**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. Order/SM/DD/2022-23/20848-20849]**

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**UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND UNDER SECTION 23-I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005**

In respect of:

| Noticee No. | Noticee Name | PAN |
|---|---|---|
| 1 | **RFL International Limited** | **AAACR9384B** |
| 2 | **Mr. Anish Shah** | **AWWPS3129G** |

*(hereinafter collectively referred to as "**Noticees**")*

In the matter of "Allotment of shares by RFL International Limited"

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**BACKGROUND**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') received copies of share certificates dated April 21, 2011 of RFL International Limited (hereinafter referred to as '**RFL**') from certain entities which were issued to them by RFL, however, it was observed that there was no change in shareholding structure of RFL for the quarter ended March 2011 to June 2011. Thereafter, SEBI conducted investigation in the matter of RFL for the period January 01, 2011 to June 30, 2011 (hereinafter referred to as '**Investigation Period/IP'**). Based on investigation, SEBI observed certain violations of provisions of SEBI Act, 1992, (hereinafter referred to as '**SEBI Act**'), SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**') and Listing Agreement read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as **'LODR Regulations**') by RFL (i.e. Noticee 1) and its Director, Mr. Anish Shah (i.e. Noticee 2).

2. Accordingly, adjudication proceedings were initiated as follows –

i. under Section 15A(a) of the SEBI Act, for the alleged violation of Sections 11C(2) and 11C(3) of SEBI Act by Noticee 1;

ii. under Sections 23A(a), 23E and 23F of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SCRA**'), for the alleged violation of clause 22, clause 24(a) and clause 30(b) of the Listing Agreement read with Regulation 103 of the LODR Regulations by Noticee 1;

iii. under Section 15HA of SEBI Act, for the alleged violation of Sections 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations by Noticee 1 and 2;

**APPOINTMENT OF ADJUDICATING OFFICER**

3. The undersigned was appointed as the Adjudicating Officer **(AO)** by SEBI vide order dated March 04 , 2021 to inquire into and adjudge under Section 15A(a) and 15HA of the SEBI Act and Sections 23A(a), 23E and 23F of SCRA, the aforesaid violations alleged to have been committed by the Noticees.

**SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

4. A common Show Cause Notice (**SCN**) dated August 05, 2021 was issued to the Noticees under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**SEBI Adjudication Rules'**) and Rule 4(1) of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as '**SCRA Adjudication Rules'**), in the matter to show cause as to why an inquiry should not be held against them and penalty be not imposed for the aforesaid alleged violations.

5. The allegation levelled in the SCN are summarized as follows –

**Non-compliance of Summonses by Noticee 1-**

a) Summons dated January 04, 2019 was issued to Noticee 1 by Investigating Authority (Herein after referred to as 'IA') during course of investigation at the address, RFL International Limited Room No. 21, Old shanti nagar, Opp. Jain Temple, Chamunda Circle, Borivali-west, Mumbai-400092. Through the aforesaid summons RFL was asked to provide certified copies of the Minute book in respect of the proceedings of every meeting of the Board of directors of RFL as required to be maintained in terms of section 193 of the Companies

Act 1956 and section 118 of Companies Act, 2013, for the period from financial year 2009-10 till January 04, 2019. The said summons was duly served upon Noticee 1. SEBI observed that Noticee 1 did not reply to the summons ever after two reminders dated January 09 and 18, 2019.

b) Thereafter, another summons dated April 01, 2019 was issued to Noticee 1 and sent to the registered office address (as available in MCA website) of Noticee 1 i.e. RFL International Limited, 304, Akruti Complex, Near Stadium, Six cross Road circle, Navrangpura, Ahmedabad, Gujarat-380009 and also at the corporate address (as provided to SEBI by RFL vide mail dated 25/10/2018) i.e. RFL International Limited Room No. 21, Old shanti nagar, Opp. Jain Temple, Chamunda Circle, Borivali-west, Mumbai-400092. The aforesaid summons was issued referring to the earlier summons dated January 04, 2019 as well as asking for following additional queries as under:-

- Confirm whether any shares were issued by RFL International Limited (hereinafter also referred to RFL and/or the company) on April 21, 2011. If yes, provide specific details relating to the shares issued by the company if any, on April 21, 2011.
- Provide complete details in respect of any share certificate(s) dated April 21, 2011, issued by RFL, if any along with copies of all such share certificates.
- Provide the capital buildup (i.e. Equity shares capital history) of RFL International Limited (RFL) since inception to till date as per the format below:

**Table-1**

<table>
<tr><th rowspan="2">Date</th><th rowspan="2">Nature of Event (Say Allotment / Buyback / Subdivision of Shares etc.)</th><th colspan="3">Details of allotment/buyback/sub-division</th><th rowspan="2">Total issued capital before the event (number of shares)</th><th rowspan="2">Total issued capital after the event number of shares)</th></tr>
<tr><th>Number of shares</th><th>Price</th><th>Number of allottees/ shareholders</th></tr>
<tr><td></td><td></td><td colspan="3"></td><td></td><td></td></tr>
</table>

c) Subsequently, two reminder letters dated April 10, 2019 and April 23, 2019 were issued to Noticee 1 and sent to the aforesaid addresses of Noticee 1. Further, it was observed that summons dated 01/04/2019 and reminder letters dated 10/04/2019 and 23/04/2019 addressed to corporate address were also served upon Noticee 1.

d) SEBI observed that in absence of any reply from Noticee 1, the extent of the issue of shares by the company could not be established and the investigation only relied upon the information gathered from the other sources and hence the exact number of shares allotted and the number of allottees are not known. SEBI further observed that failure to reply to the summonses dated January 04, 2019 and April 01, 2019 by the company has hindered the investigation.

e) In view of the fact that Noticee 1 did not reply to the summonses dated January 04, 2019 and April 01, 2019 and failed to furnish the documents/ information to IA as required under Sections 11C(2) and 11C(3) of SEBI Act., it is alleged that Noticee 1 violated Sections 11C(2) and 11C(3) of SEBI Act.

**Violation of Listing Agreement, LODR Regulations and SCRA by the Noticee 1**

f) SEBI observed that three share certificates were issued by Noticee 1 in the names of Mrs. Tasneem Iqbal Syed for 100000 equity shares, Subhash Tikamdas Mithawala for 75000 equity shares and Jignasa Subhash Mithawalla for 75000 equity shares of face value of Rs.10/- each. It was stated in the share certificates that the shares are not to be sold/transferred/ hypothecated until April 20, 2012.

g) In this respect, SEBI sought for information from BSE to which BSE furnished its reply vide its emails dated 10/08/2017 and 31/08/2017. From the aforesaid BSE replies, SEBI observed the following:-

    i) Noticee 1 did not make any application to the exchange for allotment of shares on preferential basis during April 2011. The only application made by Noticee 1 during 2011-12 was for in-principal approval of 80 lakh equity shares on preferential basis on October 28, 2011. BSE, vide its letter dated January 13, 2012, had granted in-principle approval for issue of 76,60,000 equity shares on preferential basis. The list of 49 allottees for the aforesaid preferential allotment is enclosed at annexure to the SCN.

    ii) However, Noticee 1 had neither approached exchange for listing nor provided any information with regard to making allotment of the aforesaid shares.

h) SEBI observed from list of 49 allottees of proposed preferential allotment that names of entities viz. Jignsasa Subhash Mithawalla, Subhash Tikamdas

Mithawalla, Mrs. Tasneem Iqbal Syed and Santlal Jaiswal were appearing in the list of the proposed 49 allottees of the preferential allottees. Therefore, SEBI issued letters to all the 49 allottees whose names were appearing in the proposed list of allottees. Out of these, seven entities inter-alia replied to SEBI.

i) In this regard, the aforesaid entities viz. Mrs. Tasneem Iqbal Syed, Subhash Tikamdas Mithawala, Jignasa Subhash Mithawalla and Santlal Jaiswal in their reply to SEBI's queries, inter-alia informed vide their letters dated 10/10/2018, 02/10/2018, 02/10/2018 and 15/10/2018 respectively, as under-

   a) These entities came to know about the proposed issue of RFL from their friend circle/ share market consultant;

   b) They had applied for the preferential allotment;

   c) They had made payments to the company for the same.

j) The details of such payments, as observed from the bank statements of the aforesaid four entities as well as that of RFL, are as under:

**Table-2**

| Name of the entity | Bank account number and Bank name | Amount (in Rs.) | Date on which amount debited | Date on which amount credited to RFL | Account number and Bank Name, to which funds were credited |
|---|---|---|---|---|---|
| Mrs. Tasneem Iqbal Syed | 2677101004261 (Canara Bank) | 10,00,000 | 28/01/2011 | 28/01/2011 | 003010200073130 (Axis bank) |
| Subhash Tikamdas Mithawala | SB/15008 (The Kapol Co-operative Bank) | 7,50,000 | 24/02/2011 | 24/02/2011 | |
| Jignasa Subhash Mithawalla | SB/15007(The Kapol Co-operative Bank | 7,50,000 | 24/02/2011 | 24/02/2011 | |
| Santlal Jaiswal | 101/1902 (Bharat Cooperative Bank (Mumbai) Ltd) | 11, 50,000 | 08/02/2011 | 08/02/2011 | |

k) SEBI observed from the bank account statements of aforesaid entities that counter party of the above fund transactions mentioned in Table - 2 of Mrs. Tasneem Iqbal Syed, Subhash Tikamdas Mithawala, Jignasa Subhash Mithawalla and Santlal Jaiswal was Noticee 1 and the amounts were credited to the Axis Bank Account No. 003010200073130 pertaining to Noticee 1.

SEBI also observed that the amounts paid by the allottees matched with the amounts payable by them in terms of the allotted shares to each of them respectively (i.e. number of shares multiplied by Rs. 10/-). In view of the same, SEBI observed that aforesaid four entities made payments (as enumerated above) to Noticee 1 with the intention of getting allotment of equity shares in the company. In return, Noticee 1 issued equity shares to the abovementioned entities vide share certificates dated April 21, 2011.

l) In view of the above, it is alleged that Noticee 1 had issued shares through share certificate dated April 21, 2011 to Jignsasa Subhash Mithawalla, Subhash Tikamdas Mithawalla, Mrs. Tasaneemiqbal Syed and Santlal Jaiswal.

m) With regard to issue of share certificates dated April 21, 2011, SEBI sought the details about the corporate officer address, name and phone number of the compliance officer, company secretary and directors etc from Noticee 1. In this regard, Noticee 1 forwarded scanned copy of a letter from the mail id rflltd109@gmail.com dated 25/10/2018, regarding compliance officer name, phone number, corporate office address and name and addresses of the directors. Further, vide letter dated October 25, 2018 by SEBI, Noticee 1 was asked to provide the "copies of the Minutes Book in respect of the proceedings of every meeting of Board of director of RFL international limited for the period relating to financial year 2009-10, 2010-11, 2011-2012 and 2012-13, as required to be maintained in terms of sec 193 of the Companies Act, 1956". However, Noticee 1 failed to furnish requested information.

n) With regard to issue of share certificates dated April 21, 2011 by Noticee 1, SEBI sought clarification from Purva Share Registry Pvt. Ltd., the Registrar to Share transfer Agent of Noticee 1 (herein after referred to as '**RTA**') who informed SEBI vide (Annexure - VIII) letter dated 22/03/2019 that there was no change in total shareholding of RFL since 04/01/2010 and it was not aware of any preferential allotment of 80 lakhs shares by RFL.

o) SEBI also sought clarification from the depositories, National Securities Depository Limited (Herein after referred to as '**NSDL**') and Central Depositories Services Limited (Herein after referred to as '**CDSL**') in this regard. NSDL vide its mail dated 07/03/2019 replied that "RFL International Limited (RFL) had not executed any corporate action for crediting additional issue of equity shares/further issue of equity shares during the period January 01, 2010 to March 2019. Further we wish to inform SEBI that RFL had consolidated its face value from Rs. 2 to Rs. 10 … on January 5, 2010”. CDSL vide its mail dated 13/03/2019 replied that paid-up capital of RFL was 5085500.

p) On perusal of their replies, SEBI observed that there was no further increase in the share capital of the RFL since January 2010. Vide e-mail dated 08/03/2019, both the NSDL and CDSL were asked to provide the provide all the Distinctive Numbers (i.e. physical Shares as well as dematerialized shares) of Noticee 1. In response to the same vide 11/03/2019, NSDL and CDSL submitted the details of the distinctive numbers (both Physical and dematerialized) of equity shares of RFL as maintained with them. From their reply, it was observed that the distinctive numbers of the share certificate issued by RFL on April 21, 2011 were not appearing in the list of distinctive numbers submitted by NSDL and CDSL.

q) Therefore, it was observed that Noticee 1 had not informed BSE about the issue of shares through share certificate dated April 21, 2011 and had not complied with provisions of listing conditions and delivered securities where no trading permission had been given by the recognized stock exchange, i.e., BSE. Therefore, it is alleged that Noticee 1 had not complied with clause 22, 24(a) and clause 30(b) of the listing agreement read with regulation 103 of the LODR Regulations.

**Violation of PFUTP Regulations by the Noticees**

r) Further, it was observed that there was no increase in the share capital in the books of Noticee 1 subsequent to the issue of the share certificates on April 21, 2011. It was also observed that Noticee 1 did not attempt to list those newly issued shares. In view of the foregoing, it is alleged that Noticee 1 had issued share certificates dated April 21, 2011 to certain entities without any regulatory compliance and thereby, defrauded them.

s) Further, SEBI observed from the Annual report of RFL for the financial years 2010-11 and 2011-12 that Noticee 2 was the Chairman as well as the compliance officer of Noticee 1. SEBI also observed from the Know Your Client documents of Axis Bank Account No 003010200073130 of RFL that Noticee 2 was the authorized signatory and he was involved in the day-to-day transactions of RFL.

t) Therefore, it is alleged that Noticee 2, as the Managing director/Chairman/ compliance officer of Noticee 1, was responsible for issuance of share certificates RFL dated April 21, 2011 to certain entities without any regulatory compliance. In view of the above, it is alleged that Noticees 1 and 2 had violated Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) & 4(1) of PFUTP Regulations.

6. The SCN sent to Notice 1 at the following address - *304, Akruti Complex, Near stadium Six Road Circle, Navrangpura, Ahmedabad-380009*, through Speed Post with Acknowledgement Due (**SPAD**) returned undelivered. The SCN along with its annexures were sent to Noticee 2 through digitally signed email dated August 06, 2021 at the email id – rflltd109@gmail.com and the said email did not bounce back. However, no reply was received from Noticee 1. Thereafter, vide letter dated September 30, 2021, the SCN along with its annexures were once again sent to Noticee 1 through Hand Delivery via SEBI's Western Regional Office at Ahmedabad. However, the SCN could not be delivered to Noticee 1 as the premises were occupied by some other entity. Further, affixture of the SCN could not be carried out at the said address. The details of Noticee 1's address was sought from the stock broker / depository participant – Inventure Growth & Securities Ltd. Vide email dated October 29, 2021, pursuant to which Inventure Growth & Securities Ltd provided the address of Noticee 1 as per their records. However, it was observed that the said address was same as the one already available on record with SEBI. Accordingly, the SCN was served on Noticee 1 through newspaper publication dated April 06, 2022 in the national and regional newspapers (Times of India, Gujarat Vaibhav and Gujarat Samachar). Vide the said publication, Noticee 1 was advised to submit its reply to the SCN within 14 days from the date of the publication of the notice. Further, vide the said publication, Noticee 1 was granted an opportunity of personal hearing in the matter on April 28, 2022. However, neither did Noticee 1 submit any reply nor did it appear for the hearing.

7. I note that Noticee 1 has not submitted its reply on merits nor has availed the opportunity of personal hearing provided to it. Considering the above, I am of the view that that Noticee 1 has nothing to submit and in terms of Rule 4(7) of the SEBI Adjudication Rules and Rule 4(7) of SCRA Adjudication Rules, the matter can be proceeded ex-parte on the basis of material available on record. In absence of any response from the Noticee 1 to the SCN, I presume that that they have admitted the charges levelled against them. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (**SAT**) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, held that,

*"......the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".*

8. Further, the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, held that:

   *"...appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*

9. Further, the same position is reiterated by the Hon'ble SAT in the matter of *Dave Harihar Kirtibhai Vs SEBI* (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT held as under:

   *"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."*

10. In view of the aforesaid judgement of the Hon'ble SAT, I find no reason to take a different view and therefore, I deem it appropriate to proceed against Noticee 1 ex-parte, based on the material available on record.

11. The SCN sent to Notice 2 at the following address - *B-9, Pratik Tower, Jintan Road, Surendra Nagar, Baroda, Gujarat 363002*, through SPAD returned undelivered. The SCN along with its annexures were sent to Noticee 2 through digitally signed email dated August 06, 2021 at the email id – rflltd109@gmail.com and the said email did not bounce back. However, no reply was received from Noticee 2. Thereafter, vide letter dated September 30, 2021, the SCN along with its annexures were once again sent to Noticee 2 through Hand Delivery via SEBI's Western Regional Office. The SCN was served on Noticee 2 through affixture at Noticee 2's above mentioned address. Report of affixture is available

on record. However, no reply was received from Noticee 2. Vide Hearing Notice dated May 24, 2022, Noticee 2 was granted an opportunity of personal hearing on June 10, 2022. The said Hearing Notice was affixed at the address of Noticee 2. Vide letter dated June 09, 2022, Noticee 2 stated that his new address is , 24, Gynamandir Society, Opp. Navkar Jain Temple, B/h, Telephone Exchange, Vasna, Ahmedabad- 380007. Further, Noticee 2 requested a copy of SCN and annexures to be sent at his aforesaid address and requested for adjournment of hearing. Vide letter as well as email dated June 13, 2022, requisite information, as requested by Noticee 2, was provided to him.

12. I note that Noticee 2 had sought inspection of documents vide his letter dated June 15, 2022 and also submitted preliminary reply to SCN. The preliminary reply submitted by Noticee 2 is summarized as under:

a. Noticee has denied the allegation;
b. He has been falsely portrayed as director and compliance officer of the company during the investigation period;
c. In the year 2017 he had received a call from SEBI w.r.t. complaint of Mr. CA Dinesh Bang and clarification was sought from him. Based on his research on the subject matter, he found that his name was falsely and erroneously used a director of RFL and one another company. His name was fraudulently used by Narendra Shah , his son Abhishek Shah and his group;.
d. There has been a inordinate delay of more than 10 years from the date of investigation period. Noticee has placed reliance on the judgement of Hon'ble SAT dated August 22, 2019, in the matter of Ashok Shivlal Rupani & Anr. v/s. SEBI( Appeal No. 417 of 2018), Mr. Rakesh Kathotia v/s. SEBI( Appeal No. 07 of 2016, SAT order dated May 27, 2019), HB Stock Holdings( SAT appeal no. 114 of 2012) etc. and Hon'ble Supreme Court judgement in the matter of State of Gujarat v/s. Patel Raghav Natha( AIR 1969 SC1297); and
e. Noticee requested for opportunity to cross examine Mr. Narendra Shah.

13. The request regarding inspection of documents was acceded to and an opportunity of inspection of documents in the present matter was granted. The authorized representative of Noticee 2 conducted inspection of documents on July 08, 2022. The description of documents requested by Noticee 2 and inspected by him are as follows –

| Sl. | Documents Sought | Remarks |
|---|---|---|
| 1. | 1. Copy of complete investigation report along-with all the Annexures appended thereto. | 1. Relevant portion Investigation Report (IR) of SEBI provided. (redacted w.r.t third party information) and annexures provided.<br>Annexures 1, 3 to 16 of IR provided. |
| | 2. Copy of share certificate dated 21.04.2011 received from various entities. | 2. Copy of share certificates provided. (Annexure 3 to IR) |

| Sl. | Documents Sought | Remarks |
|---|---|---|
| | 3. Details of investigation conducted by SEBI into another matter. | 3. Details mentioned in the IR. |
| 2. | Kindly provide me the list of 49 allottees that were issued shares on preferential basis. On perusal of Annexure — 7 of the SCN it is submitted that the details provided are only in respect of 30 allottees. (Ref. Para 6.2 (i) on Page No. 5 of SCN a/ w Annexure — 7 of the SCN) | List provided. (Annexure 6 to IR) |
| 3. | Under Para 6.3 (Page No. 5) of the SCN; it is mentioned that SEBI had issued letters to all 49 allottees of preferential allotment whose name was appearing in the proposed list of allottees and SEBI had received replies in respect of 7 entities. Please provide the replies received from the 7 entities. (Ref. Para 6.3, Last Line on Page No. 5 of the SCN) | 7 replies provided. (Annexure 4 to IR) |
| 4. | Copy of Email dated 25.10.2018 from Noticee No. 1 viz. RFL to SEBI (Ref. para 6.10 on Page No. 7 and 8 of SCN) | Provided in Annexure 11 to IR. |
| 5. | Copy of Letter dated 25.10.2018 from SEBI to Noticee No. 1 viz. RFL (Ref. para 6.10 on Page No. 7 and 8 of SCN) | Provided in Annexure 11 to IR. |
| 6. | Know Your Client ("KYC") documents Axis Bank Account No. 003010200073130 (Ref. para 7.2 on Page No. 9 of SCN) | Provided. |
| 7. | Kindly provide me the details and documents in possession with SEBI showing and establishing that I was director of RFL | Details and documents provided in IR and SCN and their annexures. |
| 8. | Copy of communications exchanged with Narendra Shah and RFL (communications like summons issued & their replies, clarifications sought & their replies, statements recorded etc.) | Copy of communications provided in annexures to IR and SCN. |
| 9. | Copy of any Letter/ Report communicated to SEBI by MCA or ROC on the caption subject matter. | No such documents as per available record. |
| 10. | Copy of statement of any person recorded by SEBI during course of investigation conducted by SEBI in captioned matter. | No statement as per available records. |
| 11. | Details of complaint(s) received by SEBI and stock exchange with respect to RFL | ~~No such details.~~ Details in the IR and SCN may be perused. |
| 12. | Any other and additional documents referred to and relied upon by SEBI on subject matter of present proceedings. | All relevant documents and information already provided. |

14. Pursuant to completion of inspection of documents on July 08, 2022, Noticee 2 was granted an opportunity to submit his reply to the SCN within 14 days. Vide letter dated July 19, 2022, Noticee submitted his reply to the SCN, and the main contentions made therein are summarized as follows -

*i.* *On perusal of the said SCN, I understand that it has been issued to me since I have been falsely designated as Managing Director/ Chairman and Compliance Officer of RFL during the relevant period. The allegation against me pertains to the fact that I being the Managing Director/ Chairman and Compliance Officer of RFL was responsible for issuance of share certificate of RFL dated 21.04.2011 to certain entities without any regulatory compliance.*

*ii.* *I was never a Managing Director/ Chairman and/ or Compliance Officer of RFL and have been falsely and erroneously shown as Managing Director / Chairman and/or Compliance Officer in the said company.*

*iii.* *On the basis of my research on the subject matter, I understand that one Mr. Narendra Shah ("Narendra") his son Abhishek Shah & his group has fraudulently used my name and signature.*

*iv.* *My signature on the financial statements of RFL has been forged.*

*v.* *The SCN is issued after a period of more than 10 years from the Investigation Period/ Period of issuance of shares. Hence, there is an inordinate delay w.r.t. the present proceedings initiated by SEBI. Reliance is placed on the following judgements of Hon'ble Supreme Court and SAT.*

*vi.* *Request for cross examination of Mr. Narendra Shah: I had requested for cross examination of Mr. Narendra Shah who is the person responsible for running RFL and will assist me to prove that none of the allegation alleged against me in the SCN are sustainable. However, no response is received from SEBI w.r.t. my request for cross exarnination of Mr. Narendra Shah.*

*vii.* *Reliance is placed on the judgements of Hon'ble SAT in the matter of Dilip S. Pendse vs. SEBI (Appeal No. 90 of 2007, Order dated 20.11.2008), Bharat Jayantilal Patel vs. SEBI & Anr. (Appeal No. 126 of 2010, Order dated 15.09.2010) and Rana Kapoor vs. SEBI (Appeal No. 669 of 2021, Order dated 25.03.2022).*

*viii.* *Mr. Narendra Shah is a habitual offender of fraudulently using names of other people as directors or statutory auditors for his companies.*

*ix.* *I humbly submit that somewhere in April/May 2017, I had received a call from SEBI in respect of complaint lodged by one CA Dinesh Bang alleging fraudulent use of his name as auditor by ACIL Cotton Industries Ltd. and RFL. In response to the said phone call, I had by my email dated 19.05.2017 addressed to SEBI, I submitted as under (Ref. Annexure — A, Page No. 10 to 17 of Preliminary Submission dated 15.06.2022):*

   *a.* *It was for the first time (on April/May 2017) that I came to know about the fraudulent use of my name as director in RFL.*

*b. Pertinently, I had inter alia clarified that the I am not aware about being appointed as the director or as a Non-executive director of RFL and the financial results for the period 2009 to 2012 which have seen submitted to BSE as per clause 41 of the Listing Agreement the ELA bearing my name and signature has been forged and hence such results should be considered false and fabricated.*

*c. I reiterate that on the basis of my research, I assume that it is Mr. Narendra Shah and other persons connected to him that have fraudulently used my name and signature. I humbly submit that I have known him for quite some years since he is a person who belongs to our Jain community.*

*d. On one of the ocassions, I had given my basic details i.e. identity and address proof to one of the office bearers of Mr. Narendra Shah for the purpose of booking my railway ticket. In fact, at the relevant time of SEBI's call, I checked the MCA website to see the details of my directorship and to my shock and surprise I found that my DIN is used for 12 companies including RFL. (Ref. Annexure 2 in Annexure A, Page No. 15 of Preliminary Submissions dated 15.06.2022).1 state that I am not aware such appointments nor I am connected to such companies. In fact, after several months, I again checkedfor details of my directorship and at that timemy name was removed from every company in which I was fraudulently showed as Director (Ref. Annexure 3 in Annexure A, Page No. 16 of Preliminary Submissions dated 15.06.2022).*

*e. I am also aware of the fact that there have been several complaints lodged by Mr. Krishna Somani, Director of Soham Securities Limited and Mr. Shirish Dalal, a Chartered Accountant against Mr. Narendra Shah for fraudulently using their names in his companies.*

*However, the aforesaid email and clarification provided by me has not even been referred and considered in the SCN / Investigation Report which has caused great prejudice to me.*

*x. On perusal of Annexure — VIII of the SCN w.r.t Letter of PurvaShare Registry (I) Pv.t Ltd ("Purva") dated 22.03.2019, addressed to SEBI in response to SEB1's queryw.r.t. details of persons of RFL that interact with them, Purva has submitted names of one Mr. Jagdish Jani and Narendra Shah. Pertinently, my name is not mentioned in the said letter.*

*xi. I humbly reiterate that I am unaware about the issuance of shares by RFL as I was not connected to RFL in any manner and my name has been used fraudulently. Be* *that as it may on perusal of share certificate of Ms. Jignasa Mithawalla, Mr. Subhash Mithawalla and Tasneem Syed (Annexure V of the SCN), I state that the signature in the certificate is of a director namely Hemant R Vora, one authorized signatory namely Mr. Nikhil and of another director. The name of the other director is not evident from the signature. However, I humbly submit that I have not signed on any documents in respect of RFL and my signature, if any has been forged.*

*xii. Reliance is placed on the Order dated 18.08.2017 passed by Ld. Adjudicating Officer, SEBI in respect of Shri Harish Nanndkishor Surekha.*

15. A personal hearing in respect of Noticee 2 was held on August 22, 2022, which was attended by the authorized representative (**AR**) of Noticee 2. During the hearing, the AR reiterated the earlier submissions made by Noticee 2 vide his replies dated June 15, 2022 and July 19, 2022. Further, the AR also highlighted their earlier request for cross examination of one Mr. Narendra Shah. In this regard, it was clarified by the undersigned to the AR that no statement of the said person had been recorded or relied upon in the present matter and accordingly, no cross examination was possible. Therefore, in light of the same, the request for cross examination was not pursued by the AR. Accordingly, the hearing proceedings were concluded and Noticee 2 sought no further hearing in the matter.

**CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS**

16. I have carefully examined the allegations made in the SCN, submissions made and the material available on record. The issues that arise for consideration in the present case are:

    I. (a) Whether Noticee 1 has violated the provisions of Sections 11C(2) and 11C(3) of SEBI Act?

    (b) Whether Noticee 1 has violated the provisions of clause 22, 24(a) and clause 30(b) of the Listing Agreement read with regulation 103 of the LODR Regulations?

    (c) Whether Noticee 1 and 2 have violated the provisions of Sections 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations?

    II. Do the violations, if established, attract monetary penalty under Section 15A(a) and 15HA of SEBI Act and Sections 23A(a), 23E and 23F of SCRA, as applicable?

III. If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in section 15J of the SEBI Act and Section 23J of SCRA?

17. Before I proceed with the matter, it is pertinent to mention the relevant legal provisions alleged to have been violated by the Noticees and the same is reproduced below:

***Relevant provisions of Listing Agreement:***

***Clause 22 of Listing Agreement***

*"The Company will, immediately after the meeting of its Board of Directors has been held to consider or decide the same, intimate to the Stock Exchanges where the Company is listed, (within 15 minutes of the closure of the board meeting) by phone, fax, telegram, email (cmlist@the Stock Exchange.co.in):*

*a. short particulars of any increase of capital whether by issue of bonus shares through capitalization, or by way of right shares to be offered to the shareholders or debenture holders, or in any other way;*

*b. short particulars of the reissues of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to ;*

*c. short particulars of any other alterations of capital, including calls;*

*d. any other information necessary to enable the holders of the listed securities of the Company to appraise its position and to avoid the establishment of a false market in such listed securities.*

***Clause 24(a) of the listing agreement***

*The Company agrees to disclose to the stock exchange in detail, regarding further issue of securities and to obtain "in-principle" approval for listing from the stock exchange where it is listed, before issuing such further shares or securities. The Company also agrees to make an application to the Stock Exchange for the listing of any new issue of shares or securities and of the provisional documents relating thereto.*

***Clause 30(b) of the listing agreement***

*"The Company shall display the following on its website and forward a copy of the following, to the Stock Exchange, promptly and without application:-*
*(a)-------*
*(b) all notices, resolutions and circulars relating to new issue of capital prior to their dispatch to the shareholders;"*

***Relevant provisions of LODR Regulation:***

***Repeal and Savings***

***103.*** *(1) On and from the commencement of these regulations, all circulars stipulating or modifying the provisions of the listing agreements including those specified in Schedule X, shall stand rescinded.*
*(2) Notwithstanding such rescission, anything done or any action taken or purported to have been done or taken including any enquiry or investigation commenced or show cause notice issued in respect of the circulars specified in sub-regulation (1) or the Listing Agreements, entered into between stock exchange(s) and listed entity, in force prior to the commencement of these regulations, shall be deemed to have been done or taken under the corresponding provisions of these regulations.*

***Relevant provisions of PFUTP Regulation:***

*3. Prohibition of certain dealings in securities No person shall directly or indirectly—*

*(a) buy, sell or otherwise deal in securities in a fraudulent manner;*

*(b)use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*

*(c)employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*

*(d)engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized*

*stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

*4. Prohibition of manipulative, fraudulent and unfair trade practices*

*(1)Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

***SEBI Act:***

***"Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.***

*12A. No person shall directly or indirectly –*

*(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

*(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*

*(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"*

***11C. (1)…………***

***(2)** Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.*

***(3)** The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any* *person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

18. Before proceeding further, I note that Noticee 2 has raised a preliminary objection regarding delay in issuance of SCN in the matter. Noticee 2 has contended that the SCN has been issued after a period of more than 10 years from the Investigation Period and the period of issuance of shares, and there is an inordinate delay w.r.t. the present proceedings initiated by SEBI. In this regard, I note from the material available on record that investigation in the present matter was initiated in the month of November 2017. During the course of investigation, SEBI had gathered information *inter-alia*, from BSE, company, Registrar and Share transfer agent, preferential allottees, Depositories, banks, directors of company etc. During the course of investigation, SEBI had also issued summons to the company and reminders letters to the company .After the fact finding, investigation was completed in the month of February 2021. After completion of investigation, undersigned was appointed as Adjudicating Officer (AO) vide SEBI's order dated March 04, 2021.Subsequent to appointment of undersigned as AO, certain clarification was sought from SEBI. Accordingly, revised investigation report and revised appointment order was received on August 03, 2021 and the SCN was issued on August 05, 2021. Thus, I note that there has been no delay in issuance of SCN. After issuance of SCN, adequate opportunities were granted to Noticees1 and 2 to represent their case and opportunities of personal hearing were also granted to Noticees 1 and 2. I note that Noticee 2 vide his letter dated June 09, 2022, requested a copy of SCN and requested adjournment of personal hearing granted on June 10, 2022. Copy of SCN was provided to Noticee 2 on June 13, 2022. Noticee2 was provided relevant Annexures of SCN such as copies of summons and reminder letters issued to company along with acknowledge slip, email dated October 25, 2018 received from Noticee 1, email received from BSE , reply of NSDL and CDSL, Annual Report of company for the year 2010-11 and 2011-12, reply of RTA dated March 25, 2019 etc. I note that Noticee 2 filed reply along with certain documentary proof with regard to the allegations levelled against them in the SCN. Thus, looking at the material available at the disposal of the Noticee 2 , I find that Noticee 2 has been provided with all the material that would have been abundantly adequate to facilitate recollection of events or collection of relevant data and thereby enabling them to form a definite defense to the charges in the SCN, which Noticee 2 have provided through their individual replies/ submissions.

19. Further, I would like to rely upon the judgement of Hon'ble SAT in the case of *Ravi Mohan & Ors. vs. SEBI* (SAT Appeal No. 97 of 2014, DoD 16/12/2015) wherein it was held that : - *"...................Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no.114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice................."*

20. As noted above, in his reply, Noticee 2 has requested for cross examination of one Mr. Narendra Shah about who he has stated as, " *I understand that one Mr. Narendra Shah (Narendra) his son Abhishek Shah & his group has fraudulently used my name and signature."* . In this regard, I note that no statement of the said person has been recorded or relied upon in the present matter and so no cross examination was possible. Noticee 2 has placed reliance on the judgements of Hon'ble SAT in the matters of *Dilip S. Pendse vs. SEBI* (Appeal No. 90 of 2007, Order dated 20.11.2008), *Bharat Jayantilal Patel vs. SEBI & Anr.* (Appeal No. 126 of 2010, Order dated 15.09.2010) and *Rana Kapoor vs. SEBI* (Appeal No. 669 of 2021, Order dated 25.03.2022) and has stated that he be allowed cross examination. However, I note the present case can be distinguished from the aforesaid matters on the grounds that no statement of the person, whom Noticee 2 wants to cross examine, has been recorded or relied upon in the matter. Hence, in such a scenario, the request of Noticee 2 for cross examination cannot be accepted. The same was clarified to Noticee 2 vide email dated July 27, 2022, and also during the course of personal hearing held on August 22, 2022 and Noticee 2 did not seek to pursue the matter further.

21. Having dealt with the preliminary issue raised by the Noticees, I now proceed to deal with the matter on merits.

***Issue I)*** **(a) Whether Noticee 1 has violated the provisions of Sections 11C (2) and 11C (3) of SEBI Act?**

22. I note that during the course of investigation by SEBI, a summons dated January 04, 2019 was issued to Noticee 1 by the Investigating Authority (hereinafter referred to as '**IA**'). Vide the aforesaid summons, Noticee 1 was asked to provide certified copies of the minutes book in respect of the proceedings of every meeting of the Board of directors of RFL as required to be maintained in terms of section 193 of the Companies Act, 1956 and section 118 of Companies Act, 2013, for the period from Financial year ended March 31, 2010 till January 04, 2019. The said summons was duly served upon Noticee 1. Thereafter, two reminders dated January 09, 2019 and January 18, 2019 regarding the above summons dated January 04, 2019 were also issued to the Noticee 1 which were also duly served. It is noted that Noticee 1 did not file any reply to the above summons.

23. I note that, subsequently, IA issued another summons dated April 01, 2019 to Noticee 1. The said summons was sent to the following 2 addresses of Noticee 1: (i) registered office address (as available in MCA website) of Noticee 1 i.e. 304, Akruti Complex, Near Stadium, Six cross Road circle, Navrangpura, Ahmedabad, Gujarat-380009, and (ii) corporate address (as provided to SEBI by RFL vide mail dated 25/10/2018) i.e. Room No. 21, Old shanti Nagar, Opp. Jain Temple, Chamunda Circle, Borivali-west, Mumbai-400092. I note that the summons dated April 01, 2019 made a reference to the earlier summons dated January 04, 2019 and the information sought through it. Further, the summons dated April 01, 2019 also had the following additional queries –

- Confirm whether any shares were issued by RFL International Limited (hereinafter also referred to RFL and/or the company) on April 21, 2011. If yes, provide specific details relating to the shares issued by the company if any, on April 21, 2011.
- Provide complete details in respect of any share certificate(s) dated April 21, 2011, issued by RFL, if any along with copies of all such share certificates.
- Provide the capital buildup (i.e. Equity shares capital history) of RFL International Limited (RFL) since inception to till date as per the format below:

| *Date* | *Nature of Event (Say Allotment / Buyback / Subdivision of Shares etc.)* | *Details of allotment/buyback/sub-division* | | | *Total issued capital before the event (number of shares)* | *Total issued capital after the event number of shares)* |
|---|---|---|---|---|---|---|
| | | *Number of shares* | *Price* | *Number of allottees/ shareholders* | | |
| | | | | | | |

24. Subsequently, two reminder letters dated April 10, 2019 and April 23, 2019 were issued to Notice 1 and sent to the aforesaid addresses of Noticee 1. I note that summons dated April 01, 2019 and the aforesaid two reminder letters were duly served on the Noticee 1. However, no reply was furnished by Noticee 1 to the IA.

25. I note that in absence of any reply from Noticee 1, the extent of the issue of shares through preferential allotment by the company could not be established by SEBI and the investigation only relied upon the information gathered from the other sources and hence the exact number of shares allotted and the number of allottees were not known. I note that failure to reply to the summons dated January 04, 2019 and April 01, 2019 by Noticee 1 has hindered the investigation of SEBI. The facts regarding the non-furnishing of information sought in the summons issued by the IA has not been refuted by Noticee 1. In view of the above, I conclude that the allegation levelled against Noticee 1 that it has violated Sections 11C (2) and 11C (3) of SEBI Act stands established.

***Issue I)** (b) Whether Noticee 1 has violated the provisions of clause 22, clause 24(a) and clause 30(b) of the Listing Agreement read with Regulation 103 of the LODR Regulations?*
***and***
***(c) Whether Noticees 1 and 2 have violated the provisions of Sections 12A (a), (b), (c) of SEBI Act, read with Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations?***

26. I note from the letter dated March 21, 2011 of Noticee 1 issued to one of the allottees that Noticee 1 had issued share certificates (3 nos.) dated April 21, 2011 in the names of Mrs. Tasneem Iqbal Syed for 1,00,000 equity shares, Subhash Tikamdas Mithawala for 75,000 equity shares and Jignasa Subhash Mithawalla for 75,000 equity shares of face value of Rs.10/- each. On perusal of the said certificates, I note that it was stated therein that the shares are not to be sold/transferred/hypothecated until April 20, 2012. Further, I note that regarding the aforesaid share certificates, SEBI had sought for information from BSE to which BSE furnished its reply vide its emails dated 10/08/2017 and 31/08/2017. From the said BSE replies, I note the following: -

    i. Noticee 1 did not make any application to the BSE Ltd. (**BSE/ Exchange**) for allotment of shares on preferential basis during April 2011. The only application made by Noticee 1 during 2011-12 was for in-principal approval of 80 lakh equity shares to be issued on preferential basis on October 28, 2011. The list of 49 allottees for the aforesaid preferential allotment as per the Board Resolution dated September 29, 2011 passed by RFL are as follows –

| Sr. No. | Name of the proposed allottees | Category | No. of the shares |
|---|---|---|---|
| 1. | Sunish B. Bhel | Non promoter | 1,90,000 |
| 2. | Kavita Sunish Bhel | Non promoter | 3,40,000 |
| 3. | Mrs. Tasneem Iqbal Syed | Non promoter | 1,00,000 |
| 4. | Krishna Manish Dawda | Non promoter | 1,15,000 |
| 5. | Subhash Tikamdas Mithawalla | Non promoter | 75,000 |
| 6. | Jignasa Subhash mithawalla | Non promoter | 75,000 |
| 7. | Prem Aggarwal | Non promoter | 1,15,000 |
| 8. | Santlal Jaiswal | Non promoter | 1,15,000 |
| 9. | Dinesh Jaiswal | Non promoter | 1,15,000 |
| 10. | Sunita Dinesh Jaiswal | Non promoter | 1,15,000 |
| 11. | Virendra Shah | Non promoter | 1,50,000 |
| 12. | Kiran Shah | Non promoter | 1,50,000 |
| 13. | Nikee Virji Gala | Non promoter | 1,50,000 |
| 14. | Manjula Virji Gala | Non promoter | 1,50,000 |
| 15. | Minakshi Vinod Gupta | Non promoter | 1,50,000 |
| 16. | Pragji J Katira | Non promoter | 1,50,000 |
| 17. | Nawal Kishore | Non promoter | 1,50,000 |
| 18. | Nagji Keshavji Rita | Non promoter | 3,90,000 |
| 19. | Jayshree Nagji Rita | Non promoter | 3,70,000 |
| 20. | Vaibhav Nagji Rita | Non promoter | 2,90,000 |
| 21. | Nagji Keshavji Rita-HUF | Non promoter | 3,50,000 |
| 22. | Deepaben Trabakbhai Makwana | Non promoter | 1,50,000 |
| 23. | Chamaben Devjibhai Makwana | Non promoter | 1,50,000 |
| 24. | Mrs. Bhavani Bharatbhai Dangar | Non promoter | 1,00,000 |
| 25. | Mithalal Manoharlal Sahlot | Non promoter | 3,00,000 |
| 26. | Rajiv Shrikrishna Gandora | Non promoter | 1,00,000 |
| 27. | Geeta Gandotra | Non promoter | 1,00,000 |
| 28. | Shri Krishna Gandora | Non promoter | 1,00,000 |
| 29. | Vimal Vinod Joshi | Non promoter | 1,00,000 |
| 30. | Pranav Vinod Joshi | Non promoter | 1,00,000 |
| 31. | Jayesh Niranjan Kothari | Non promoter | 1,00,000 |
| 32. | Aditi Abhijeet rane | Non promoter | 1,00,000 |
| 33. | Abhijeet Balwant Rane | Non promoter | 1,00,000 |
| 34. | Ranjitha Shankar | Non promoter | 3,00,000 |
| 35. | Rahul Chandramohan Mahlhotra | Non promoter | 1,00,000 |
| 36. | Ashwini Minda | Non promoter | 2,00,000 |
| 37. | Vandana Minda | Non promoter | 2,00,000 |
| 38. | Anirudh Minda | Non promoter | 2,00,000 |
| 39. | Poonam Premsagar Pasricha | Non promoter | 50,000 |
| 40. | Premsagar Labhram Pasricha | Non promoter | 50,000 |
| 41. | M. V. R.S Prasad | Non promoter | 3,00,000 |
| 42. | N. Satyanarayana | Non promoter | 1,50,000 |
| 43. | Ravi Sancheti HUF | Non promoter | 2,00,000 |
| 44. | Pinkesh U Shah HUF | Non promoter | 1,00,000 |
| 45. | Uttamlal Jaychandbhai Shah HUF | Non promoter | 1,00,000 |
| 46. | Kamlaben U Morakhiya | Non promoter | 1,00,000 |
| 47. | Tanvi Rajnikant Patel | Non promoter | 2,50,000 |
| 48. | Varsha Sandip Patel | Non promoter | 2,50,000 |
| 49. | Universal Credit & Securities Ltd | Non promoter | 1,45,000 |
| | **Total** | | **80,00,000** |

ii. BSE, vide its letter dated January 13, 2012, had granted in-principle approval for issue of 76,60,000 equity shares on preferential basis.

iii. However, Noticee 1 had neither approached exchange for listing nor provided any information with regard to making allotment of the aforesaid shares.

27. I note that investigation had perused the list of 49 allottees of proposed preferential allotment and observed that the names of the aforesaid three entities viz. Jignsasa Subhash Mithawalla, Subhash Tikamdas Mithawalla, and Tasneem Iqbal Syed were appearing in the list of the 49 allottees of the proposed preferential allotment. Therefore, SEBI had issued letters to all the 49 allottees, whose names were appearing in the proposed list of allottees, seeking information regarding their application for the preferential allotment. Out of these, seven entities replied to SEBI.

28. In this regard, I note that the following entities, viz. Tasneem Iqbal Syed, Subhash Tikamdas Mithawala, Jignasa Subhash Mithawalla and Santlal Jaiswal, vide their letters dated October 10, 2018, 1October 02, 2018, October 02, 2018 and October 15, 2018 respectively in reply to SEBI's queries, *inter-alia* informed, as under-

a) *These entities came to know about the proposed issue of RFL from their friend circle/ share market consultant;*

b) *They had applied for the preferential allotment;*

c) *They had made payments to the company for the same.*

29. I have perused the bank statements of Tasneem Iqbal Syed, Subhash Tikamdas Mithawala, Jignasa Subhash Mithawalla and Santlal Jaiswal and RFL placed on record. On perusal of the bank statement, I note that said entities had made payment to Noticee 1 and it was credited to Noticee 1 Bank account No. 003010200073130 maintained with Axis Bank. The payments made by aforesaid entities are as under:-

| Name | Bank account number and Bank name | Amount (in Rs.) | Date on which amount debited | Date on which amount credited to RFL | Account number and Bank Name, to which funds were credited |
|---|---|---|---|---|---|
| Tasneem Iqbal Syed | 2677101004261 (Canara Bank) | 10,00,000 | 28/01/2011 | 28/01/2011 | 003010200073130 (Axis bank) |
| Subhash Tikamdas Mithawala | SB/15008 (The Kapol Co-operative Bank) | 7,50,000 | 24/02/2011 | 24/02/2011 | |
| Jignasa Subhash Mithawalla | SB/15007(The Kapol Co-operative Bank | 7,50,000 | 24/02/2011 | 24/02/2011 | |

| Name | Bank account number and Bank name | Amount (in Rs.) | Date on which amount debited | Date on which amount credited to RFL | Account number and Bank Name, to which funds were credited |
|---|---|---|---|---|---|
| Santlal Jaiswal | 101/1902 (Bharat Cooperative Bank (Mumbai) Ltd) | 11,50,000 | 08/02/2011 | 08/02/2011 | |

30. From the bank account statements of aforesaid entities, I ~~also~~ observe that the counterparty of their above fund transactions was Noticee 1 and the amounts were credited to the Axis Bank Account No. 003010200073130 belonging to Noticee 1. Further, the amounts paid by the allottees (aforesaid entities) matched with the amounts payable by them in terms of the allotted shares to each of them respectively (i.e. number of shares multiplied by Rs. 10/-). Therefore it is clear that aforesaid four entities made payments (as enumerated above) to Noticee 1 with the intention of getting allotment of equity shares in the company.

31. Further, available records show that 3 of the aforesaid entities, namely, Tasneem Iqbal Syed, Subhash Tikamdas Mithawala, and Jignasa Subhash Mithawalla, had submitted copies of share certificates allotted to them in the impugned preferential allotment to SEBI during investigation. The distinctive numbers of the aforesaid share certificates are given below:-

| Sr. No. | Name of allottee | Folio Number | Share certificate no. | Distinctive number | |
|---|---|---|---|---|---|
| | | | | From | To |
| 1 | Jignasa Subhash Mithawalla | PRFJ01 | 71002 | 5200501 | 5275500 |
| 2 | Subhash Tikamdas Mithawalla | PRFS02 | 71008 | 6060501 | 6135500 |
| 3 | Tasneem Iqbal Syed | PRFT01 | 71005 | 5730501 | 5830500 |

32. In case of the entity, Santlal Jaiswal, I note that the said entity had paid money for the acquiring the shares. However, said entity has not provided copy of any share certificate issued by Noticee 1. Nevertheless, the evidence and the corresponding findings enumerated above lead me to the conclusion that Noticee 1 had made preferential allotment of shares to certain entities.

33. During Investigation SEBI had sought the details about the corporate office address, name and phone number of the compliance officer, company secretary and directors etc. from Noticee 1. In this regard, Noticee 1 vide email dated 25/10/2018, sent from the email ID rflltd109@gmail.com dated, intimated the name of compliance officer, his phone number, its corporate office address and name and addresses of its directors to SEBI. Further, vide letter dated October 25, 2018 issued by SEBI, Noticee 1 was asked to provide "*copies of*

*the Minutes Book in respect of the proceedings of every meeting of Board of director of RFL international limited for the period relating to financial year 2009-10, 2010-11, 2011-2012 and 2012-13, as required to be maintained in terms of sec 193 of the Companies Act, 1956*". However, Noticee 1 did not furnish the requested information.

34. Further, I note that with regard to issue of share certificates dated April 21, 2011 by Noticee 1, SEBI had also sought clarification from Purva Share Registry Pvt. Ltd., the Registrar to Share transfer Agent of Noticee 1 (herein after referred to as '**RTA**') who informed SEBI vide letter dated 22/03/2019 that there was no change in total shareholding of RFL since 04/01/2010 and it was not aware of any preferential allotment of 80 lakhs shares by RFL.

35. I note that SEBI had also sought clarification from the depositories viz. National Securities Depository Limited (Herein after referred to as '**NSDL**') and Central Depositories Services Limited (Herein after referred to as '**CDSL**') (both NSDL and CDSL collectively referred to as "Depositories") in this regard. NSDL, vide its email dated March 07, 2019 to SEBI replied that "*RFL International Limited (RFL) had not executed any corporate action for crediting additional issue of equity shares/further issue of equity shares during the period January 01, 2010 to March 2019. Further we wish to inform SEBI that RFL had consolidated its face value from Rs. 2 to Rs. 10 … on January 5, 2010".* CDSL vide its email dated 13/03/2019 to SEBI replied that the paid-up capital of RFL was 50,85,500.

36. I note that on perusal of the replies of the depositories, SEBI observed that there was no further increase in the share capital of the RFL since January 2010 and therefore vide email dated March 08, 2019, both the NSDL and CDSL were asked to provide all the Distinctive Numbers of shares (i.e. physical Shares as well as dematerialized shares) of Noticee 1. In response to the same, vide emails dated March 11, 2019, NSDL and CDSL submitted the details of the distinctive numbers (both Physical and dematerialized) of equity shares of RFL as maintained with them. From their reply, I note that the distinctive numbers of the share certificate issued by RFL to the three entities namely, Jignasa Subhash Mithawalla, Subhash Tikamdas Mithawalla and Tasneem Iqbal Syed on April 21, 2011 were not appearing in the list of distinctive numbers submitted by NSDL and CDSL.

37. From the aforesaid observations, I find that even though Noticee 1 made a preferential allotment, there was no corresponding increase in its paid-up and issued share capital and it was also not reflected in the books of accounts of RFL.

38. Records show that Noticee 1 had not informed BSE about the issue of shares on April 21, 2011. Further, BSE's replies to SEBI also show that Noticee 1 had not approached the exchange for listing nor provided any information with regard to making allotment of shares to the 49 allottees. At this juncture, I find it pertinent to refer the following provisions of Listing Agreement:-

***Clause 22 of Listing Agreement***

*"The Company will, immediately after the meeting of its Board of Directors has been held to consider or decide the same, intimate to the Stock Exchanges where the Company is listed, (within 15 minutes of the closure of the board meeting) by phone, fax, telegram, email (cmlist@the Stock Exchange.co.in):*

*a. short particulars of any increase of capital whether by issue of bonus shares through capitalization, or by way of right shares to be offered to the shareholders or debenture holders, or in any other way;*

*b. short particulars of the reissues of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to ;*

*c. short particulars of any other alterations of capital, including calls;*

*d. any other information necessary to enable the holders of the listed securities of the Company to appraise its position and to avoid the establishment of a falsemarket in such listed securities.*

***Clause 24(a) of the listing agreement***

*The Company agrees to disclose to the stock exchange in detail, regarding further issue of securities and to obtain "in-principle" approval for listing from the stock exchange where it is listed, before issuing such further shares or securities. The Company also agrees to make an application to the Stock Exchange for the listing of any new issue of shares or securities and of the provisional documents relating thereto.*

***<u>Clause 30(b) of the listing agreement</u>***

*"The Company shall display the following on its website and forward a copy of the following, to the Stock Exchange, promptly and without application:-*

*(a)-------*

*(b) all notices, resolutions and circulars relating to new issue of capital prior to their dispatch to the shareholders;"*

39. As noted above, BSE replies show that RFL did not make any application to the exchange for allotment of shares on preferential basis during April 2011 and also that the company did not take in-principle approval for listing of its shares allotted in the preferential allotment. This shows that there was no intimation given by the company pursuant to its Board of directors meeting in this regard and also notices / resolution relating to dispatch of equity shares to the aforesaid three entities namely, Jignasa Subhash Mithawalla, Subhash Tikamdas Mithawalla and Tasneem Iqbal Syed on April 21, 2011 was not informed to the BSE. Further, the company also failed to provide relevant information to SEBI during investigation, I also observe that there is no evidence to show that the company had complied with Clauses 22, 24(a) and 30(b) of the Listing Agreement in respect of the impugned preferential allotment. It is also noted that the company has not filed any reply and has not disputed the aforesaid findings. In view of the foregoing, I hold that the allegation that Noticee 1 violated the provisions of clauses 22, 24(a) and 30(b)of the listing agreement read with Regulation 103 of the LODR Regulations stands established.

40. As noted in the preceding paragraphs, Noticee 1 did not take any steps to reflect the change in the issued and paid-up share capital of the company as well as in its books of account, subsequent to the issue of the share certificates in the preferential allotment on April 21, 2011. It is also established that Noticee 1 did not attempt to list those newly issued shares. In view of the foregoing, I find that Noticee 1 had issued share certificates dated April 21, 2011 to certain entities without any regulatory compliance i.e. without obtaining the necessary listing and trading permission and without requisite information to the Exchange which indicates that such issue and allotment of share certificate was done in a fraudulent manner to deceive the investors who were duped into subscribing to such share certificates which did not have listing and trading permission . I note that the provisions of Sections12A (a), (b), and (c) of the SEBI Act read with the PFUTP Regulations, *inter- alia*, prohibit buying, selling or dealing in securities in a fraudulent manner; employment of any manipulative/deceptive device, scheme or artifice to defraud in connection with dealing in

securities; engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with dealing in securities. Further, the PFUTP Regulations, *inter- alia*, prohibit fraudulent and unfair trade practices in securities through various acts, omissions stated therein. In my view, any fraudulent or deceptive device, scheme, act, omission, etc. which, *inter-alia,* induces sale/purchase of securities of any company; influences investment decisions of investors in such company; or results in wrongful gain, etc. would be covered within the prohibition under the aforementioned provisions of law. Having regard to the above provisions, I find that allotment of shares on a preferential basis to certain entities by Noticee 1 without corresponding increase in its share capital and without obtaining listing and trading permission amounts to a fraudulent and deceptive practice on the part of Noticee 1. Therefore, I find that the allegation levelled against Noticee 1 that it has violated Section 12A (a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) & 4(1) of PFUTP Regulations stands established.

41. I note from the Annual Reports of RFL for the Financial Year 2010-11 and 2011-12, that Noticee 2 was the Chairman as well as compliance officer of Noticee 1. I also note from the Know Your Client (**KYC**) documents of Axis Bank Account no. 003010200073130 of RFL that Noticee 2 was the authorized signatory of Noticee 1.

42. In this regard, Noticee 2 has contended that he was not the Managing Director / Chairman and Compliance Officer of RFL nor was he anyway connected to RFL. In this regard, on perusal of Annual report of RFL for the financial years 2010-11 and 2011-12, I note that Noticee 2 was the Chairman as well as the compliance officer of Noticee 1. SEBI also observed from the Know Your Client (**KYC**) documents of Axis Bank Account No 003010200073130 of RFL that Noticee 2 was the authorized signatory and he was involved in the day-to-day transactions of RFL. The said documents were shared with Noticee 2. However, he has not controverted the said fact that he was authorized signatory of bank account of RFL. Therefore, the aforementioned contention of Noticee 2 is devoid of merit.

43. Noticee 2 has also contended that his name and signature has been fraudulently used and contended that based on his research, he assumes that it is Mr. Narendra Shah and other persons connected to him that have fraudulently used his name and signature. He has submitted that he has known Mr. Narendra Shah for quite some years since he is a person who belongs to their Jain community. In this regard, I note that Noticee 2 has neither provided any documentary evidence nor records have been shown by Noticee that he has

taken legal recourse or filed any police complaint for the alleged forgery of name and signature. Therefore, I find that contentions raised by Noticee 2 are not tenable.

44. Therefore, I find that Noticee 2, as the Managing director/Chairman/ compliance officer of Noticee 1, was also responsible for such fraudulent issuance of share certificates of RFL dated April 21, 2011 to certain entities without any regulatory compliance and without listing and trading permission. In view of the above, I find that Noticee 2, as the Managing Director and Compliance officer, was responsible for the aforesaid acts of Noticee 1 in defrauding investors. Therefore, it is concluded that the allegation that Noticee 2 has violated Section 12A (a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) & 4(1) of PFUTP Regulations stands established.

***Issue II)*** ***Do the violations, if established, attract monetary penalty under Section 15A (a) and 15HA of SEBI Act and Sections 23A (a), 23E and 23F of SCRA, as applicable?***

45. In this regard, I note that the Hon'ble Supreme Court of India in the matter of ***SEBI vs. Shri Ram Mutual Fund*** held that "*once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established, then the penalty is to follow.*"

46. In view of the foregoing and placing reliance on the aforesaid judgement, I note that the violation of Sections 11C (2) and 11C (3) of the SEBI Act by Noticee makes it liable for penalty under Section 15A (a) of SEBI Act. Further, violation of clause 22, 24(a) and clause 30(b) of the listing agreement read with regulation 103 of the LODR Regulations by Noticee 1 makes it liable for imposition of penalty under Sections 23A(a), 23E and 23F of the SCRA. Further, violation of Sections 12A (a), (b), (c) of SEBI Act read with Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations by Noticees 1 and 2 makes them liable for penalty under Section 15HA of SEBI Act. The text of the provisions of Sections 15A(a) and 15HA of SEBI Act and Sections 23A(a), 23E and 23F of the SCRA which at the relevant time of commission of violations, read as under: -

***SEBI Act***

***Penalty for failure to furnish information, return, etc.***

***15A.*** *If any person, who is required under this Act or any rules or regulations made thereunder,—*

*(a) to furnish any document, return or report to the Board, fails to furnish the same 1[1][or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to 2[2][a penalty 3[3][which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees]]*

***Penalty for fraudulent and unfair trade practices.***

***15HA.*** *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty - five crore rupees or three times the amount of profits made out of such failure, whichever is higher.*

***SCRA:***

***Penalty for failure to furnish information, return, etc.***

***23A.*** *Any person, who is required under this Act or any rules made thereunder,—*

*(a) to furnish any information, document, books, returns or report to a recognised stock exchange, fails to furnish the same within the time specified therefor in the listing agreement or conditions or bye-laws of the recognised stock exchange, shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for each such failure;*

***Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.***

***23E.*** *If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or*

[1] Inserted by the Finance Act, 2018 w.e.f. 08-03-2019

[2] Substituted for “a penalty not exceeding one lakh and fifty thousand rupees for each such failure” by the SEBI (Amendment) Act, 2002, w.e.f. 29-10-2002.

[3] Substituted for the words “of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less” by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014

*commits a breach thereof, it or he shall be liable to a penalty not exceeding twenty-five crore rupees"*

***Penalty for excess dematerialization or delivery of unlisted securities.***

***23F.*** *If any issuer dematerialises securities more than the issued securities of a company or delivers in the stock exchanges the securities which are not listed in the recognised stock exchange or delivers securities where no trading permission has been given by the recognised stock exchange, he shall be liable to a penalty not exceeding twenty-five crore rupees.*

47. With regard to the penal provision Section 23E of SCRA, I note that, the Hon'ble SAT in the matter of ***Suzlon Energy Ltd. and Anr. vs. SEBI*** (Appeal No. 201 of 2018) dated May 03, 2021 has held the following:

*"Section 23E provides that where a Company fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof then penalty would be a minimum of Rs. 5 lakh upto maximum of Rs. 25 crore. The words "fails to comply with the listing conditions" cannot mean failure to comply with the conditions in the Listing Agreement. One of the requirements in the Listing Agreement which is required to be complied with is Clause 36 whereas Section 23E refers to the conditions which are imposed upon a Company when it is applying for its shares to be listed on the stock exchange platform. Section 23E has to be read along with Rule 19 of the Securities Contracts (Regulation) Rules, 1957 ('SCRR' for short). Rule 19 of the SCRR provides certain requirements with respect to a listing of securities on a recognized stock exchange. Rule 19A provides that a Company has to continuously maintain listing requirements. Rule 21 provides conditions for delisting of securities. Failure to comply with the listing conditions which are stated in Rule 19 would entail a penalty as provided under Section 23E. Thus, in our view violation of Clause 36 of the Listing Agreement will attract Section 23A(a) of the SCRA and will not attract Section 23E....."* (emphasis supplied)

48. Further, I note that an appeal has been filed before the Hon'ble Supreme Court against the aforesaid order vide civil appeal no. 4741 of 2021. Also, a stay application has been filed before the Hon'ble Supreme Court by SEBI with respect to the findings of Hon'ble SAT in paragraphs 19 of the aforesaid order. In the view of the above, I note that the aforesaid stay application and the appeal is pending. It is important to highlight that vide orders in the matter of M/s NDTV vs. SEBI (Appeal no. 358 of 2015) dated August 07, 2019, and Oasis

Securities Ltd. & Ors. Vs. SEBI (Appeal no. 316 of 2018), dated March 17, 2020, the Hon'ble SAT has upheld the imposition of penalty under section 23E of SCRA on the appellant companies therein for the violation of clauses of the listing agreement. The limited purpose of going into the issue of violation of listing agreement by the Company is to determine if the Company has violated the provisions of the listing agreement, and if yes, to impose penalty, however, the enforcement of penalty with respect to the violation under section 23E of SCRA shall be subject to the outcome of the aforesaid appeal before the Hon'ble Supreme Court

***<u>Issue III)</u> If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in section 15J of the SEBI Act and Section 23J of SCRA?***

49. While determining the quantum of penalty under Section 23A(a), 23E and 23F of SCRA, Section 15HA of SEBI Act and Section 15A(a) of SEBI Act, the factors stipulated in Section 23J of SCRA and Section 15J of the SEBI Act have to be given due regard. The text of the same is given below:

***Factors to be taken into account by adjudicating officer under SCRA***

> ***23J.*** *While adjudging the quantum of penalty under Section 23-I, the adjudicating officer shall have due regard to the following factors, namely: —*
> *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
> *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
> *(c) the repetitive nature of the default.*
>
> *Explanation*-For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 23A to 23C shall be and shall always be deemed to have exercised under the provisions of this section.

***Factors to be taken into account by the adjudicating officer under SEBI Act***

*15J. While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -*

*(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
*(b) the amount of loss caused to an investor or group of investors as a result of the default;*
*(c) the repetitive nature of the default*

*Explanation:-For the removal of doubts, it is clarified that the power* of an adjudicating officer *to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

50. From the material available on record, it is difficult to quantify the exact disproportionate gains or unfair advantage enjoyed by the Noticees and the consequent losses suffered to the investors. With respect to the repetitive nature of the default, I find that no prior default by the Noticees is available on record. However, the fact remains that Noticee1 received funds from certain entities and in exchange, it had issued shares certificate to them which did not have listing and trading permission. Further, Noticee 1 neither informed BSE nor listed the said shares in BSE nor increase it's paid up share capital. Thus, RFL and its Chairman/Managing Director/Compliance Officer, Shri Anish Shah, were involved in fraudulent issuance of share certificates dated April 21, 2011 to certain entities without any regulatory compliance and thus deceived them. Further, RFL did not reply to the summonses dated January 04, 2019 and April 01, 2019 issued by SEBI and failed to furnish the documents/ information as required under by the Investigating Authority and hampered the investigation process. The aforesaid fraudulent scheme hatched by Noticees, duped investors into subscribing to shares for which the Noticees never intended to obtain listing and trading permission, effectively rendering such shares untradeable on the exchange platform. I am of the view that such acts of infractions as committed by the listed company, RFL and its Managing Director, Shri Anish Shah, compromises the very integrity of the securities market and hence, deserve a penalty, which is commensurate with the seriousness of the charge.

## ORDER

51. Accordingly, taking into account the aforesaid observations and in exercise of power conferred upon me under section 15 I of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules and Rule 5 of SCRA Adjudication Rules, I hereby impose the following penalties on Noticees 1 and 2 :–

| Noticee | Penal Provisions | Penalty (Rs.) |
|---|---|---|
| RFL International Limited (Noticee 1) | Section 15HA of the SEBI Act | Rs. 10,00,000/- (Rupees Ten Lakhs only) |
| | Section 15A(a) of the SEBI Act | Rs. 2,00,000/- (Rupees Two Lakhs only) |
| | Sections 23A(a) of the SCRA | Rs. 2,00,000/- (Rupees Two Lakhs only) |
| | Sections 23F of the SCRA | Rs. 3,00,000/- (Rupees Three Lakhs only) |
| | Sections 23E of the SCRA***** | Rs. 3,00,000/-(Rupees Three Lakhs only) |
| Mr. Anish Shah (Noticee 2) | Section 15HA of the SEBI Act | Rs. 7,00,000/- (Rupees Seven Lakhs only) |

****** As noted above, in light of the fact that an appeal has been before the Hon'ble Supreme Court in the Suzlon Energy (supra) matter, the monetary penalty imposed on the Company under section 23E of the SCRA shall be payable depending upon the outcome of the aforesaid appeal before the Hon'ble Supreme Court.*

52. The Noticees shall remit / pay the said amount of penalty except for that imposed under Section 23E of SCRA within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

**ENFORCEMENT → Orders → Orders of AO → PAY NOW.**

53. The aforesaid Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department - DRA-4), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.". The Noticees shall also provide the following details while forwarding DD / payment information:

   **a.** Name and PAN of the Noticee
   **b.** Name of the case / matter

c. Purpose of Payment – Payment of penalty under AO proceedings
d. Bank Name and Account Number
e. Transaction Number

54. In the event of failure to pay the said amount of penalty except for that imposed under Section 23E of SCRA within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter- alia*, by attachment and sale of movable and immovable properties.

55. In terms of Rule 6 SEBI Adjudication Rules and Rule 6 of SCRA Adjudication Rules, copy of this order is sent to the Noticees viz. RFL International Limited & Shri Anish Shah and also to Securities and Exchange Board of India.

**Date: October 28, 2022** **SOMA MAJUMDER**
**Place: Mumbai** **ADJUDICATING OFFICER**