

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 11(1), 11(4), 11A and 11(B) of the Securities and Exchange Board of India Act, 1992 read with Regulation 107 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

In the matter of Shivalik Cotex Limited

In respect of Shivalik Cotex Limited, Mr. Subhash Chand Gupta, Mr. Summit Gupta, Ms. Shakshi Gupta, Ms. Sunita Gupta, Mr. Saurabh Gupta, Mr. Jawahar Lal Goyal, Mr. Om Prakash Gupta, Mr. Yatender Kumar, Mr. Navin Gupta and Ms. Noorie Goel

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had received an investor complaint dated August 21, 2013, against one Shivalik Cotex Limited (hereinafter referred to as 'SCL' or 'the Company'), alleging therein that SCL had allotted shares to more than 50 persons in a year by not complying with the provisions of Companies Act, 1956 and the SEBI (Disclosure and Investor Protection) Guidelines 2000.
2. Having received the complaint, SEBI initiated a preliminary examination into the issuance of shares by SCL and asked it vide letter dated September 06, 2013, to *inter alia* furnish the following information/ documents:
 - i. Copy of the Memorandum and Articles of Association of the Company.
 - ii. Audited Balance Sheet and Profit & Loss Account of the Company since incorporation.
 - iii. Name, addresses and occupation of all the promoters/ directors, whether current/ former, of the Company since incorporation.
 - iv. Statement of mobilization of funds through each issue of shares in 2007 and thereafter, duly certified by the Statutory Auditors of the Company.
 - v. Names and details of the Key Managerial Personnel of the Company.
 - vi. Copies of the Annual Report and Annual Return filed with RoC since incorporation.
 - vii. Copies of Tax Returns filed with the Income Tax authorities since incorporation.
 - viii. Other information in respect of each and every series of shares issued by the Company in 2007 and thereafter, viz.-
 - a. Details regarding filing of Prospectus/ Red Herring Prospectus with RoC.
 - b. Date(s) of opening and closing of the subscription list.

- c. The details of opening and closing of the issue, quantum of funds raised in each issuance in 2007 and thereafter.
- d. List of agents with addresses who were appointed by the Company.
- e. Details regarding the number of application forms circulated inviting subscription for each issue in 2007 and thereafter.
- f. Details regarding the number of applications received and number of allottees for each issue in 2007 and thereafter.
- g. Date(s) of allotment of each and every series of shares issued in 2007 and thereafter.
- h. The number of allottees, date of allotment and the list of allottees along with their name, address, number of redeemable preference shares issued, folio number, certificate number, distinctive number and amount collected from each allottee since incorporation.
- i. Details regarding subscription amount raised in every issuance of shares.
- j. Copies of the minutes of Board/ Committee meeting in which the resolution has been passed for each issue and allotment of shares in 2007 and thereafter.
- k. Date(s) of dispatch of preference shares certificates, etc.
- l. Copies of application forms, RHP, pamphlets, advertisements and other promotional material circulated for each issuance of shares.
- m. Terms and conditions of the issue of each series of shares in 2007 and thereafter.
- n. Any other information in connection with the matter.

SCL was further advised to provide the above required information and the documents within 15 days from the date of receipt of the SEBI letter. Vide another letter dated September 06, 2013, SEBI referred the matter to RoC Delhi.

3. SCL vide letter dated September 25, 2013 and e-mail dated September 30, 2013, requested for time to submit the reply. As no information was forthcoming from the Company, a reminder e-mail was sent by SEBI on October 28, 2013 and advised it to submit the information latest by November 04, 2013. To this, the Company replied vide e-mail dated November 09, 2013 and requested for a meeting with SEBI. The request of the Company was considered and the date for meeting was granted on December 06, 2013. On the date fixed, no one appeared from the Company. Thereafter, another reminder letter was issued to the Company on February 03, 2014, whereby it was asked to submit the information to SEBI. The Company vide its letter dated February 12, 2014, stated that it was an unlisted company and that it had issued only one series of ordinary equity shares for which no prospectus/ RHP was filed with the RoC. The Company submitted the following information:

- i. Copy of the Memorandum and Articles of Association of the Company.

- ii. Copy of the balance sheet and Profit & Loss accounts of the Company since incorporation.
- iii. Names, address and occupation of all the promoters/ directors since incorporation.
- iv. Names and details of key managerial personnel of SCL.
- v. Copies of the annual report and annual return filed with RoC, since incorporation.
- vi. Copies of tax returns filed with the Income Tax authorities since incorporation.
- vii. Copies of minutes of board meeting in which resolution had been passed for each share issue.
- viii. List of allottees including the amount mobilized.

In addition to the above, the Company also submitted that the complainant was an ex-director of the Company, a distant relative of the existing directors of the Company and was a shareholder in the Company then.

4. Pursuant to the consideration of the reply, a meeting was held with the Company on November 20, 2014, wherein, clarification were sought from the Company regarding its compliances with the applicable provisions of the Companies Act, 1956, pertaining to the share allotments done on February 20, 2007 and March 31, 2007. To this, the representative of the Company, submitted that the actual dates of allotment to the allottees were different than those submitted to SEBI. During the meeting, the representatives of the Company submitted that the requisite explanation along with documentary evidence (i.e. copies of the board resolutions, allotment details and tranche wise share issue and mobilization) would be submitted to SEBI by December 04, 2014. Subsequently, the representative of the Company sought further time to file resolutions etc. Finally, the Company submitted the resolutions and other related documents to SEBI on December 15, 2014.
5. SEBI examined the matter on the basis of the material collected during the preliminary examination i.e. the complaint, replies of the Company and the information from the 'MCA-21' portal maintained by MCA. The following are the preliminary observation:
 - a. SCL was incorporated on May 10, 2004. The CIN number of SCL is U17115DL2004PLC169394 and its registered office is at 13, Ground Floor, Indira Vihar, Near Kingsway Camp, Delhi - 110009, India.

- b. As per the details available on record, Mr. Subhash Chand Gupta, Ms. Sunita Gupta, Ms. Om Prakash Gupta, Mr. Jawahar Lal, Mr. Yatender Kumar, Mr. Navin Gupta and Ms. Noorie Goel are subscribers to the Memorandum of Association/ promoters of the Company.
- c. Ms. Sunita Gupta, Mr. Saurabh Gupta and Mr. Jawahar Lal Goyal were found to be the directors in the Company during the May 10, 2004 to December 28, 2009. Therefore, they being the directors of the Company on the relevant date, are responsible for the impugned offer and allotment of *equity shares* by the Company.
- d. The **present directors** of the Company are Mr. Subhash Chand Gupta, Mr. Summit Gupta and Ms. Shakshi Gupta. It is noted that Mr. Summit Gupta and Ms. Shakshi Gupta were appointed as directors of SCL on December 16, 2009.
- e. From the details of the allotment of shares as submitted by SCL, it is noted that the Company has allotted '*equity shares*', the relevant extract of the same are as follows:

TABLE - A

S.No.	Date	No. of Allottees	Amount Mobilized ()
1.	20/02/2007	247/ 172*	3,28,20,000
2.	26/02/2007	36	1,00,20,000
3.	31/03/2007	51	24,70,000
Total		334/ 251[#]	4,53,10,000

* As per the details submitted by the Company on February 12, 2014, the equity shares were allotted to 247 allottees on February 20, 2007. However, vide the details submitted on December 15, 2014, the Company has claimed to have allotted equity shares to 172 allottees vide different board resolutions on the same day i.e. February 20, 2007.

[#] 334 is the number of allottees, if, 247 allottees are considered for February 20, 2007, otherwise the number is 251 with 172 allottees on February 20, 2007. For proceeding further, the figures of 247 and 334 are being considered.

From the table above, it is seen that SCL had made allotment of *equity shares* to 247 and 51 investors on February 20, 2007 and March 31, 2007 respectively and a total of about 3.52 crore had been collected from the investors. Further, the allotment made on February 26, 2007 to 36 allottees, also forms part of a common offer, wherein the Company had collected about 1 crore.

6. Having noted the above details, I proceed further with the matter. I note from the details submitted by the Company, vide its letter dated February 12, 2014, that it had allotted

32,82,000 equity shares to 247 allottees. The Company had forwarded the copy of the minutes for the meeting of Board of Directors held on February 20, 2007. I have perused the minutes and the relevant extract of the same is being reproduced below for reference:

"... .. The following resolution was passed thereafter:

"RESOLVED THAT fresh allotment of 32,82,000 equity shares of 10/- each (at par) be and are hereby made to the persons whose name entered into the Register of the Members and register was placed on the table and be and is hereby approved"

Later, the Company had submitted that the actual dates of allotment to allottees were different than those submitted earlier and had also sought time to submit the copies of the board resolutions, allotment details and tranche wise share issue and mobilisation. The Company had further submitted extracts of resolutions passed by the Board of Directors meetings dated February 20, 2007 and the details of allottees on December 15, 2014. I have considered the documents so submitted and note the following:

TABLE - B

Date of Resolution/ Time	No. of Equity Shares	No. of allottees	Amount Mobilized (₹)
February 20, 2007/ 02:00 PM	19,19,000	45	1,91,90,000
February 20, 2007/ 04:30 PM	10,52,000	45	1,05,20,000
February 20, 2007/ 06:00 PM	71,700	45	7,17,000
February 20, 2007/ 08:00 PM	2,39,300	37	23,93,000
February 20, 2007/ 11:30 PM	32,82,000	N.A.	N.A.
Total	65,64,000	172*	

* The Company has not provided the details of allottees for 32,82,000 equity shares

From the above, it is noted that the Company on February 20, 2007, had issued 65,64,000 equity shares from 02:00 P.M. to 11:30 P.M. From the extracts of minutes of the meetings, it is noted that the Company allotted shares to 45 persons in three tranches and 37 persons in one tranche. For the fifth tranche, details of allottees were not provided by the Company. Considering the much higher number of shares allotted in the fifth tranche, it appears that the allotment is likely to have been made to considerably larger number of allottees. In view of the above, it can be said that there is no clarity in the number of allottees who were allotted equity shares on February 20, 2007, but it is definitely more than 172. Therefore, I proceed on the basis that shares were issued by the Company on February 20, 2007 to 247 allottees.

7. The issue for determination in the instant matter is whether SCL had complied with the applicable provisions of the SEBI Act, 1992 (hereinafter referred to as 'SEBI Act'), the

Companies Act, 1956 (since repealed) read with the Companies Act, 2013, the SEBI (Disclosure and Investor Protection) Guidelines 2000 (hereinafter referred to as 'DIP Guidelines') read with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'ICDR Regulations') in respect of its issuance of the *equity shares*.

8. As detailed in the table A above, the Company had allotted *equity shares* to 247 and 51 investors on February 20, 2007 and March 31, 2007 respectively. Further, the allotment made on February 26, 2007 to 36 allottees, is part of the common offer. In terms of Section 67(3), no offer or invitation shall be treated as made to the public by virtue of sub-sections (1) or (2), as the case may be, if the offer or invitation can properly be regarded, in all circumstances – (a) as not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation; or (b) otherwise as being a domestic concern of the persons making and receiving the offer or invitation. In terms of the proviso to the aforesaid section, the provisions of Section 67(3) shall not apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more. Therefore, if an offer of securities is made to fifty or more persons, it would be deemed to be a public issue, even if it is of domestic concern or proved that the shares or debentures are not available for subscription or purchase by persons other than those receiving the offer or invitation. The number of persons to whom the shares/ debenture were allotted becomes relevant to judge whether an issue of shares is made to public or made on a private placement basis.

9. As noted earlier the Company had made allotments of equity shares to 247, 36 and 51 investors on February 20, 2007, February 26, 2007 and March 31, 2007 respectively. Further, even if the submission of the Company (that it issued *equity shares* to only 172 persons) is accepted then also the allotments of *equity shares* on February 20, 2007 i.e. in five tranches (as provided vide letter dated December 15, 2014 and noted at Table B above), indicates that the Company had issued equity shares to more than 49 persons in a series of transactions as detailed in Table B, above. As per the first proviso to Section 67(3) of the Companies Act, 1956, where the “offer” or “invitation to subscribe for shares or debentures”

is made to fifty persons or more, then it has to be construed as a public offer. The offer and issue of *equity shares* by the Company through three allotments made during the year of 2007 to 334 investors was public offer of securities.

10. All mobilisation of funds from fifty or more investors should be classified as a public issue requiring the company to make an application to list its securities. In view of the foregoing, it could be observed that the aforesaid issues of equity shares made by SCL were deemed public issues. While examining the scope of Section 67 of the Companies Act, 1956, the Hon'ble Supreme Court of India in the matter of *Sabara India Real Estate Corporation Limited & Ors. Vs. SEBI (Civil Appeal no. 9813 and 9833 of 2011)* (hereinafter referred to as the '*Sahara Case*'), had observed that:

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

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

Resultantly, if an offer of securities is made to fifty or more persons, it would be deemed to be a public issue, even if it is of domestic concern or proved that the shares or debentures are not available for subscription or purchase by persons other than those received the offer or invitation. ...
... that any share or debenture issue beyond forty nine persons, would be a public issue attracting all the relevant provisions of the SEBI Act, regulations framed thereunder, the Companies Act, pertaining to the public issue. ..."

[Emphasis supplied]

11. Having observed that the *equity shares* issued by SCL are in the nature of public issue, the Company was required to comply with provisions of the Companies Act, 1956 and other relevant statutory provisions as applicable. I note that in the case of any public issue of securities, the relevant provisions of the Companies Act, 1956 *inter alia* Sections 60 read

with Section 2(36), 56(1), 56(3) and Section 73 thereof needs to be complied with. In terms of Section 60 read with the Section 2(36) of the Companies Act, 1956, a company needs to file a prospectus with respect to its public issue with the RoC. As per Section 2(36) of the Companies Act, 1956, 'prospectus' means any document described or issued as a prospectus and includes any notice, circular, advertisement or other document inviting deposits from the public or inviting offers from the public for the subscription or purchase of any shares in a body corporate. As per the information available on record and also admitted by the Company, it did not file any prospectus/ information memorandum with respect to the said issues of *equity shares*.

Having made the public offer as discussed above, SCL ought to have filed the Prospectus with RoC under Section 60 of the Companies Act, 1956. In terms of Section 60B(2) of the Companies Act, 1956, a Company inviting subscription by an information memorandum shall be bound to file a prospectus prior to the opening of the subscription lists, at least three days before the opening of the offer. While Section 60B(3) stipulates that the 'Information Memorandum' shall carry the same obligations as are applicable in case of prospectus. Section 60B(9) requires the Company to file a final prospectus with SEBI/ RoC. Consequentially, SCL had also *prima facie* not complied with the above discussed provisions of the Companies Act, 1956.

12. By issuing *equity shares* to more than 49 persons, the Company had to compulsorily list such securities in compliance with Section 73 of the Companies Act, 1956, in order to ensure that the subscribers to the shares have a facility to approach a stock exchange for having their holdings converted into cash whenever they desire. The same also provides liquidity and exit opportunity to the investors. As per Section 73(1) and (2) of the Companies Act, 1956, a company is required to make an application to one or more recognised stock exchanges for permission for the shares or debentures to be offered to be dealt with in the stock exchange and if permission has not been applied for or not granted, the company is required to forthwith repay with interest all moneys received from the applicants. From the material available on record, the Company, does not appear to have done so and thus, contravened the said provisions. It neither made an application seeking listing permission nor refunded the amounts on account of such failure. The Company had also not complied with the provisions

of Section 73(3) of the Companies Act, 1956 as it had not kept the amounts received from investors in a separate bank account and failed to repay the same in accordance with Section 73(2) of the Companies Act, 1956. In view of the above, it is alleged that the Company had contravened the provisions of the Companies Act, 1956, which regulates the public issue of securities, including Sections 60B(2), 60B(9) read with Sections 2(36), 56(1), 56(3) and 73 of the Companies Act, 1956, in respect of its collection of public funds towards the issue of equity shares.

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

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

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

The DIP Guidelines were applicable to all public issues by listed and unlisted companies. I note that the ICDR Regulations (which came into effect from August 26, 2009) had replaced the DIP Guidelines and all public issues are now required to comply with the ICDR Regulations. The DIP Guidelines (as applicable at the relevant time) operated as reasonable safeguards for the investors who subscribed or intended to subscribe in the public issues of securities. In this regard, I *prima facie* observe that SCL has not complied with the following clauses of DIP Guidelines:

- *Clause 2.1.1 (filing of offer document)*
- *Clause 2.1.4 (application for listing)*
- *Clause 2.1.5 (issue of securities in dematerialized form),*
- *Clause 2.8. (means of finance),*
- *Clause 4.1 (promoters contribution in a public issue by unlisted companies),*
- *Clause 4.11 (lock-in of minimum specified promoters contribution in public issues),*
- *Clause 4.14 (lock-in of pre-issue share capital of an unlisted company)*
- *Clause 5.3.1 (memorandum of understanding),*
- *Clause 5.3.3 (due diligence certificate)*
- *Clause 5.3.5 (undertaking)*
- *Clause 5.3.6 (list of promoters group and other details)*
- *Clause 5.4 (appointment of intermediaries)*
- *Clause 5.6 (offer document to be made public)*
- *Clause 5.6A (Pre-issue Advertisement)*
- *Clause 5.7 (despatch of issue material)*
- *Clause 5.8 (no complaints certificate)*
- *Clause 5.9 (mandatory collection centres and Clause 5.9.1.(minimum number of collection centres)*
- *Clause 5.10 (authorised collection agents)*
- *Clause 5.12.1 (appointment of compliance officer),*
- *Clause 6.0 (contents of offer documents)*
- *Clause 6.1 to Clause 6.15 (contents of prospectus)*

- Clause 6.16 to Clause 6.34 (contents of abridged prospectus) including Clause 6.17.13
- Clause 8.3 (Rule 19(2)(b) of SC(R) Rules, 1957)
- Clause 8.8.1 (Opening & closing date of subscription of securities)
- Clause 9 (guidelines on advertisements by issuer company)

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

"90. in India that any share or debenture issue beyond forty nine persons, would be a public issue attracting all the relevant provisions of the SEBI Act, regulations framed thereunder, the Companies Act, pertaining to the public issue."

[Emphasis supplied]

17. I note that the Company had allegedly commenced allotment of *equity shares* to the public since February 2007. It can reasonably be inferred that the directors/ promoters of the Company namely Mr. Subhash Chand Gupta, Mr. Summit Gupta, Ms. Shakshi Gupta, Ms. Sunita Gupta, Mr. Saurabh Gupta and Mr. Jawahar Lal Goyal, Mr. Om Prakash Gupta, Mr. Yatender Kumar, Mr. Navin Gupta and Ms. Noorie Goel were involved in the mobilisation of public funds through the issue of *equity shares* without complying with the applicable provisions of law, as discussed above.

18. On a consideration of the aforementioned observations, I am of the view that the Company is engaged in fund mobilizing activity from the public, through the offer and issuance of equity shares and has contravened the provisions of Sections 56, 60 and 73 of the Companies Act, 1956 read with Section 67(3) thereof and the provisions of the DIP Guidelines. Accordingly, the directors of the Company namely Ms. Sunita Gupta, Mr. Saurabh Gupta, Mr. Jawahar Lal Goyal and Mr. Subhash Chand Gupta (*who were the directors during the relevant period when the impugned shares were offered and allotted*), being the 'officers in default', are found responsible for the alleged contraventions committed by the Company. The Company and the aforesaid persons are alleged to have failed to make repayments to the persons (*from whom monies were mobilized through issue of equity shares*) in accordance with Section 73(2) of the Companies Act, 1956.

It is also noticed that Mr. Summit Gupta and Ms. Shakshi Gupta who were appointed as director of SCL on December 16, 2009 have not taken action against the Company/ previous management for the alleged violations. It appears that they have also not

remedied the alleged wrong committed by the Company by making repayments as required under law. In view of the same, they were also responsible for the alleged violations and failure to make the repayments as stipulated under Section 73(2) of the Companies Act.

19. It is not clear at this stage, in the absence of information from the Company, as to whether the Company is mobilizing funds beyond March 2011. It therefore becomes necessary for SEBI, as the regulator for the securities market, to intervene and issue suitable directions in order to ensure that the Company and its promoters/directors do not continue to collect public funds in contravention of the law. Further, the interest of the investors also need to be protected to ensure that public funds are not diverted.
20. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 and Sections 11(1), 11(4), 11A and 11B thereof read with Regulations 107 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, hereby issue the following directions:
 - a. The Company, namely, Shivalik Cotex Limited [PAN: AAICS3938E] and its promoters/directors including Mr. Subhash Chand Gupta [DIN: 00408910], Mr. Summit Gupta [DIN: 02723192], Ms. Sakshi Gupta [DIN: 02858545], Ms. Sunita Gupta [DIN: 02398883], Mr. Saurabh Gupta [DIN: 01129964], Mr. Jawahar Lal Goyal [DIN: 00408860], Mr. Om Prakash Gupta, Mr. Yatender Kumar, Mr. Navin Gupta and Ms. Noorie Goel are restrained from mobilizing funds through the issue of *equity shares* or through any other form of securities, to the public and/ or invite subscription, in any manner whatsoever, either directly or indirectly till further directions.
 - b. Shivalik Cotex Limited and its promoters/ directors including the above named persons are prohibited from issuing prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, till further orders.
 - c. Shivalik Cotex Limited and its promoters/ directors including the above named persons shall not dispose off any of the properties or alienate the assets of the Company or dispose off any of their properties or alienate their assets.

- d. Shivalik Cotex Limited and its promoters/ directors including the above named persons shall not divert any funds raised from public at large through the issuance of the impugned equity shares, kept in its bank accounts and/ or in the custody of the Company without prior permission of SEBI until further orders.
 - e. Shivalik Cotex Limited and its promoters/ directors including the above named persons are restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, till further directions.
 - f. Shivalik Cotex Limited and its promoter/ directors including the above named persons shall co-operate with SEBI and shall furnish all the documents.
 - g. Shivalik Cotex Limited, its promoters/ directors including the above named persons are also directed to provide a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/ securities, if held in physical form.
21. The above directions shall come into force with immediate effect and shall continue to be in force till further directions.
22. Shivalik Cotex Limited and its promoters/ directors including Mr. Subhash Chand Gupta, Mr. Summit Gupta, Ms. Sakshi Gupta, Ms. Sunita Gupta, Mr. Saurabh Gupta, Mr. Jawahar Lal Goyal, Mr. Om Prakash Gupta, Mr. Yatender Kumar, Mr. Navin Gupta and Ms. Noorie Goel are advised to show cause as to why suitable directions/ prohibitions, under the Sections 11(1), 11(4), 11A and 11B of the SEBI Act read with the ICDR Regulations, including the following, should not be taken/ imposed against them:
- a. directing them jointly and severally to refund the money collected through the issue of *equity shares* that are impugned in this Order, along with interest at 15% per annum from the date when the refunds became due to the investors till the date of repayment;
 - b. directing them to not to issue prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, for an appropriate period;

- c. directions restraining them from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period;
 - d. directing them and other companies in which their directors hold substantial or controlling interest, to not access the capital market for an appropriate period.
23. Shivalik Cotex Limited and its promoters/ directors including Mr. Subhash Chand Gupta, Mr. Summit Gupta, Ms. Sakshi Gupta, Ms. Sunita Gupta, Mr. Saurabh Gupta, Mr. Jawahar Lal Goyal, Mr. Om Prakash Gupta, Mr. Yatender Kumar, Mr. Navin Gupta and Ms. Noorie Goel may file their replies/ submissions within a period of 21 days from the date of receipt of this Order and may also indicate whether they desire to avail an opportunity of personal hearing in the matter.
24. This Order is without prejudice to the right of SEBI to take any other action including prosecution proceedings under Section 24 of the SEBI Act and Section 621 of the Companies Act, 1956 read with the relevant provisions of the Companies Act, 2013 and adjudication proceedings under the SEBI Act, against Mr. Subhash Chand Gupta, Mr. Summit Gupta, Ms. Sakshi Gupta, Ms. Sunita Gupta, Mr. Saurabh Gupta, Mr. Jawahar Lal Goyal, Mr. Om Prakash Gupta, Mr. Yatender Kumar, Mr. Navin Gupta and Ms. Noorie Goel, in accordance with law.

DATE : March 27, 2015
PLACE : MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA