

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992, in the matter of Cell Realcon Corporation Limited (PAN: AAEC9934A) and its Directors, viz. Shri Kumar Kanti Bhattacharya (PAN: ADXPB7335B; DIN: 01576626), Shri Debi Prasad Mookherji (PAN: AEWPM1966K; DIN: 03182022), Shri Sourav Bardhan (PAN: AIZPB6070C; DIN: 03381343), Shri Sekh Rezaul Karim (DIN: 03410690) alongwith its Debenture Trustee, viz. Cell Debenture Trust (represented by Shri Abdul Basad Molla).

1. Securities and Exchange Board of India ("**SEBI**") received a reference dated December 12, 2012, from the Ministry of Finance regarding illegal mobilization of funds by Cell Realcon Corporation Limited ("**CRCL**").
- 2.1 SEBI vide letters dated April 3, 2013 and August 1, 2013, sought information from CRCL regarding schemes/plans launched by that company alongwith quantum of funds mobilized. While the letter dated April 3, 2013, was returned as undelivered to SEBI, CRCL and its Directors acknowledged receipt of the letter dated August 1, 2013, but failed to provide any reply to the same.
- 2.2 Vide letter dated October 29, 2013, SEBI received information from Registrar of Companies ("**ROC**") regarding companies in Madhya Pradesh that issued debentures on private placement basis, which also included CRCL.
- 2.3 A reminder letter dated November 6, 2013, was forwarded to CRCL and its Directors. Vide letter dated November 18, 2013, CRCL replied to SEBI *inter alia* stating the following:

*"No funds have been taken by the Company from the general public till date as the company issued Secured Non-Convertible Redeemable Debentures ("**NCDs**") of ₹ 200,00,00,000 (Rupees 200 Crores only) vide resolution dated June 6, 2012 and the total number of subscribers till date is only Seven (7) members and the details of the subscribers are as follows:*

1. *Kalinga Micro Credit*
2. *Kumar Kanti Bhattacharya*
3. *Sourav Bardhan*
4. *Anamika Saha*
5. *Gautam Gupta*
6. *Sankar Das*
7. *Ashim Gupta*

Further, no subscribed debentures have been transferred/further allotted to any other person other than the seven subscribers as mentioned above."

2.4 Subsequently, vide letter dated March 7, 2014, SEBI sought the following information from CRCL and its Directors at the relevant time, viz. Shri Kumar Kanti Bhattacharya, Shri Debi Prasad Mookherji, Shri Sourav Bardhan, –

- i. Name, address of each allottee, number of debenture applied, date of application, date of receipt of funds from allottees, date of allotment, distinctive number of debentures. Copy of duly filed application forms received from investors/applicants who applied in CRCL's debenture Issue;
- ii. Association of the company/its Directors with each of the allottees mentioned in CRCL's letter dated November 18, 2013;
- iii. Nature of activities being conducted by your company and of the group/associate companies;
- iv. Date of opening and closing of the debenture issue;
- v. Purpose of the debenture issue;
- vi. Details regarding fund utilization raised by way of debenture issue;
- vii. Copy of minutes of EGM approving allotment of debentures and copy of board minutes approving allotment;
- viii. Brochures/advertisement pertaining to the debenture issue, which were made to the public –
 - a. On the website <http://cellindustries.org>, it is stated that the company has received approval to issue 200 Crores of debentures. In respect of who can invest, it is stated that "*any person who is 18 years and above can become the investor of the company and can invest in the company*". ...
- ix. Details of regulatory approvals, if any, obtained by CRCL for the debenture issue;
- x. Name and address of debenture trustee alongwith registration details, etc.;

- xii. Details of commission/brokerage paid to financial consultants;
 - xiii. Annual Reports of Financial Year ending 2012–13;
 - xiv. Copy of Income Tax Return for the Financial Year 2012–13;
 - xv. Details of any other fund raising by the company/group/associate company from the public;
 - xvi. Details of any action initiated/taken by any other authorities against company in respect of money raised from public.
- 2.5 While the letters sent to CRCL's registered office address and to Shri Sourav Bardhan, were returned as undelivered, no response was received from CRCL (to the letter sent to its corporate office address) or from its remaining Directors.
- 2.6 Pursuant to the above, SEBI received a complaint dated May 31, 2014, *inter alia* alleging that CRCL was avoiding repayment of amounts to debenture holders.
- 2.7 Thereafter, SEBI appointed an Investigating Officer in accordance with the provisions of the SEBI Act, 1992 ("**SEBI Act**"), to examine the matter relating to fund mobilization by CRCL. From the investigation report submitted by the aforesaid Officer, it is noted that summons/letters issued to CRCL and its Directors have either returned undelivered or were not replied to. Further, a physical verification of the CRCL's registered office revealed that said company was not available at that address.
3. The material available on record i.e. reference received from the Ministry of Finance; correspondences exchanged between SEBI and CRCL, abovementioned complaint received by SEBI; letter dated October 29, 2013 (received from ROC) and information obtained from the Ministry of Corporate Affairs' website i.e. *MCA 21 Portal*, have been perused. On an examination of the same, it is observed that –
- i. CRCL was incorporated on May 22, 2012, with the ROC, Gwalior with CIN as U70101MP2012PLC28494. Its Registered Office is at Bagdona, Opposite Dee Pee Lodge, Tehsil–Ghoradungari, Betul–460443, Madhya Pradesh, India.
 - ii. The present Directors in CRCL are Shri Kumar Kanti Bhattacharya, Shri Debi Prasad Mookherji and Shri Sourav Bardhan.

- iii. Shri Sekh Rezaul Karim, who was earlier a Director in CRCL, has since resigned.
- iv. From the material available on record, it is noted that CRCL issued *NCDs* ("**Offer of NCDs**") during the Financial Years 2012–13 and 2013–14, details of which are provided below –

Year	Type of Security	Amount Raised (₹ in Lakhs)	Number of Allottees
2012 – 13	<i>Non–Convertible Secured Redeemable Debentures</i>	*2.26	^14
2013 – 14		*17.20	^56
Total		*19.46	^70
*^No. of allottees and amount raised are taken from the documents submitted with the complaints received by SEBI. However, actual no. of allottees and amount mobilized are likely to be much more than the above indicated figures.			

4.1 In the context of the abovementioned details of the *Offer of NCDs*, the issue for determination in the instant matter is whether the mobilization of funds by CRCL through the aforesaid, is in accordance with the provisions of the SEBI Act read with the SEBI (Issue and Listing of Debt Securities), Regulations, 2008 ("**Debt Securities Regulations**"); the Companies Act, 1956.

4.2 I note that the jurisdiction of SEBI over various provisions of the Companies Act in the case of public companies, whether listed or unlisted, when they issue and transfer securities, flows from the provisions of Section 55A of the Companies Act. While examining the scope of Section 55A of the Companies Act, 1956, the Hon'ble Supreme Court of India in *Sahara India Real Estate Corporation Limited & Ors. vs. SEBI (Civil Appeal no. 9813 of 2011) (Judgment dated August 31, 2012)* (hereinafter referred to as the "*Sahara Case*"), had observed:

"We, therefore, hold that, so far as the provisions enumerated in the opening portion of Section 55A of the Companies Act, so far as they relate to issue and transfer of securities and non-payment of dividend is concerned, SEBI has the power to administer in the case of listed public companies and in the case of those public companies which intend to get their securities listed on a recognized stock exchange in India."

4.3 In this regard –

- i. Reference is also made to Sections 67(1) and 67(3) of the Companies Act, 1956, which are reproduced as under:

"67. Construction of reference to offering shares or debentures to the public, etc.

67. (1) Any reference in this Act or in the articles of a company to offering shares or debentures to the public shall, subject to any provision to the contrary contained in this Act and subject also to the provisions of sub-sections (3) and (4), be construed as including a reference to offering them to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner.

(2) Any reference in this Act or in the articles of a company to invitations to the public to subscribe for shares or debentures shall, subject as aforesaid, be construed as including a reference to invitations to subscribe for them extended to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner.

(3) No offer or invitation shall be treated as made to the public by virtue of sub-section (1) or sub-section (2), as the case may be, if the offer or invitation can properly be regarded, in all the 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.

Provided that nothing contained in this sub-section shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more:

Provided further that nothing contained in the first proviso shall apply to non-banking financial companies or public financial institutions specified in section 4A of the Companies Act, 1956 (1 of 1956)."

- ii. While examining the scope of Section 67 of the Companies Act, 1956, the Hon'ble Supreme Court of India in the *Sabara Case* observed:

"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. ...

I may, therefore, indicate, subject to what has been stated above, 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. ..."

- iii. In the instant matter, for ascertaining whether the *Offer of NCDs* is a public issue or an issue on private placement basis in accordance with Section 67 of the Companies Act, 1956, the number of subscribers is of utmost importance.
 - a. Under the *Offer of NCDs*, it is observed that during the Financial Years 2012–13 and 2013–14, CRCL allotted *NCDs* to at least 70 individuals/investors and mobilized funds amounting to a total of ₹ 19.46 Lakhs. The number of investors to whom allotments were made during the Financial Year 2013–14 (details provided in Table at paragraph 3(iv) of page 4), under the *Offer of NCDs* alongwith the amount mobilized therein, during the aforesaid Financial Years would *prima facie* indicate that such *Offer* was a public issue of securities, as prescribed under the *first proviso* to Section 67(3) of the Companies Act, 1956.
 - b. It is important to note that the number of allottees and amount raised under the *Offer of NCDs* during the Financial Years 2012–13 and 2013–14, have only been taken from the documents submitted with the complaints received by SEBI,

against CRCL (since no details were available in respect of such *Offer* on the *MCA21 Portal*). Further, no details have been provided by either CRCL or its Directors despite being given several chances to do so. Therefore, it is very likely that the actual number of allottees and amount mobilized by CRCL under such *Offer* could be much more than the figures indicated in the Table at paragraph 3(iv) of page 4.

- c. CRCL is not stated to be a Non-banking financial company or public financial institution within the meaning of Section 4A of the Companies Act, 1956. In view of the aforesaid, I, therefore, find that CRCL is not covered under the *second proviso* to Section 67(3) of the Companies Act, 1956.
- d. In view of the above, the *Offer of NCDs* by CRCL, would *prima facie* qualify as public issues under the *first proviso* to Section 67(3) of the Companies Act, 1956. In this regard, it is pertinent to note that by virtue of Section 55A of the Companies Act, Section 67 of that Act, so far as it relates to issue and transfer of securities, shall also be administered by SEBI.

4.4 I note that –

- i. From the abovementioned, it will follow that since the *Offer of NCDs* is a public issues of securities, such securities shall also have to be listed on a recognized stock exchange, as mandated under Section 73 of the Companies Act, 1956. In this regard, reference is made to Sections 73 of the Companies Act, 1956, of which sub-Sections (1), (2) and (3) are relevant for the instant case, which is reproduced as under:

"73. (1) Every company intending to offer shares or debentures to the public for subscription by the issue of a prospectus shall, before such issue, make an application to one or more recognised stock exchanges for permission for the shares or debentures intending to be so offered to be dealt with in the stock exchange or each such stock exchange.

(1A) Where a prospectus, whether issued generally or not, states that an application under sub-section (1) has been made for permission for the shares or debentures offered thereby to be dealt in one or more recognised stock exchanges, such prospectus shall state the name of the stock exchange or, as the case may be, each such stock exchange, and any allotment made on an application in pursuance of such prospectus shall, whenever made, be void, if the permission has not been granted

by the stock exchange or each such stock exchange, as the case may be, before the expiry of ten weeks from the date of the closing of the subscription lists:

Provided that where an appeal against the decision of any recognized stock exchange refusing permission for the shares or debentures to be dealt in on that stock exchange has been preferred under section 22 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), such allotment shall not be void until the dismissal of the appeal.

(2) Where the permission has not been applied under subsection (1) or such permission having been applied for, has not been granted as aforesaid, the company shall forthwith repay without interest all moneys received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the company and every director of the company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent, as may be prescribed, having regard to the length of the period of delay in making the repayment of such money.

(3) All moneys received as aforesaid shall be kept in a separate bank account maintained with a Scheduled Bank 1 [until the permission has been granted, or where an appeal has been preferred against the refusal to grant such permission, until the disposal of the appeal, and the money standing in such separate account shall, where the permission has not been applied for as aforesaid or has not been granted, be repaid within the time and in the manner specified in sub-section (2)]; and if default is made in complying with this sub-section, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to five thousand rupees.”

- ii. In the *Sahara Case*, the Hon'ble Supreme Court of India also examined Section 73 of the Companies Act, 1956, wherein it observed that –

"Section 73(1) of the Act casts an obligation on every company intending to offer shares or debentures to the public to apply on a stock exchange for listing of its securities. Such companies have no option or choice but to list their securities on a recognized stock exchange, once they invite subscription from over forty nine investors from the public. If an unlisted company expresses its intention, by conduct or otherwise, to offer its securities to the public by the issue of a prospectus, the legal obligation to make an application on a recognized stock exchange for listing starts. Sub-section (1A) of Section 73 gives indication of what are the particulars to be stated in such a prospectus. The consequences of not applying for the permission under sub-section (1) of Section 73 or not granting of permission is clearly stipulated in sub-section (3) of Section 73. Obligation to refund the amount collected from the public with interest is also mandatory as per Section 73(2) of the Act.

Listing is, therefore, a legal responsibility of the company which offers securities to the public, provided offers are made to more than 50 persons.

... Section 73(2) says that every company and every director of the company who is an officer in default, shall be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent, as may be prescribed. The scope of the above mentioned provisions came up for consideration before this Court in Raymond Synthetics Ltd. & Ors. V. Union of India (supra), wherein the Court held that in a case where the company has not applied for listing on a stock exchange, the consequences will flow from the company's disobedience of the law, the liability to pay interest arises as from the date of receipt of the amounts, for the company ought not to have received any such amount in response to the prospectus. I am, therefore, of the view that since Sabaras had violated the listing provisions and collected huge amounts from the public in disobedience of law, SEBI is justified in directing refund of the amount with interest."

- iii. Having regard to the abovementioned observations of the Hon'ble Supreme Court of India, since the *Offer of NCDs* is *prima facie* a public issue in accordance with the provisions of the Companies Act, 1956, the same will attract the requirement of compulsory listing before a recognized stock exchange in terms of Section 73(1) of the Companies Act, 1956 and also compliance with the provisions of Sections 73(2) and 73(3) of that Act.
- iv. In the facts of the instant case, it *prima facie* appears that CRCL has violated the provisions of Section 73 of the Companies Act, 1956, in respect of the *Offer of NCDs*.

4.5 Under Section 2(36) read with Section 60 of the Companies Act, 1956, a company needs to register its prospectus with the ROC, before making a public offer or issuing the prospectus. As per the aforesaid Section 2(36), "*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, or debentures of, a body corporate. As mentioned above, the *Offer of NCDs* was a public issues of securities. Having made a public issue, CRCL was required to register a prospectus with the ROC under Section 60 of the Companies Act, 1956. I find that there is no evidence on record to indicate whether or not CRCL has complied with the provisions of Section 60 of Companies Act,

1956, in respect of the *Offer of NCDs*. In view of the same, I find that CRCL has *prima facie* not complied with the provisions of Section 60 of Companies Act, 1956.

- 4.6 Under Section 56(1) of the Companies Act, 1956, every prospectus issued by or on behalf of a company, shall state the matters specified in Part I and set out the reports specified in Part II of Schedule II of that Act. Further, as per Section 56(3) of the Companies Act, 1956, no one shall issue any form of application for shares in or debentures of a company, unless the form is accompanied by abridged prospectus, contain disclosures as specified. Based on the material available on record, I find that CRCL has not complied with the provisions of Section 56(1) and 56(3) of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions.
- 4.7 Under Section 117B of the Companies Act, 1956, no company shall issue a prospectus or a letter of offer to the public for subscription of its debentures, unless it has, before such issue, appointed one or more debenture trustees for such debentures and the company has, on the face of the prospectus or the letter of offer, stated that the debenture trustee or trustees have given their consent to the company to be so appointed. Further, under Section 117C of the Companies Act, 1956, where a company issues debentures, it shall create a debenture redemption reserve for the redemption of such debentures, to which adequate amounts shall be credited, from out of its profits every year until such debentures are redeemed. Based on the material available on record, I find that CRCL has not complied with the provisions of Sections 117B–117C of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions in respect of the *Offer of NCDs*.
- 4.8 In addition to the above, reference may be made to the Debt Securities Regulations, which were framed by SEBI in exercise of its powers under Section 30 of the SEBI Act and are applicable to the public issue and listing of debt securities. It may be relevant to note that under the aforesaid Regulations, '*debt securities*' have been defined as '*non-convertible debt securities which create or acknowledge indebtedness, and include debenture...*' In this context, I find that CRCL, through the *Offer of NCDs*, which is a public issue of debt securities, has *prima facie* violated the following provisions of the aforesaid Regulations, which contain *inter alia* conditions for public issue and listing of debt securities, viz.

- i. Regulation 4(2)(a) – *Application for listing of debt securities*

- ii. Regulation 4(2)(b) – *In-principle approval for listing of debt securities*
- iii. Regulation 4(2)(c) – *Credit rating has been obtained*
- iv. Regulation 4(2)(d) – *Dematerialization of debt securities*
- v. Regulation 4(4) – *Appointment of Debenture Trustees*
- vi. Regulation 5(2)(b) – *Disclosure requirements in the Offer Document*
- vii. Regulation 6 – *Filing of draft Offer Document*
- viii. Regulation 7 – *Mode of disclosure of Offer Document*
- ix. Regulation 8 – *Advertisements for Public Issues*
- x. Regulation 9 – *Abridged Prospectus and application forms*
- xi. Regulation 12 – *Minimum subscription*
- xii. Regulation 14 – *Prohibition of mis-statements in the Offer Document*
- xiii. Regulation 15 – *Trust Deed*
- xiv. Regulation 17 – *Creation of security*
- xv. Regulation 19 – *Mandatory Listing*
- xvi. Regulation 26 – *Obligations of the Issuer, etc.*

4.9 Upon a consideration of the aforementioned paragraphs, I am of the view that CRCL is *prima facie* engaged in fund mobilising activity from the public, through the *Offer of NCDs* and as a result of the aforesaid activity has violated the aforementioned provisions of the Companies Act, 1956 (Section 56, Section 60 read with Section 2(36), Section 73, Sections 117B–117C) read with the Debt Securities Regulations.

5.1 From the material available on record, it is observed that CRCL created a charge of ₹ 200 Crores on May 28, 2012 and appointed *Cell Debenture Trust (represented by Shri Abdul Basad Molla)*, as Debenture Trustee for the *Offer of NCDs* by that company.

5.2 Section 12(1) of the SEBI Act states that: "*No... trustee of trust deed ... shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act*".

5.3 In addition, Regulation 7 of SEBI (Debenture Trustees) Regulations, 1993 ("**Debenture Trustees Regulations**"), provides that: "*no person should act as a debenture trustee unless he is either –*

- i. a scheduled bank carrying on commercial activity; or*

- ii. a public financial institution within the meaning of section 4A of the Companies Act, 1956; or
- iii. an insurance company; or
- iv. body corporate."

- 5.4 Based on the material available on record, I find that *Cell Debenture Trust (represented by Shri Abdul Basad Molla)*, has acted as an unregistered Debenture Trustee, which amounts to violation of the abovementioned provisions of the SEBI Act read with the Debenture Trustees Regulations.
6. Shri Sekh Rezaul Karim, who was earlier a Director in CRCL, has since resigned.
7. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it deems fit for fulfilling its legislative mandate. Further, as per the provisions of Section 55A of the Companies Act, 1956, administrative authority on the subjects relating to public issue of securities is exclusively with SEBI. For this purpose, SEBI can exercise its jurisdiction under Sections 11(1), 11A, 11B and 11(4) of the SEBI Act read with Section 55A of the Companies Act, 1956 (as mentioned in paragraphs 4.1–4.9 above). Steps therefore, have to be taken in the instant matter to ensure that only legitimate fund raising activities are carried on by CRCL and no investors are defrauded. In light of the facts in the instant matter, I find that there is no other alternative but to take recourse through an interim action against CRCL and its Directors, for preventing that company from further carrying on with its fund mobilising activity under the *Offer of NCDs*.
8. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11, 11(4), 11A and 11B of the SEBI Act, hereby issue the following directions –
- i. CRCL (PAN: AAEECC9934A) shall forthwith cease to mobilize funds from investors through the *Offer of NCDs* or through the issuance of equity shares or any other securities, to the public and/or invite subscription, in any manner whatsoever, either directly or indirectly till further directions;
 - ii. CRCL and its present Directors, viz. Shri Kumar Kanti Bhattacharya (PAN: ADXPB7335B; DIN: 01576626), Shri Debi Prasad Mookherji (PAN: AEWPM1966K; DIN: 03182022), Shri Sourav Bardhan (PAN: AIZPB6070C; DIN:

- 03381343), 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;
- iii. The past Director of CRCL, viz. Shri Sekh Rezaul Karim (DIN: 03410690), is 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;
 - iv. CRCL and its abovementioned past and present Directors, are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in the securities market, either directly or indirectly, till further directions;
 - v. CRCL shall provide a full inventory of all its assets and properties;
 - vi. CRCL's abovementioned past and present Directors shall provide a full inventory of all their assets and properties;
 - vii. CRCL and its abovementioned present Directors shall not dispose of any of the properties or alienate or encumber any of the assets owned/acquired by that company through the *Offer of NCDs*, without prior permission from SEBI;
 - viii. CRCL and its abovementioned present Directors shall not divert any funds raised from public at large through the *Offer of NCDs*, which are kept in bank account(s) and/or in the custody of CRCL;
 - ix. CRCL and its abovementioned past and present Directors shall furnish complete and relevant information (as sought by SEBI letter dated March 7, 2014), within 14 days from the date of receipt of this Order;
 - x. The Debenture Trustee, viz. *Cell Debenture Trust (represented by Shri Abdul Basad Molla)*, is prohibited from continuing with its assignment as debenture trustee in respect of the *Offer of NCDs* of CRCL and also from taking up any new assignment or involvement in any new issue of debentures, etc. in a similar capacity, from the date of this order till further directions.
9. The above directions shall take effect immediately and shall be in force until further orders.
- 10.1 The *prima facie* observations contained in this Order are made on the basis of the material available on record i.e. reference received from the Ministry of Finance; correspondences exchanged between SEBI and CRCL, abovementioned complaint received by SEBI;

letter dated October 29, 2013 (received from ROC) and information obtained from the Ministry of Corporate Affairs' website i.e. *MCA 21 Portal*. In this context, CRCL and its abovementioned Directors are advised to show cause as to why suitable directions/prohibitions under Sections 11(1), 11(4), 11A and 11B of the SEBI Act including the following, should not be taken/imposed against them:

- i. Directing them jointly and severally to refund money collected through the *Offer of NCDs* alongwith interest, if any, promised to investors therein;
- ii. Directing them to not 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;
- iii. Directing them to refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.

10.2 CRCL and its abovementioned Directors, may, within 21 days from the date of receipt of this Order, file their replies, if any, to this Order and may also indicate whether they desire to avail themselves an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.

10.3 Similarly, the Debenture Trustee, viz. *Cell Debenture Trust (represented by Shri Abdul Basad Molla)*, is advised to show cause as to why suitable directions/prohibitions under Sections 11(1), 11(4), 11A and 11B of the SEBI Act including restraining it from accessing the securities market and further restraining it from buying, selling or dealing in securities, in any manner whatsoever, for an appropriate period should not be issued.

10.4 The Debenture Trustee, viz. *Cell Debenture Trust (represented by Shri Abdul Basad Molla)*, may, within 21 days from the date of receipt of this Order, file its replies, if any, to this Order and may also indicate whether it desires to avail of an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.

11. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against CRCL and its abovementioned Directors; its Debenture Trustee, viz. *Cell Debenture Trust (represented by Shri Abdul Basad Molla)*, in accordance with law.

Place: Mumbai
Date: June 17, 2015

S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA