation) Act, 1956 includes 'shares'. I observe that Sections 67 and 73 of the Companies Act, 1956 are included in the list of the sections as mentioned in Section 55A of the Companies Act, 1956, and therefore, such sections are to be administered by SEBI.
14. As per the provisions of Section 55A of the Companies Act, 1956 read with Section 465 of the Companies Act, 2013, the administrative authority on the subjects relating to public issue of securities is SEBI. For this purpose, SEBI can exercise the jurisdiction under Sections 11(1), 11A, 11B and 11(4) of the SEBI Act read with Section 55A of the Companies Act, 1956, over companies who issue equity shares to fifty persons or more, but fail to comply with the applicable provisions of the aforesaid statutes. Therefore, in addition to the compliance with the provisions of the Companies Act, 1956, the Company was mandated to comply with the applicable provisions of the ICDR Regulations.

15. I note that SEBI had framed the DIP Guidelines in exercise of the powers conferred upon itself under the SEBI Act. The Hon'ble Supreme Court in *Sahara Case* has observed that:

"DIP Guidelines had statutory force since they were framed by SEBI in exercise of its powers conferred on it under Sections 11 and 11A of the SEBI Act. Powers have been conferred on SEBI to protect the interests of the investors in securities and regulate the issue of prospectus, offer documents or advertisement soliciting money through the issue of prospectus. Section 11 of the Act, it may be noted has been incorporated, evidently to protect the interests of investors whose securities are legally required to be listed. DIP Guidelines were implemented by SEBI with regard to the listed and unlisted companies, which made public offer, until it was replaced by ICDR 2009".

The DIP Guidelines were applicable to all public issues by listed and unlisted companies. I note that the ICDR Regulations (which came into effect from August 28, 2009) has replaced the DIP Guidelines and all public issues are now required to comply with the ICDR Regulations. The DIP Guidelines (as applicable at the relevant time) operated as reasonable safeguards for the investors who subscribed or intended to subscribe in the public issues of securities. In this regard, I *prima facie* observe that SGBL has not complied with the following clauses of DIP Guidelines:

- Clause 2.1.1 (filing of offer document)
- Clause 2.1.4 (application for listing)
- Clause 2.1.5 (issue of securities in dematerialized form),
- Clause 2.8. (means of finance),
- Clause 4.1 (promoters contribution in a public issue by unlisted companies),
- Clause 4.11 (lock-in of minimum specified promoters contribution in public issues),
- Clause 4.14 (lock-in of pre-issue share capital of an unlisted company)
- Clause 5.3.1 (memorandum of understanding),
- Clause 5.3.3 (due diligence certificate)
- Clause 5.3.5 (undertaking)
- Clause 5.3.6 (list of promoters group and other details)
- Clause 5.4 (appointment of intermediaries)
- Clause 5.6 (offer document to be made public)
- Clause 5.6A (Pre-issue Advertisement)
- Clause 5.7 (despatch of issue material)
- Clause 5.8 (no complaints certificate)
- Clause 5.9 (mandatory collection centres and Clause 5.9.1.(minimum number of collection centres)
- Clause 5.10 (authorised collection agents)
- Clause 5.12.1 (appointment of compliance officer),
- Clause 6.0 (contents of offer documents)
- Clause 6.1 to Clause 6.15 (contents of prospectus)
- Clause 6.16 to Clause 6.34 (contents of abridged prospectus) including Clause 6.17.13
- Clause 8.3 (Rule 19(2)(b) of SC(R) Rules, 1957)
- Clause 8.8.1 (Opening & closing date of subscription of securities)
- Clause 9 (guidelines on advertisements by issuer company)

16. In this regard, it is important to note the following observation made by the Hon'ble Supreme Court of India in *Sahara Case*:

"90. 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."

[Emphasis supplied]

17. I note that the Company had allegedly commenced allotment of *equity shares* to the public since July 2008. It can reasonably be inferred that the directors/ promoters of the Company namely Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah were involved in the mobilisation of public funds through the issue of *equity shares* without complying with the applicable law, as discussed above.
18. In view of the above alleged violations committed by SGBL in raising money from the public through the issue of *equity shares*, it becomes necessary for SEBI, as the regulator for the securities market, to intervene and issue suitable directions including restraining the Company from carrying on activities in contravention of the law. Further, the interest of the investors also need to be protected to ensure that public funds are not diverted and misappropriated. Accordingly, I, in exercise of the powers conferred under Sections 11(1), 11(4), 11A(1)(b) and 11B of the Securities and Exchange Board of India Act, 1992 read with Section 19 thereof and Regulation 107 read with Regulation 111 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, hereby issue the following directions :
- a. The Company, namely, Shah Group Builders Limited [PAN: AAJCS8586M] and its promoters and directors including Mr. Nalin V. Shah [DIN:0194184], Ms. Neelam N. Shah [DIN:00194214] and Mr. Nirav N. Shah [DIN:00194239] are restrained from mobilizing funds through the issue of *equity shares* or through any other form of securities, to the public and/ or invite subscription, in any manner whatsoever, either directly or indirectly till further directions.
- b. Shah Group Builders Limited and its promoters and directors including Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah 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.
- c. Shah Group Builders Limited and its promoters and directors including Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah shall not dispose off any of the properties or

alienate the assets of the Company or dispose off any of their properties or alienate their assets.

- d. Shah Group Builders Limited and its promoters and directors including Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah shall not divert any funds raised from public at large through the issuance of the impugned equity shares, kept in its bank accounts and/or in the custody of the Company without prior permission of SEBI until further orders.
 - e. Shah Group Builders Limited and its promoters and directors including Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah are restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, till further directions.
 - f. Shah Group Builders Limited and its promoter and directors including the above named persons shall co-operate with SEBI and shall furnish all the documents. They shall also reconcile and submit the correct position in respect of allotments made on March 30, 2006 and May 24, 2006.
 - g. Shah Group Builders Limited, its promoters and directors are also directed to provide a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/ securities, if held in physical form.
19. The above directions shall come into force with immediate effect.
20. Shah Group Builders Limited and its promoters and directors including Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah are advised to show cause as to why suitable directions/ prohibitions, under the Sections 11(1), 11(4), 11A and 11B of the SEBI Act read with the ICDR Regulations, including the following, should not be taken/imposed against them :
- a. directing them jointly and severally to refund the money collected through the issue of *equity shares* that are impugned in this Order, along with interest that is promised to the investors ;

- b. directing them to not to issue 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, for an appropriate period;
 - c. directions restraining them from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period;
 - d. directing them and other companies in which their directors hold substantial or controlling interest, to not access the capital market for an appropriate period.
21. Shah Group Builders Limited and its promoters and directors including Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah may file their replies/ submissions within a period of 21 days from the date of receipt of this Order and may also indicate whether they desire to avail an opportunity of personal hearing in the matter.
22. This Order is without prejudice to the right of SEBI to take any other action including prosecution proceedings under Section 24 of the SEBI Act and Section 621 of the Companies Act, 1956 read with the relevant provisions of the Companies Act, 2013 and adjudication proceedings under the SEBI Act, against Shah Group Builders Limited and its promoters and directors including Mr. Nalin V. Shah, Mr. Nirav N. Shah and Ms. Neelam N. Shah, in accordance with law.

Place: Mumbai
Date: February 12th, 2015

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA