

## LEGAL UPDATES

### **SEBI: SEBI PROHIBITS RHFL, ANIL AMBANI AND 3 KMPs OF RHFL FROM MARKET FOR STEALING FUNDS**

SEBI, vide a 100-page interim order passed by Mr S.K.Mohanty in proceedings against Reliance Home Finance Ltd. ('Company'/'RHFL'), held the Company along with Anil D. Ambani (Chairman of Reliance Group - 'Noticee 2') and 3 other KMPs of the Company liable for the violation of corporate governance regulations. The Regulator barred Noticee 2 and 3 KMPs of RHFL from operating in the securities market till further directions for fund siphoning from RHFL to promoter-backed companies. SEBI. SEBI strongly remarked that the company is maligned in diverting funds, falsifying books of accounts and financial statements and hiding information from the public, and therefore there was an immediate need to prevent the aforementioned despicable practices by KMPs of RHFL. The regulator noted that loans which were sanctioned and utilised merely as a forward transaction for diverting funds to promotor-backed firms which raised serious doubts over the genuineness, transparency, commercial acumen and bona fide intent of RHFL to sanction such loans with abysmal recovery rates. Thus, SEBI ruled that such transactions were made for siphoning off funds giving a strong argument for violation of LODR regulations and SCRA. The regulator further observed that RHFL concealed such transactions by misleading the stakeholders by showing that said loans were repaid by OCDs that were unsecured, however, the company was unable to recover any loan and was compelled to declare such loan accounts as NPA. Hence, SEBI held that the Chairman and KMPs like the CFOs of the company were in the conspiracy in funds siphoning and said acts were in violation of PFUTP regulations. Accordingly, the regulator concluded that Noticee 2 and KMPs were consciously defrauding the stakeholder of RHFL and there was an immediate requirement to restrain the accused from conducting further fraud on stakeholders of the company.