WTM/RKA/ISD/134/2015

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11 AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

IN THE MATTER OF RADFORD GLOBAL LIMITED

In respect of:

Sr. No.	Entities	PAN	Authorised Representatives
1.	Amresh A. Mody	AACPM4024E	Mr. Ravi Ramaiya, Chartered Accountant
	Hasumati A. Mody *	AJSPM7935P	
2.	Anil Rajat Agarwal & Sons HUF	AAFHA0709M	
The above entities are hereinafter collectively referred to as "*preferential allottees*" or "the noticees" or individually by their respective names.			
*Ms. Hasumati Mody mother of Mr. Amresh A. Mody is the joint holder of demat account of Mr. Amresh A. Mody.			

1. Securities and Exchange Board of India (SEBI), vide an *ad interim ex-parte* order dated December 19, 2014 (hereinafter referred to as "*interim order*") restrained Radford Global Limited (hereinafter referred to as "Radford" or "the company") and 107 other entities from accessing the securities market and further prohibited them from buying, selling or dealing in securities in any manner whatsoever, till further directions. The *interim order* was passed taking into account facts and circumstances more particularly described therein and summarised *inter alia* as under:-
   (a) On February 16, 2012, Radford had allotted its 91,00,000 equity shares of 10/- each at a premium of 5/- on preferential basis to 48 entities aggregating to ₹13.65 crore.
   (b) On January 28, 2013, pursuant to a stock split, the face value of each share of ₹10/- was reduced to ₹2/- per share. The shares allotted on preferential basis to aforesaid allottees were locked-in for a period of 1 year from date of preferential allotment in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.Thus, these shares held by the said 48 allottees pursuant to preferential allotment and share split were not tradable during this lock in period.
   (c) During the period February 27, 2012 to January 28, 2013 ("*Pre-Patch-I*") the share price of Radford increased from ₹3.20 and closed at a high of ₹241.35 with an average volume of 98 shares per day in 121 trading days with an average of 1.6 trades per day. There was

price rise of almost 7442% in the scrip during *Pre-Patch-I*.

(d) Post stock-split on January 28 , 2013, the share price of Radford opened at ₹49.20/-, rose to a high of ₹86/- and closed at ₹74.95/- during the period January 29, 2013 to July 23, 2013 ("*Patch-I*"). During *Patch-I*, the average volume increased by 5,05,066% (i.e., 5050 times), from 98 shares per day to 4,95,063 shares per day and the price increased by 74.8% during the same period, i.e., from ₹49.20/- to ₹86/-. During the period July 24, 2013 to March 24, 2014 ("*Patch-II*"), the price of the scrip continuously fell from ₹74.10/- to ₹4.89/- i.e. a fall of approximately 93.4%. Also the volumes have again decreased by 67% of the volume of *Patch-I*. Thus, the price in the scrip had increased prior to the expiry of the lock-in period on the shares held by the aforesaid allottees. After the expiry of the lock-in period, the price and volume in the scrip increased substantially. Such sharp rise in price and volume of the scrip was not supported by any acceptable market factor such as fundamentals, trading history, corporate announcements , etc as discussed in the *interim order* but was on account of non-genuine and manipulative trading in the scrip by certain entities.

(e) A group of entities was acting as buyers in *Patch-I* in order to provide exit ("exit providers") to preferential allottees and in the process creating artificial volume. Most of the trades were taking place between the preferential allottees and the entities connected/related, directly or indirectly to *Radford Group & Suspected Entities* as described in the *interim order*. During this period, the preferential allottees were selling and in the process gaining a huge profits/gains.

(f) It was *inter alia* noted that :-

(i) The fund brought in by way of preferential allotment was utilised for purposes other than those disclosed;

(ii) Even when substantial number of shares, i.e., 91 lakh shares (455 lakh shares after split) were locked-in and non transferable/tradable, price of the scrip increased substantially to the extent of 7442% with a very small chunk of volume/purchases by certain entities;

(iii) After the expiry of the lock-in period (i.e. in *Patch I*), the average volume increased astronomically to the extent of 505066% (5050 times). Such increase in volume was mainly on account of matched trading amongst *Radford Group & Suspected Entities* and allottees.

(iv) 46 out of the 48 preferential allottees sold 91.43% shares allotted to them by Radford at the price increased on account of the aforesaid manipulative trading in *Pre-Patch I*.

(g) Following *modus operandi* was observed in the matter:

(i) Firstly, shares were allotted on preferential basis in *Pre-Patch I* to entities connected/related directly or indirectly to Radford.

(ii) Then, just prior to the expiry of lock-in of shares issued on preferential basis, Radford made a stock-split to facilitate preferential allottees to exit, on expiry of the lock-in, since the stock split would reduce the per share price and increase liquidity.

(iii) After the expiry of lock-in, the preferential allottees sold the shares to entities connected/related, directly or indirectly, to *Radford Group & Suspected Entities*, thereby raking in huge profits.

(h) It was, thus, *prima facie* observed that the preferential allottees acting in concert with *Radford Group & Suspected Entities* misused the stock exchange system to generate fictitious long term capital gains(LTCG). In the process, *Radford Group & Suspected Entities* and preferential allottees artificially increased the volume and price of the scrip and misused securities market system for making illegal gains and to convert ill-gotten gains into genuine one.

2. Pursuant to the *interim order*, the noticees herein filed their replies and availed opportunities of personal hearings on March 19, 2015 and July 08,2015, respectively through their authorised representative Mr. Ravi Ramaiya, Chartered Accountant who made common submissions on behalf of all these noticees. These noticees also filed additional written submissions after personal hearings in the matter.

3. While the proceedings pursuant to the *interim order* were going on two separate appeals were filed before the Hon'ble Securities Appellate Tribunal ("the Hon'ble SAT"), one by Mr. Amresh A. Mody and Ms. Hasumati Mody and another by Mr. Anil Rajat Agarwal & Sons (HUF) challenging the *interim order*. The Hon'ble SAT, vide its order dated July 02, 2015, disposed of the said appeals with the direction to SEBI to pass an appropriate order in accordance with law within two months from July 15, 2015. Vide the said order, the Hon'ble SAT also permitted these entities to sell any of the shares, other than the shares of Radford Global Limited, lying in their demat accounts and deposit the sale proceeds in an interest bearing escrow account with the concerned stock exchange. This timeline was further extended by the Hon'ble SAT vide its order dated September 29, 2015, by two weeks from the date of the said order. In terms of said order of the Hon'ble SAT, I deem it necessary to conclude these proceedings in respect of the noticees herein. The proceedings against remaining preferential allottees shall be dealt with and disposed of separately.

4. The replies/submission of the noticees are *inter alia* summarised as under:

(1) The *interim order* is vitiated by gross violation of principles of natural justice, equity and fair play in as much as no opportunity was ever provided to them to explain their version and circumstances, as the facts stated in the *interim order* do not justify the dispensation of a pre-decision hearing of them.

(2) SEBI has acted beyond its powers by attaching the demat accounts of the noticees.

(3) There was no such emergency situation warranting such an *ex-parte* order. SEBI failed to find any such urgency in the current matter as the cause of action had already been completed 18 months before the *interim order*.

(4) They have invested in the preferential allotment of Radford in the normal course from their own contribution based on presentation to them in this regard by an official of Radford.

(5) They did not have any nexus with Radford and its directors/promoters. Also, they were not connected to the *Radford Group & Suspected Entities*, LTP Contributors and other preferential allottees. Connection has not been established based on any documentary evidence. The *interim order* was passed merely on the basis of suspicious, doubts, surmises, presumptions, assumptions and conjectures and without any evidence against them.

(6) As the shares issued by way of preferential allotment were under lock-in for a period of 1 year, the noticees could sell the shares after 1 year on BSE, which provides an anonymous platform where buying and selling party was not known to each other.

(7) Hence, the noticees were totally unaware whether the buyers were related to Radford or otherwise and the sale proceeds were utilised towards professional/investment purposes.

(8) The noticees did not act in concert with *Radford Group & Suspected Entities* and misused the stock exchange system to generate fictitious LTCG. They did not use the securities market system to artificially increase volume and price of the scrip for making illegal gains to and to convert ill-gotten gains into genuine one.

(9) Since, the noticees dealt in the shares through BOLT and normal banking channels, section 12A of the SEBI Act, 1992 and the regulations 3 and 4 of the PFUTP Regulations, 2003 relied upon in the *interim order* can not apply to them.

(10) They denied the observations with regard to *modus operandi* in the impugned order as against them. They are not aware of the alleged *modus operandi* employed by the other persons referred to in the *interim order*.

(11) Radford was profit making company as total revenue and profit after tax of the Radford has increased to ₹22.28 crore and ₹0.46 crore respectively in the financial year 2012-13 as compared to ₹3.04 crore and ₹0.06 crore respectively in the financial year 2011-12. Therefore, allegation made in the *interim order* with respect to increase in price not backed by financial fundamentals of Radford is not correct.

(12) The *interim order* alleges that four preferential allottees are directly connected to the Radford and were allotted 19 lac shares on preferential basis. The noticees herein are not one of the aforesaid preferential allottees and as such not connected to Radford.

(13) Under such facts and circumstances, SEBI might be *prima facie* justified in alleging those four preferential allotees involved in fraudulent transaction but certainly not justified in alleging the noticees herein for the alleged fraudulent transaction.

(14) They deny each and every allegation adverse findings, etc. made against them in *interim order*. The adverse findings termed as *prima facie* findings in the *interim order* are based on conjectures, surmises, predetermined and are unsustainable on facts and law.

(15) The *interim order* debarring noticees from accessing the securities market in any manner is *ab initio* illegal and deserved to be set aside. SEBI may decide the matter conclusively after completion of investigation and the restraint that is continued since December 2014 should be revoked or alternatively, the restraint imposed by the *interim order* be limited to the scrip of Radford only;

(16) The *interim order* has imposed disproportionate ban and created undue hardships for their businesses. The alleged gain made by them is far less than the value of their portfolio that has been blocked by the *interim order*. Pending investigation in the matter following interim/alternative reliefs may be allowed:

(a) permission to liquidate stocks/securities held in their portfolio and use the same for their needs;

(b) permission to avail rights/bonus, etc. accruing on the shares held by them;

(c) permission to subscribe, purchase including by way of Systematic Investment Plan (SIP) and sell/redeem mutual fund units.

5. I have carefully considered the allegations and the submissions of the noticees herein and have perused the relevant documents and material available on record. I note that the limited issue to be considered, in view of submissions made by the noticees and in the facts and circumstances so far brought on record in the instant case, is as to whether the direction in the *interim order qua* the notices need to be continued, revoked or modified in any manner. Before dealing with submissions of the noticees on merit it is deemed necessary to deal with preliminary contentions raised by the noticees. The first such contention is that the *interim order* has been passed in complete disregard of the principles of natural justice in as much as no opportunity of hearing was provided to the noticees. In this regard, I note that the *interim order* has been passed on the basis of *prima facie* findings observed during the preliminary examination/inquiry undertaken by SEBI. The facts and circumstances necessitating issuance of directions by the *interim order* have been examined and dealt with in the said *interim order*. The *interim order* has also been issued in the nature of show cause notice affording the noticees a post decisional opportunity. This position has been upheld in various judgements of the Hon'ble SAT, the Hon'ble High Courts and the Hon'ble Supreme Court. Relevant portions of few such judgments are referred to hereinafter:-

(a) Hon'ble Bombay High Court in *Anand Rathi & Others Vs. SEBI* (2002 (2) BomCR 403 upheld the procedure of post decisional hearing in such matters and observed as under:

"31. <u>It is thus clearly seen that pre decisional natural justice is not always necessary when ad-interim orders are made pending investigation or enquiry, unless so provided by the statute and</u>

rules of natural justice would be satisfied if the affected party is given post decisional hearing. It is not that natural justice is not attracted when the orders of suspension or like orders of interim nature are made. The distinction is that it is not always necessary to grant prior opportunity of hearing when ad-interim orders are made and principles of natural justice will be satisfied if post decisional hearing is given if demanded.

32. Thus, it is a settled position that while ex parte interim orders may always be made without a pre decisional opportunity or without the order itself providing for a post decisional opportunity, the principles of natural justice which are never excluded will be satisfied if a post decisional opportunity is given, if demanded."

(b) Hon'ble High Court of Judicature for Rajasthan at Jaipur in the matter *M/s. Avon Realcon Pvt. Ltd. & Ors Vs. Union of India & Ors* (D.B. Civil WP No. 5135/2010 Raj HC) has held that:

"…Perusal of the provisions of Sections 11(4) & 11(B) shows that the Board is given powers to take few measures either pending investigation or enquiry or on its completion. The Second Proviso to Section 11, however, makes it clear that either before or after passing of the orders, intermediaries or persons concerned would be given opportunity of hearing. In the light of aforesaid, it cannot be said that there is absolute elimination of the principles of natural justice. Even if, the facts of this case are looked into, after passing the impugned order, petitioners were called upon to submit their objections within a period of 21 days. This is to provide opportunity of hearing to the petitioners before final decision is taken. Hence, in this case itself absolute elimination of principles of natural justice does not exist. The fact, however, remains as to whether post-decisional hearing can be a substitute for pre-decisional hearing. It is a settled law that unless a statutory provision either specifically or by necessary implication excludes the application of principles of natural justice, the requirement of giving reasonable opportunity exists before an order is made. The case herein is that by statutory provision, principles of natural justice are adhered to after orders are passed. This is to achieve the object of SEBI Act. Interim orders are passed by the Court, Tribunal and Quasi Judicial Authority in given facts and circumstances of the case showing urgency or emergent situation. This cannot be said to be elimination of the principles of natural justice or if ex-parte orders are passed, then to say that objections thereupon would amount to post-decisional hearing. Second Proviso to Section 11 of the SEBI Act provides adequate safeguards for adhering to the principles of natural justice, which otherwise is a case herein also…"

6. I, therefore, do not find any violation of principles of natural justice while passing the *interim order* as has been contended by the noticees herein. In this case, as discussed hereinabove, the purpose of the *interim order* is to achieve the objectives of investor protection and safeguarding the market integrity by enforcing the provisions of the SEBI Act.

7. The noticees have raised another preliminary contention that contended that no emergency

situation existed warranting such an *ex parte ad-interim* order. It may be noted that the time taken to arrive at such decision/action is dependent on the complexity of the matter, its scale and *modus operandi* involved and other attendant circumstances. The power under section 11 and 11B of the SEBI Act can be invoked at any stage, i.e. either during pendency or on completion of enquiry/inquiry or investigation. The new *modus operandi* where suspected entities were misusing the stock exchange mechanism came to light only in December 2014. The *interim order* clearly brings out the reasons and circumstances for issuance of *ex-parte ad-interim directions*. I, therefore, do not find any merit in the contention of the noticees.

8. Having dealt with the preliminary contentions of the noticees, I now proceed to deal with submissions of the noticees on merit. The noticees have contended that they had invested in the scrip of Radford from their own funds as genuine investors considering the preferential allotment a good investment opportunity. They are not connected / related to the company or its promoters or directors or with any entities mentioned in the *interim order*. They are not connected/related to the entities who are alleged to be indulged in the price manipulation or with the exit providers. They have further contended that the *interim order* alleges only 4 preferential allottees to be connected to Radford. Thus, they cannot be said to be involved in any dubious plan are artifice as alleged in the *interim order*.

9. It is trite law that the preferential allotment of shares is an issue of shares by an issuer to select person or group of persons on a private placement basis unlike a public issue where funds are raised by inviting subscriptions from public in general. It is also a matter of common knowledge that a preferential allotment is made to the persons/entities on a one-to-one basis who are acquainted/familiar with the company and/or its promoters/directors. A preferential allotment is always for the purposes of meeting fund requirements of the concerned company and involves a covert, manifested and planned actions by the concerned parties, i.e.,-
   (a) the company to identify select persons/group of persons who are known to it or its promoters/directors for investing in its share capital,
   (b) select persons/ group of persons (preferential allottees) exercise due diligence and then finance the fund requirements of the company and subscribe to its shares issued on preferential basis;
   (c) the company allots shares to the preferential allottees.

10. The noticees, in this case, have failed to substantiate their claim that they made investment in preferential allotment and were not known to the company or its promoters/directors and/or had no nexus, connection with them in the preferential allotment. When asked during personal hearings to the respective noticees they have failed to give any plausible explanation as to how the company could make allotment to them if they were not known to it or its promoters/directors and if they had no nexus/connection with them. The noticees

have claimed that they were approached by certain individuals with a presentation and were asked to make investment in the preferential allotment but they have failed to give any details of such individuals such as their address, contact details, etc. They have also failed to explain as to how only they were selected for making presentation to them individually. The fact that such presentations were made to few noticees, individually, itself suggests existence of prior understanding and nexus between the company, its promoters/directors and the noticees.

11. It is well accepted position that a preferential allotment signifies that the allottees agree with the issuer on one-to-one basis to finance its fund requirements and is not an open to general public as an investment opportunity. Such financing pre-supposes nexus and prior understanding amongst the issuer, its promoters/directors and the allottees. A stranger cannot just make investment in a preferential allotment merely on the basis of an advice without having nexus, directly or indirectly, and prior understanding with the company.A preferential allotment is not open to all type of investment opportunity as sought to be contended by the noticees. A company will, in no case, make a preferential allotment to a stranger who just approaches it for allotment of its shares. I, therefore, am unable to accept such explanation.

12. With regard to the contention of the noticees that in the *interim order* only 4 entities are identified as connected persons with Radford, it is noted that such mention is in context of direct connection of these 4 persons with Radford on the basis of other financing transactions as described in Annexure B of the *interim order*. Further such direct connection is stated therein for highlighting the magnitude of shares, i.e., *19,00,000 shares (20.87% of total number of shares allotted) allotted* to these 4 persons in the preferential allotment. The said mentioning at one place in the *interim order* should not be read in isolation rather the *interim order* is to be read holistically and its perspective. It cannot be read into bits and pieces. The entire facts and circumstances stated and *modus operandi* described in the *interim order* and as reiterated hereinabove strongly suggest nexus, cooperation and complicity of the preferential allottees in the preferential allotment by Radford for their ultimate benefit rather than for any genuine fund requirement of the company. I, therefore, reject contentions of the noticees in this regard too.

13. Infusion of funds by way of preferential by the noticees that too at a premium in a company like Radford that had hardly any credential in the market at the time of allotment could only be possible if the preferential allottees had nexus and prior understanding with *Radford Group & Suspected Entities* with regard to the dubious plan, device and artifice as *prima facie* found in the *interim order*. As brought out in the *interim order* ultimate beneficiaries of the whole scheme in question are the preferential allottees as such they cannot pretend to be oblivious to the scheme/plan/device/artifice in question. It is beyond reason to hold that the company and other entities mentioned in the *interim order,* except the preferential allottees, would devise the

impugned plan/scheme for the benefit of the entities who are neither party to the plan/scheme nor have any complicity in the plan with *Radford Group & Suspected Entities* as sought to be contended by the noticees. The facts and circumstances of this case, in my view, strongly indicate that the issue of these shares was under a prior arrangement between them for the ulterior motive and the end objective of the scheme that has been brought out explicitly in the *interim order*.

14. The noticees have claimed that the financial fundamentals of Radford had improved in the Financial Year 2012-13 as compared to the Financial Year 2011-12 considering the increase in the total revenue and the profit after tax of Radford. In this regard, it is observed that the financial statements of Radford for the relevant years as tabulated below give different picture:

Particulars	**31.03.2012**	**31.03.2013**	**31.03.2014**
	Amount in ₹Lakhs		
Net Sales / Income from Operations	292.03	2,134.24	1,103.60
Expenditure (for Operations)	295.20	2,162.12	1,165.20
Loss from Operations	**(3.18)**	**(27.89)**	**(61.60)**
Other Income	**12.30**	**94.29**	**87.70**
Profit before Tax	9.13	66.40	26.10
Tax	2.96	20.53	8.10
Profit after Tax	**6.17**	**45.87**	**18.00**
Market Price Per Share(Rs.)	0.64	73.30	4.62
Earnings Per Share (Rs.)	0.01	0.07	0.03
Price to Earnings Ratio (P/E Ratio)	72.90	**1,123.55**	180.47
Market Capitalization to Sales Ratio	1.54	**24.15**	2.94

** Annual Report FY 2012-13 and BSE Website*

15. From the table above, it is noted that though net profit of Radford for the Financial Year 2012-13 increased to ₹45.87 Lakhs compared to ₹6.17 Lakhs in the preceding Financial Year, the increase in profit is not a result of the operating performance of Radford. In contrast, Radford had incurred higher operating losses in the Financial Year 2012-13 compared to the Financial Year 2011-12. Thus, the net profits of Radford have increased due to the increase in the other income, comprising of interest income and dividend received, and not due to operating performance of Radford. Further, from the comparison of the key financial ratios like P/E ratio and ratio of market capitalization to sales for the Financial Year 2012-13 to the preceding and the subsequent financial years, it is apparent the increase in price of the shares of Radford is not justified by its financial performance. The above data in above table as derived from the Annual Report of the company do not substantiate astronomical price rise to the extent of 7442% during *Pre-Patch-I*. I, therefore, reject this contention of the noticees.

16. In this case, considering the background of Radford, as brought out above, the investment made by the noticees cannot be termed as rational investment behaviour. It is strange to note

that a company which was dormant or suspended for around 8 years with negligible activity was able to make preferential allotment at premium of ₹ 5 and garner funds approximately 5 times its share capital just two months after the revocation of suspension by the stock exchange without the prior understanding with the allottees. Further, the funds raised by Radford in the purported preferential allotment were transferred to various other entities shortly after receipt from the preferential allottees and were never retained by Radford for expansion of its business or for execution of its plans as disclosed in the special resolution in respect of the said preferential allotments. These facts and circumstances strongly indicate that the preferential allotment was just a facade and was never done with the real intent of raising capital for Radford.

17. The trading data reveals that most of the shares sold by the noticees were bought by the entities who were either connected amongst themselves or connected to Radford directly or indirectly as mentioned in the *interim order*. A group of entities was acting as buyers in *Patch-I* in order to provide exit to the preferential allottees and in the process creating artificial volume. Most of the trades were taking place between the preferential allottees and the entities connected/related, directly or indirectly to *Radford Group & Suspected Entities* as described in the *interim order*. During this period, the preferential allottees were selling and in the process gaining a huge profits/gains. The fact that scrip in question was suspended till December 19, 2011 and the trading volume and price of the scrip gradually increased in *Pre-Patch I* and unassumingly increased in *Patch I* on account of manipulative trading. In view of these facts and circumstances matching of transactions of preferential allottees with those of the exit providers cannot be just a coincidence of anonymous screen based trading as sought to be contended by the notices. The above facts and circumstances of the case reinforce the *prima facie* finding that preferential allotment was used as a tool for implementation of the dubious plan, device and artifice of *Radford Group & Suspected Entities* and preferential allottees.

18. I note that the noticees, at this stage, have failed to give any plausible reason/explanation for the charges as described in the *interim order* and for complete removal of restraint. I, therefore, in this case, reject the prayer for setting aside the *interim order* or for complete removal of restraint imposed by it.

19. I have also considered the *interim* /alternative reliefs sought by the noticees and facts and circumstances brought on record by them. The noticees have represented that exposing their portfolio of securities held by them in their demat accounts to any adverse movement in the market may affect their financial as well as operational stability in the market that may cause unnecessary hardship to them and is therefore avoidable. Further, their businesses have been suffering for lack of working capital and they are unable to utilize the proceeds of genuine investments made by them through legal means for business purposes or their

urgent personal and professional needs.

20. The purpose of the *interim order* was to restrain/prevent these noticees from indulging in similar activities of misuse of the stock exchange mechanism for purposes other than genuine trading. In this case about 10 months have elapsed since the *interim order* and the noticees have been restrained from buying, selling or dealing in all securities, either directly or indirectly in any manner till further directions. This is a special type of case where several entities have been restrained on the basis of *prima facie* findings. The investigation in the matter is going on and finality to the *prima facie* findings can be arrived at only on completion thereof. The facts of this case are complex and entail examination of various transactions in shares under investigation.

21. Considering the particular facts and circumstances of this case, I am of the view that the restraint imposed against the noticees by the *interim order* cannot be removed at this stage. However, the noticees have made out a *prima facie* case for certain relaxations so as to avoid any irreparable loss to them. In this case, such relaxations would be within the spirit of order dated July 02, 2015 passed by Hon'ble SAT and would not compromise with the purpose and effect of the *interim order*.

22. I, therefore, in exercise of the powers conferred upon me under section 19 read with sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992, hereby confirm the directions issued vide the *ad interim ex parte order qua* the noticees herein subject to permitting the noticees to:

    A. subscribe to units of the mutual funds including through SIP and redeem the units of the mutual funds so subscribed;
    B. avail the benefits of corporate actions like rights issue, bonus issue, stock split, dividend, etc.
    C. sell the securities lying in their demat accounts as on the date of the *interim order*, other than the shares of the companies which are suspended from trading by the concerned stock exchange, in orderly manner under the supervision of the stock exchanges so as not to disturb the market equilibrium and deposit the sale proceeds in a interest bearing escrow account with a nationalised bank.

23. It is further directed that the sale proceeds lying in the aforesaid escrow account shall be dealt with and utilised under the supervision of the concerned stock exchange as provided hereunder:-

    (i) the sale proceeds may be kept in a fixed deposit with a nationalised bank or may be utilised for subscription to units of the mutual funds which shall always be held in the demat form and if such units are redeemed the proceeds thereof shall be credited to the aforesaid escrow account or may be utilised for subscription to the units

mutual funds;

(ii) the noticees may utilise upto 25% of the value of their portfolio as on the date of the *interim order* for their business purposes and/or for meeting other exigencies.

24. For the purposes of determining the portfolio value of the noticees, the value of portfolio of securities lying in the demat account/s (individual and joint both) on the date of the *interim order* after excluding the value of shares that have been suspended from trading as on the date of this order shall be considered.

25. This order shall continue to be in force till further directions.

26. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure compliance with above directions.

Sd/-

DATE: OCTOBER 12th, 2015
PLACE: MUMBAI

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA