



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

PUBLIC NOTICE TO INVESTORS IN OFCDs OF

1. SAHARA INDIA REAL ESTATE CORPORATION LIMITED (SIRECL) AND

2. SAHARA HOUSING INVESTMENT CORPORATION LIMITED (SHICL)

SIRECL and SHICL have been issuing Optionally Fully Convertible Debentures (OFCDs) to investors by filing a Red-Herring Prospectus (RHP) with the Registrar of Companies. SEBI received certain complaints alleging that these companies have been issuing OFCDs to the public throughout the country for many months with varying face values and maturity periods extending upto 15 years. The RHPs show that the cost of projects of both of the companies is ₹20,000 crore each. Further, the annual accounts filed with RoC reveal that SIRECL has already raised ₹4843.37 crore from the investors as on June 30, 2009.

SEBI is of the view that the OFCDs issued by these two companies is a public issue and has not been done in compliance with the applicable requirements of the Companies Act, 1956 and the SEBI's regulations relating to public issue. SEBI's regulations on public issue prescribes eligibility criteria for accessing public, mandates due diligence on company and its promoters by merchant bankers, grading by credit rating agency, vetting of draft RHP by SEBI against rigorous norms of disclosures prescribed in the regulations and mandates listing of securities issued. The OFCDs were not issued in compliance with the applicable SEBI regulations by SIRECL and SHICL. Therefore, SEBI in discharging its duty to protect the interest of investors in and for the integrity of the securities market, and in view of persistent refusal by the said companies to furnish information sought by SEBI, by an ad interim order dated November 24, 2010 restrained these companies including the persons named as promoters and directors of the said companies in the respective RHP namely, Mr. Subrata Roy Sahara, Ms. Vandana Bharrgava,

Mr. Ravi Shankar Dubey and Mr. Ashok Roy Choudhary from mobilizing funds *inter alia* through these OFCDs, till further directions. These companies were directed to show cause as to why action should not be initiated against them including issuance of directions to refund the money solicited and mobilized through OFCDs till now. The companies/persons against whom the interim directions were issued were given opportunity to file their objections and avail the opportunity of personal hearing before SEBI.

These companies challenged SEBI's order in a writ petition filed by them before Lucknow bench of the Hon'ble Allahabad High Court. The Hon'ble High Court vide its interim order dated December 13, 2010, *inter alia* stayed the operation of the SEBI order with liberty to SEBI to proceed with the inquiry.

SEBI filed a special leave petition before the Hon'ble Supreme Court of India against the order of the Hon'ble High Court. The Hon'ble Supreme Court vide its order dated January 4, 2011 *inter-alia* held that SEBI would be entitled to call for any information which it deems fit including the names of the investors who have invested in OFCDs in the course of the inquiry undertaken by it. The counsel for the companies submitted that they agree to give information that SEBI will call upon them without prejudice to the rights and contentions in the pending matter. In view of the stakes involved (including protection of the investors) the Hon'ble Supreme Court has directed the Hon'ble High Court to proceed with the hearing of the case on day to day basis from January 12, 2011 without adjourning the case. SEBI and RoC have been directed to file their counter affidavits by January 07, 2011.

Investors may please note that no offer document, relating to the OFCDs issued by these two companies, has been filed by these companies with SEBI. Furthermore, the Red Herring Prospectus submitted to RoC has not been vetted by SEBI with reference to compliance to SEBI regulations. Investors may also note that the OFCDs are not proposed to be listed on any recognized stock exchange.

In view of the above, it is brought to the attention of investors that SEBI will not be able to provide redress to any investor on any complaint in connection with these OFCDs.

Investors are therefore, advised to make their investment decisions in OFCDs of these companies taking into account the facts and circumstances brought out above. This public notice is issued to safeguard the interest of investors.
