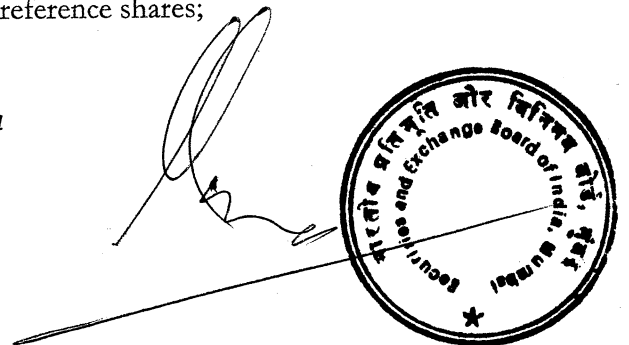


**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER**

ORDER

Under Sections 11(1), 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992, in the matter of Krutibibha Corporation Limited (CIN: U45201OR2011PLC013444; PAN: AAECK3511F) and its Directors viz., Shri Tapan Kumar Sethi (DIN:03306142; PAN:CASPS1885B), Shri Ranjit Kumar Sethi (DIN:03306147; PAN: CCRPS8635J), Shri Dayanidhy Behera (DIN:06397686; PAN:AWUPB3897Q) and Ms. Puspa Sethi (DIN:03195896; PAN:CTTPS8720B)

1. Securities and Exchange Board of India ("SEBI") received a complaint dated May 20, 2013 wherein it was alleged that Krutibibha Corporation Limited ("KCL") was illegally mobilizing funds from the people of the state of Odisha through the issue of *Redeemable Preference Shares* and that the money so mobilized was used to purchase land and houses in various places of Odisha.
- 2.1 SEBI, vide letter dated May 28, 2013, advised KCL to furnish *inter alia* the following information in respect of the company and its schemes, viz. –
 - i. Copy of the Memorandum and Articles of Association of the company;
 - ii. Copy of Audited Balance Sheet and Profit & Loss Account of the company for the last 3 years;
 - iii. Name, addresses, pan no., contact no. and occupation of all the promoters/directors of the company;
 - iv. Names and details of the Key Managerial Personnel of the company;
 - v. Other information in respect of issue of Preferences Shares/Debentures issued by the company, viz. –
 - a. Copy of Prospectus/Red Herring Prospectus/Statement in lieu of Prospectus/Information Memorandum filed with Registrar of Companies ("RoC") for issuance of debentures/preference shares;



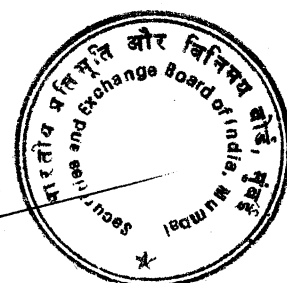
- b. Date of opening and closing of the subscription list for the said debentures/preference shares;
- c. Details regarding the number of application forms circulated inviting subscription for debentures/preference shares;
- d. Details regarding the number of applications received;
- e. Details regarding the number of allottees and list of such allottees;
- f. Number of debentures/preference shares allotted and value of such allotment against each allottee's name.
- g. Details regarding subscription amount raised;
- h. Date of allotment of the debenture/preference shares;
- i. Copies of the minutes of Board/Committee meeting in which the resolution has been passed for allotment;
- j. Date of dispatch of debenture/preference shares certificates etc.;
- k. Details of the total number of applicants for each of its scheme besides the list of final allottees;
- l. Copies of application forms, pamphlets, advertisements and other promotional material circulated for issuance of debentures/preference shares;
- m. Terms and conditions of the issue of debentures/preference shares;
- vi. Other information in respect of schemes launched for raising funds.

2.2 Since the abovementioned letter was returned undelivered, SEBI, vide letters dated February 21, 2014 sought the information (sought vide its letter dated May 28, 2013) from the three Directors of KCL, viz. Shri Tapan Kumar Sethi, Shri Ranjit Kumar Sethi and Shri Dayanidhy Behera.

2.3 Thereafter, KCL vide letter dated March 24, 2014, submitted copies of Memorandum and Articles of Association, Balance Sheet as on March 31, 2012 and *inter alia* made the following submissions:

"

- a. *As regards issue of Preference Shares and debentures, the company has not issued any debentures but some associates and well wishers have invested in the capital of the company in the shape of preference share capital through private placement basis.*
- b. *As the Preference Share capital were not issued through public offering there was no date of opening and closing of subscription list.*

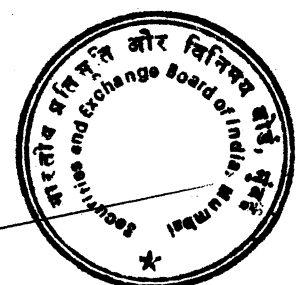
- c. *As the issue was not through a public offer the company has not issued any prospectus and there was no specific terms and conditions except complying with various provisions of Companies Act, 1956.*
- d. *The company being a public limited company only accepted share application through private circulation not meant for general public and were not covered under the provisions of Section 12(1B) of SEBI Act, 1992 and Regulations made there under.*
- e. *.....the company has not entered with any such agreement with any investor as investment made by only close associates....*
- f. *Only friends and associates invested in the company on private placement basis and there was no scheme or structure or arrangement for raising funds. The company has not made any false promises and not launched any offer document, pamphlets or brochures."*

2.4 As KCL submitted only partial information, SEBI vide letter dated March 24, 2014 advised KCL to submit a point wise reply to our earlier letter dated May 28, 2013 along with certified copies of documents. As on date, no further information/documents have been submitted by KCL.

2.5 As no further information/documents were received from KCL, SEBI vide letter dated June 06, 2014 sought information/ clarification in respect of KCL from its auditor, BCP & Associates. In reply, BCP & Associates, vide letters dated June 09, 2014 and June 12, 2014, *inter alia*, submitted : "...During the course of audit, we have been explained by the management that the company has issued redeemable preference shares of Rs.10 each on private placement basis to their friends and associates having a coupon rate of 12.5% p.a. and the terms and conditions were in terms of the Companies Act 1956...."

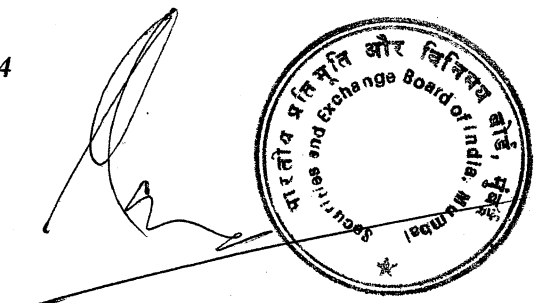
3. I have perused the material available on record i.e. the complaint received by SEBI and documents contained therein, correspondence exchanged between SEBI and KCL along with the documents contained therein and information obtained from the Ministry of Corporate Affairs' website i.e. 'MCA21 Portal'. On an examination of the same, it is observed that –

- a. KCL was incorporated on April 13, 2011, with CIN as U45201OR2011PLC013444 and having its registered office at Krutibibha House, At-Guhariapatta, PO- Paladhuapalli, Via-Khallikote, Near Berhampur, Khallikote, Pin-761028, Odisha, India.

- b. The present Directors in KCL are Shri Ranjit Kumar Sethi, Shri Tapan Kumar Sethi and Shri Dayanidhy Behera. Ms. Puspa Sethi who was earlier Director in KCL resigned on October 04, 2012.
- c. From the details of allotment, which have been obtained from 'MCA21 Portal', it is *prima facie* noted that funds to the tune of ₹3,83,93,800/- were mobilized till November 30, 2012 through issuance of 38,39,380 Redeemable Preference Shares with face value of ₹ 10. The relevant details with respect to the issuance of Redeemable Preference Shares by KCL are as under:

Date of Allotment	No. of allottees	No. of Redeemable Preference Share	Amount raised (in ₹)
30-07-2011	66	1,10,200	11,02,000
31-08-2011	411	8,07,400	80,74,000
30-09-2011	96	1,86,700	18,67,000
31-10-2011	123	2,48,900	24,89,000
30-11-2011	156	3,67,500	36,75,000
31-12-2011	173	3,93,800	39,38,000
30-01-2012	49	66,900	6,69,000
29-02-2012	49	1,36,800	13,68,000
28-03-2012	49	1,03,600	10,36,000
29-03-2012	45	1,07,700	10,77,000
30-03-2012	47	99,500	9,95,000
31-03-2012	43	1,58,000	15,80,000
20-04-2012	49	1,02,050	10,20,500
25-04-2012	49	85,300	8,53,000
30-04-2012	47	86,230	8,62,300
31-05-2012	46	68,100	6,81,000
25-06-2012	40	84,200	8,42,000
30-06-2012	18	54,000	5,40,000
20-07-2012	40	28,100	2,81,000
31-07-2012	38	1,26,500	12,65,000
20-08-2012	45	78,700	7,87,000
31-08-2012	40	1,01,100	10,11,000
29-09-2012	48	52,000	5,20,000
30-09-2012	59	16,800	1,68,000
01-10-2012	50	10,400	1,04,000
02-10-2012	50	13,700	1,37,000
03-10-2012	43	6,000	60,000
08-11-2012	50	60,300	6,03,000
29-11-2012	42	59,700	5,97,000
30-11-2012	20	19,200	1,92,000
Total	2,081	38,39,380	3,83,93,800



d. The year-wise allotment of *Redeemable Preference Shares* by KCL is summarised below:

S. No.	Year	No. of allottees	No. of Redeemable Preference Shares	Amount (₹)
1.	2011 -12	1,307	27,87,000	2,78,70,000
2.	2012 -13	774	10,52,380	1,05,23,800
Total		2,081	38,39,380	3,83,93,800

e. As per the details of allotment mentioned above, KCL had issued and allotted *Redeemable Preference Shares* ("Offer of RPS") in a series of allotments to 2081 investors and raised an amount of ₹3,83,93,800/- during the financial years 2011-12 and 2012-13.

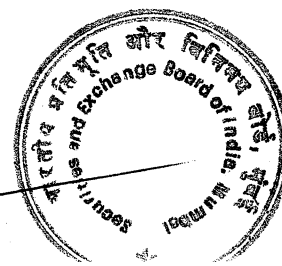
f. A perusal of Notes forming part of the Financial Statement for the year ended March 31, 2012 provided to SEBI by KCL vide letter dated March 24, 2014 provides following details:

- Preference Shares issued during the year 27,87,000 and amount raised Rs.2,78,70,000/-
- Deployment of funds to the tune of ₹. 1,47,95,008/- under "Long Term Loans & Advances" to Directors, company in which director is a director/member as detailed below:

- i. Advance to Director : ₹. 4,55,000/-
- ii. Advance to Co. in which director is a Director/member : ₹. 1,43,40,008/-

g. The auditors of KCL viz. BCP & Associates, in response to SEBI's query on loans and advances of Rs.1.43 crores (as stated in item f(ii) above), have vide their letter dated June 09, 2014 provided details of advance of Rs.1.43 crores as follows:

Krutibibha Biproducs Ltd.	:	₹ 7,42,201.98
Krutibibha Media & Entertainment Pvt. Ltd.	:	₹ 7,62,723.00
Krutibibha Trust	:	₹ 8,90,118.00
Krutibibha Emufarm India Pvt. Ltd.	:	₹1,27,75,048.00
Total	:	₹1,51,70,090.98
Less: Loan from Krutibibha Emufarm India Pvt. Ltd.	:	₹ 8,30,083.00
Loans & Advances as per Balance Sheet	:	₹1,43,40,007.98



- h. The auditors have also vide their letters dated June 09, 2014 and June 12, 2014 *inter alia* submitted :

"...We have been explained that an amount of Rs.8.30 lakhs has been paid by Krutibibha Emu Farm India Pvt. Ltd. towards adjustment of inter corporate loans and advances between the group companies which is part of Long term Loans and Advance....."

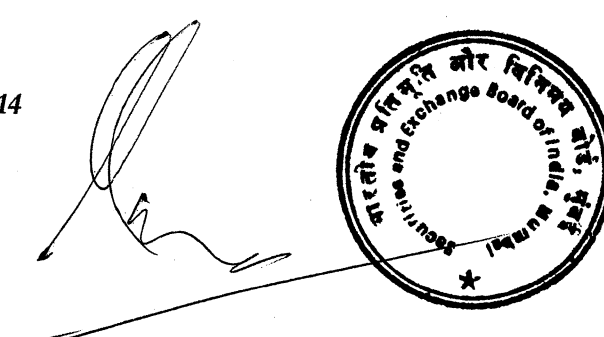
During the course of audit we have been explained by the management that the company has issued redeemable preference shares of Rs.10 each on private placement basis to their friends and associates having a coupon rate of 12.5% p.a. and the terms and conditions were in terms of the Companies Act 1956..."

- 4.1 In the context of the abovementioned details, the issue for determination in the instant matter is whether the mobilization of funds by KCL through the Offer of RPS, is in accordance with the provisions of the SEBI Act, 1992 ("**SEBI Act**") and 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, at the relevant point of time 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 that:

"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. (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 invitation 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 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 *Sahara Case* 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).



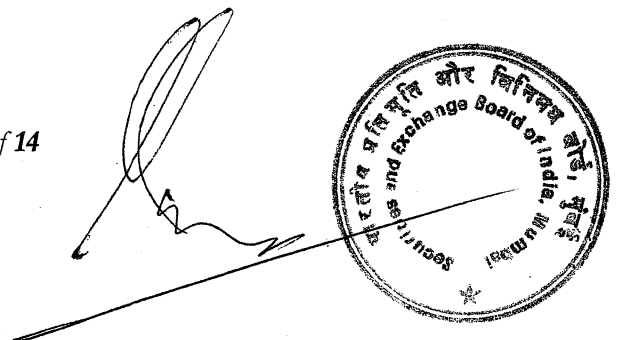
If the circumstances mentioned in clauses (1) and (b) of Section 67(3) are satisfied, then the offer/invitation would not be treated as being made to the public.

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. ...

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. For ascertaining whether the Offer of RPS are public issues or issues on private placement basis in accordance with Section 67 of the Companies Act, 1956, the number of subscribers is of utmost importance.
- a) In the facts of the instant case, although the Offer of RPS is stated to have been made on a private placement basis by KCL, it is observed from the details of allotment obtained from 'MCA 21 Portal', that KCL issued and allotted Redeemable Preference Shares in a series of allotments and raised an amount of approximately ₹.3.84 Crores from 2081 investors during the financial years 2011-12 and 2012-13. It is pertinent to mention that the number of investors to whom the Offer of RPS was made by KCL in both these financial years was much beyond the prescribed limit of forty-nine persons (1307 investors in the financial year 2011-12 and 774 investors in the financial year 2012-13). Further, on many occasions, Redeemable Preference Shares was issued to more than fifty people in the same allotment (viz. on 30/07/2011, 31/08/2011, 30/09/2011, 31/10/2011, 30/11/2011, 31/12/2011, 30/09/2012, 01/10/2012, 02/10/2012 and 08/11/2012). In view of the above stated facts, the Offer of RPS by KCL *prima facie* qualifies as a public issue of securities under the first proviso to Section 67(3) of the Companies Act, 1956, which has been elucidated by the Hon'ble Supreme Court of India in the *Sahara Case*.



- b) In addition, KCL is not stated to be a non-banking financial company or a public financial institution within the meaning of Section 4A of the Companies Act and therefore, is not covered under the *second proviso* to Section 67(3).
- c) In this regard, it is pertinent to note that by virtue of Section 55A of the Companies Act read with Section 67 of the said Act, so far as it relates to issue and transfer of securities, shall also be administered by SEBI.

4.4 I note that –

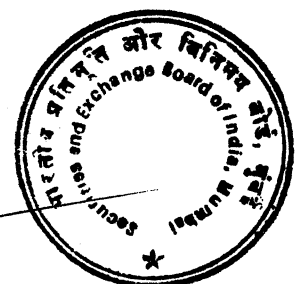
- i. From the abovementioned para, it will follow that since the *Offer of RPS* is a public issue of securities, such securities shall also have to be listed on a recognized stock exchange, as mandated under Section 73 of the Companies Act, 1956. In this regard, reference is made to Section 73 of the 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 recognised 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 fifty thousand rupees."

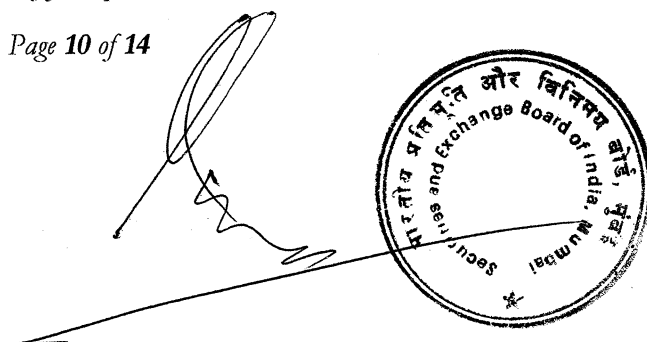
- ii. In the *Sahara Case*, the Hon'ble Supreme Court of India also examined Section 73 of the Companies Act, 1956, wherein it observed that –

"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



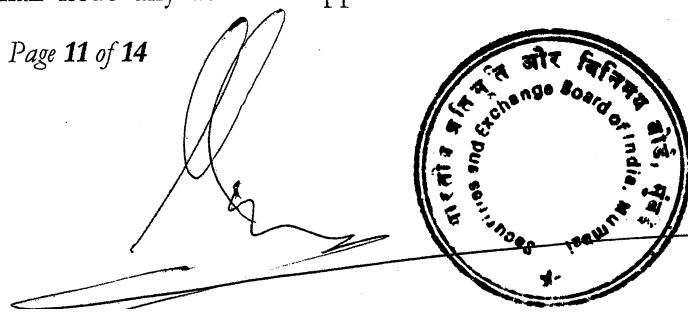
mentioned provisions came up for consideration before this Court in *Raymond Synthetics Ltd. & Ors. V. Union of India (supra)*, wherein the Court held that in a case where the company has not applied for listing on a stock exchange, the consequences will flow from the company's disobedience of the law, 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 *Saharas* 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 RPS* 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 provisions of Sections 73(2) and 73(3) of that Act.

iv. In the facts of the instant case, it *prima facie* appears that KCL has violated the provisions of Section 73 of the Companies Act, 1956, in respect of the *Offer of RPS*.

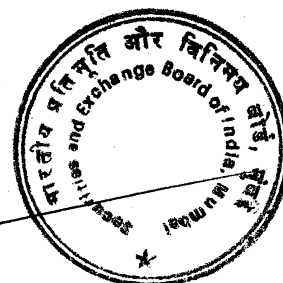
4.5 Under Section 2(36) read with Section 60 of the Companies Act, 1956, a company needs to register its prospectus with the RoC, before making a public offer or issuing the prospectus to the public. As per the aforesaid Section 2(36), "*prospectus*" means any document described or issued as a prospectus 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, since the *Offer of RPS* was made to fifty persons or more, it has to be construed as a public offer. Having made a public offer, KCL was required to register a prospectus with the RoC under Section 60 of the Companies Act, 1956. In the instant case, there is no evidence on record to indicate that the aforesaid requirement had been complied with, by KCL. In view of the same, I find that KCL has *prima facie* not complied with the provisions of Section 60 of the 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 KCL 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 Upon a consideration of the aforementioned paragraphs, I am of the view that KCL is *prima facie* engaged in fund mobilising activity from the public, through the *Offer of RPS* 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).
- 4.8 It is also disconcerting that an amount of Rs.1.48 Crores (details in para 3 (f) & (g) above of this order), which is approximately 39% of the total amount of Rs.3.84 Crores (the amount mobilised under the *Offer of RPS*), has been lent to directors or to companies in which the directors have interest (related parties).
5. 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, the 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 over companies who issue *Redeemable Preference Shares* to fifty persons or more, but do not comply with the applicable provisions of the aforesaid Companies Acts. Steps therefore, have to be taken in the instant matter to ensure only legitimate fund raising activities are carried on by KCL 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 to an interim action against KCL and its Directors, for preventing that company from further carrying on with its fund mobilising activity under the *Offer of RPS*.
6. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11A and 11B of the SEBI Act, hereby issue the following directions –

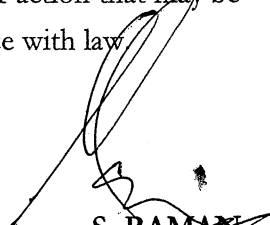


- i. KCL shall not mobilize any fresh funds from investors through the *Offer of RPS* or through any other securities, to the public and/or invite subscription, in any manner whatsoever, either directly or indirectly, till further directions;
 - ii. KCL (CIN: U45201OR2011PLC013444; PAN: AAECK3511F) and its Directors, viz. Shri Tapan Kumar Sethi (DIN: 03306142; PAN: CASPS1885B), Shri Ranjit Kumar Sethi (DIN: 03306147; PAN: CCRPS8635J), Shri Dayanidhy Behera (DIN: 06397686; PAN: AWUPB3897Q) and Ms. Puspa Sethi (DIN: 03195896; PAN: CTTPS8720B) 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. KCL and its abovementioned 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.
 - iv. KCL shall provide a full inventory of all its assets and properties;
 - v. The Directors of KCL shall provide a full inventory of all their assets and properties;
 - vi. KCL and its abovementioned 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 RPS*, without prior permission from SEBI;
 - vii. KCL and its abovementioned Directors shall not divert any funds raised from public at large through the *Offer of RPS*, which are kept in bank account(s) and/or in the custody of KCL;
 - viii. KCL and its abovementioned Directors shall, within 21 days from the date of receipt of this Order, provide SEBI with all relevant and necessary information as sought vide SEBI letters dated May 28, 2013, February 21, 2014 and March 24, 2014.
7. The above directions shall take effect immediately and shall be in force until further orders.



8. The *prima facie* observations contained in this Order are made on the basis of the material available on record i.e. the complaint received by SEBI and documents contained therein, correspondence exchanged between SEBI and KCL along with the documents contained therein and information obtained from the Ministry of Corporate Affairs' website i.e. 'MCA 21 Portal'. In this context, KCL and its abovementioned Directors, may, within 21 days from the date of receipt of this Order, file their reply, 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.
9. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against KCL and its abovementioned Directors, in accordance with law

Place: Mumbai
Date: January 29, 2015


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

