

**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 Phenix Properties Limited (PAN: AAEC2476Q) and its Directors, viz. Shri Ashim Das (DIN: 1132191), Shri Nirmalya Mukherjee (PAN: ALMPM5615N; DIN: 1201138), Shri Abu Naseer Jamir Ahmed (DIN: 1996430), Shri Prithiish Das (PAN: AINPD9015B; DIN: 2037852), Shri Somnath Gupta (PAN: AGGPG9365G; DIN: 2040170), Shri Samir Saha (PAN: BJMPS7143A; DIN: 2069349), Shri Saurabh Chakraborty (PAN: AHLPC8055B; DIN: 2184673), Shri Moloy Dey (DIN: 2235938), Shri Kamdev Bhattacharjee (PAN: AISP3975F; DIN: 2235979), Shri Shekhar Saha (PAN: AKAPS2175E; DIN: 2250125), Shri Badrul Islam (PAN: AATPI5977M; DIN: 2264925), Shri Debjyoti Das (DIN: 1132239), Shri Amar Kumar Das (PAN: AJTPD9357P; DIN: 1132219), Shri Utpal Bandopadhyay (DIN: 1899027), Shri Trailukya Bora (DIN: 1899058), Shri Gopal Deka (PAN: AFUPD9977N; DIN: 1899011), Shri Pulak Hazarika (DIN: 1899072) and Smt. Jyoti Prasad Saikia (DIN: 1899043).

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1. Securities and Exchange Board of India ("**SEBI**") received a letter dated August 30, 2014, from the Finance (Institutional Finance) Department, Government of Assam, forwarding a letter dated March 25, 2014, of the Reserve Bank of India ("**RBI**") *inter alia* regarding mobilization of funds by Phenix Properties Limited ("**PPL**").
 - 2.1 Thereafter, SEBI vide letters dated October 1, 2014 and October 21, 2014, sought the following information from PPL and its Directors at the relevant time, viz. Shri Ashim Das, Shri Nirmalya Mukherjee, Shri Abu Naseer Jamir Ahmed, Shri Prithiish Das, Shri Somnath Gupta, Shri Samir Saha, Shri Saurabh Chakraborty, Shri Moloy Dey, Shri Kamdev Bhattacharjee, Shri Shekhar Saha and Shri Badrul Islam, –
 - i. Copy of the Memorandum and Articles of Association of the company;
 - ii. Copy of Audited Annual Accounts of the company for the last 3 years;
 - iii. Name, addresses and occupation of all the Promoters/Directors and Key Managerial of the company;
 - iv. Nature of business;
 - v. Other information in respect of issue of shares/debentures by the company, viz. –

- a. Copy of Prospectus/Red Herring Prospectus/Statement in lieu of Prospectus/Information Memorandum filed with Registrar of Companies ("**ROC**");
- b. Date of opening and closing of the subscription list;
- c. Details regarding the number of application forms circulated inviting subscription;
- d. Details regarding the number of applications received;
- e. Details regarding the number of allottees and list of such allottees, etc.;
- f. Copies of the minutes of Board/Committee meeting in which the resolution has been passed for raising such additional capital and also for allotment;
- g. Copies of application forms, pamphlets, advertisements and other promotional material circulated for issuance of shares/debentures;
- h. Terms and conditions of the issue of shares/debentures;
- i. Details of application for listing, if any, filed with stock exchanges;
- j. Copy of Form 2 and Form 10 filed with ROC;
- k. Details of Debenture Trustee.

2.2 The letters sent to PPL and its Directors, viz. Shri Ashim Das, Shri Abu Naseer Jamir Ahmed, Shri Somnath Gupta, Shri Moloy Dey, Shri Kamdev Bhattacharjee and Shri Badrul Islam, were returned as undelivered. No report on delivery of letters sent to the Directors of PPL, viz. Shri Nirmalya Mukherjee, Shri Prithiish Das, Shri Samir Saha and Shri Saurabh Chakraborty, is available.

2.3.1 The letter sent to the other Director of PPL at the relevant time i.e. Shri Shekhar Saha, was delivered. Vide letter dated October 30, 2014, Shri Shekhar Saha sought further time from SEBI to reply to the aforementioned letter. Following a reminder letter dated November 14, 2014, Shri Shekhar Saha replied on behalf of PPL vide letter dated November 28, 2014 and e-mail dated January 31, 2015, whereby he submitted the following information –

- i. Copy of the Memorandum and Articles of Association of the company;
- ii. Copy of Audited Annual Accounts of the company for the Financial Years 2008–09, 2009–10 and 2010–11;
- iii. Name, addresses and occupation of all the present Directors of the company;

- iv. Form 2 (Return of allotment) for the allotments of *Redeemable Preference Shares* made between 2007 to 2010.

2.3.2 In addition to the above, vide the abovementioned correspondence (letter dated November 28, 2014 and e-mail dated January 31, 2015), Shri Shekhar Saha also submitted that –

"The Company has issued Preference Shares on Private Placement basis for which approval has been taken from shareholders & respective forms regarding the same has been filed with ROC, Shillong. In this respect, Prospectus/Red Herring Prospectus, etc. is not required to be issued."

3. The material available on record i.e. correspondences exchanged between SEBI and PPL alongwith the documents contained therein; abovementioned letter dated August 30, 2014 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. PPL was incorporated on June 10, 2005, with the ROC, Shillong with CIN No. as U70101AS2005PLC007784. Its Registered Office is at G.S. Road, Lachit Nagar, Ulubari, Guwahati-781007, Assam, India.
- ii. The present Directors in PPL are Shri Ashim Das, Shri Nirmalya Mukherjee, Shri Abu Naseer Jamir Ahmed, Shri Prithiish Das, Shri Somnath Gupta, Shri Samir Saha, Shri Saurabh Chakraborty, Shri Moloy Dey, Shri Kamdev Bhattacharjee, Shri Shekhar Saha and Shri Badrul Islam.
- iii. Shri Debjyoti Das, Shri Amar Kumar Das, Shri Utpal Bandopadhyay, Shri Trailukya Bora, Shri Gopal Deka, Shri Pulak Hazarika and Smt. Jyoti Prasad Saikia, who were earlier Directors of PPL, have since resigned.
- iv. Form 2 (Form for Return of Allotment – filed by PPL with the ROC in accordance with the provisions of the Companies Act, 1956) reveals that the company issued "*Redeemable Preference Shares*" ("***Offer of Redeemable Preference Shares***") to investors, details of which are provided below –

Type of Security	Year	No. of persons to whom preference shares were allotted	Total Amount (₹ in Lakhs)
Redeemable Preference Shares	2006–07	215	0.02
	2007–08	6350	0.63
	2008–09	16139	1.62
	2009–10	38285	3.83
Total		61089	6.10
** From a sample analysis of the list of investors under the Offer of Redeemable Preference Shares, it is observed that the names of several investors have been repeated in the lists of allotments for a particular Financial Year either with the same addresses or different addresses.			

v. In addition to the above, it is observed from PPL's Balance Sheet for the Financial Year 2009–10, that *share application money* has been reflected therein as ₹ 12.42 Lakhs, which subsequently increased to ₹ 13.72 Lakhs in the Financial Year 2010–11.

vi. PPL has not filed Annual Accounts and Annual Returns with the ROC for the Financial Years 2011–12, 2012–13 and 2013–14.

4.1 In the context of the abovementioned details of the *Offer of Redeemable Preference Shares*, the issue for determination in the instant matter is whether the mobilization of funds by PPL through the aforesaid, is in accordance with the provisions of the SEBI Act, 1992 ("**SEBI Act**"); the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("**DIP Guidelines**") read with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**ICDR Regulations**") 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, 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 *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. In the instant matter, for ascertaining whether the *Offer of Redeemable Preference Shares* 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 Redeemable Preference Shares*, PPL allotted *redeemable preference shares* to a total of 61089 individuals/investors and admittedly mobilized an amount of ₹ 6.10 Lakhs, during the Financial Years 2006–07, 2007–08, 2008–09 and 2009–10, [Table at para 3(iv) of page 3]. In addition, it is observed from PPL's Balance Sheet for the Financial Year 2009–10, that *share application money* has been reflected as ₹ 12.42 Lakhs, which subsequently increased to ₹ 13.72 Lakhs in the Financial Year 2010–11. It is also noted that PPL has not filed Annual Accounts and Annual Returns with the ROC for the Financial Years

2011–12, 2012–13 and 2013–14. The number of investors to whom allotments were made under the *Offer of Redeemable Preference Shares* during the aforesaid Financial Years alongwith the amount mobilized therein, would *prima facie* indicate that the number of persons to whom such *Offer* was made, was above the limit of forty–nine persons as prescribed under the *first proviso* to Section 67(3) of the Companies Act, 1956.

- b. PPL has submitted that: "*The Company has issued Preference Shares on Private Placement basis for which approval has been taken from shareholders & respective forms regarding the same has been filed with ROC, Shillong.*" However, considering the facts and circumstances of the case, it is abundantly clear that the issue of *redeemable preference shares* under the *Offer of Redeemable Preference Shares*, was made to the general public. Hence, merely stating that the issue was made on private placement basis shall not make it as such.
- c. It is observed that PPL 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 PPL 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 Redeemable Preference Shares* by PPL, would *prima facie* qualify as a public issue 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, 1956, 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 Redeemable Preference Shares* 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 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 recognized 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 *Sabara 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 Redeemable Preference Shares* 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 PPL has violated the provisions of Section 73 of the Companies Act, 1956, in respect of the *Offer of Redeemable Preference Shares*.

- 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, since the *Offer of Redeemable Preference Shares* was made to fifty persons or more, it has to be construed as a public offer. Having made a public offer, PPL was required to register a prospectus with the ROC under Section 60 of the Companies Act, 1956. In its submission, PPL has stated that "*Prospectus/Red Herring Prospectus, etc. is not required to be issued.*" In view of the same, I find that PPL 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 PPL 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 I also note that SEBI framed the DIP Guidelines, in exercise of the powers conferred under the SEBI Act. In the words of the Hon'ble Supreme Court in the *Sabara Case*, "*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*". In this regard, I observe *prima facie* that PPL has not complied with the following provisions of the DIP Guidelines as regards the *Offer of Redeemable Preference Shares* during the Financial Years 2006–07, 2007–08 and 2008–09, viz. –

- a. Clause 2.1.1. – (*Filing of offer document*)
- b. Clause 2.1.4 – (*Application for listing*)
- c. Clause 2.1.5 – (*Issue of securities in dematerialized form*),
- d. Clause 2.8 – (*Means of finance*),
- e. Clause 4.1 – (*Promoters contribution in a public issue by unlisted companies*),
- f. Clause 4.11 – (*Lock-in of minimum specified promoters contribution in public issues*),
- g. Clause 4.14 – (*Lock-In of pre-issue share capital of an unlisted company*)
- h. Clause 5.3.1 – (*Memorandum of understanding*),
- i. Clause 5.3.3 – (*Due Diligence Certificate*)
- j. Clause 5.3.5 – (*Undertaking*),
- k. Clause 5.3.6 – (*List Of Promoters Group And Other Details*),
- l. Clause 5.4 – (*Appointment of intermediaries*)
- m. Clause 5.6 – (*Offer document to be made public*)
- n. Clause 5.6A – (*Pre-issue Advertisement*)
- o. Clause 5.7 – (*Despatch of issue material*)
- p. Clause 5.8 – (*No complaints certificate*)
- q. Clause 5.9 – [*Mandatory collection centres including Clause 5.9.1 (Minimum number of collection centres)*]
- r. Clause 5.10 – (*Authorised Collection Agents*)
- s. Clause 5.12.1 – (*Appointment of compliance officer*)
- t. Clause 5.13 – (*Abridged prospectus*)
- u. Clause 6.0 – (*Contents of offer documents*)
- v. Clause 8.3 – (*Rule 19(2)(b) of SC(R) Rules, 1957*)
- w. Clause 8.8.1 – (*Opening & closing date of subscription of securities*)
- x. Clause 9 – (*Guidelines on advertisements by Issuer Company*)
- y. Clause 10.1 – (*Requirement of credit rating*)
- z. Clause 10.5 – (*Redemption*)

4.8 As per Regulation 111(1) of the ICDR Regulations, the DIP Guidelines, "*shall stand rescinded*". However, Regulation 111(2) of the ICDR Regulations, provides that:

"(2)Notwithstanding the repeal under sub-section (1) of the repealed enactments,—

(a) anything done or any action taken or purported to have been done or taken including observation made in respect of any draft offer document, any enquiry or investigation commenced or show cause notice

issued in respect of the said Guidelines shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) any offer document, whether draft or otherwise, filed or application made to the Board under the said Guidelines and pending before it shall be deemed to have been filed or made under the corresponding provisions of these regulations."

- 4.9 Upon a consideration of the aforementioned paragraphs, I am of the view that PPL is *prima facie* engaged in fund mobilising activity from the public, through the *Offer of Redeemable Preference Shares* 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).
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, 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; the DIP Guidelines read with ICDR Regulations, over companies who issue *Redeemable Preference Shares* to fifty persons or more, but do not comply with the applicable provisions (as mentioned in paragraphs 4.1–4.9 above). Steps therefore, have to be taken in the instant matter to ensure only legitimate fund raising activities are carried on by PPL 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 PPL and its Directors, for preventing that company from further carrying on with its fund mobilising activity under the *Offer of Redeemable Preference Shares*.
6. Shri Debjyoti Das, Shri Amar Kumar Das, Shri Utpal Bandopadhyay, Shri Trailukya Bora, Shri Gopal Dekka, Shri Pulak Hazarika and Smt. Jyoti Prasad Saikia, who were earlier Directors of PPL, have since resigned
7. 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. PPL (PAN: AAEC2476Q) shall forthwith cease to mobilize funds from investors through the *Offer of Redeemable Preference Shares* 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. PPL and its present Directors, viz. Shri Ashim Das (DIN: 1132191), Shri Nirmalya Mukherjee (PAN: ALMPM5615N; DIN: 1201138), Shri Abu Naseer Jamir Ahmed (DIN: 1996430), Shri Prithish Das (PAN: AINPD9015B; DIN: 2037852), Shri Somnath Gupta (PAN: AGGPG9365G; DIN: 2040170), Shri Samir Saha (PAN: BJMPS7143A; DIN: 2069349), Shri Saurabh Chakraborty (PAN: AHLPC8055B; DIN: 2184673), Shri Moloy Dey (DIN: 2235938), Shri Kamdev Bhattacharjee (PAN: AISPB3975F; DIN: 2235979), Shri Shekhar Saha (PAN: AKAPS2175E; DIN: 2250125) and Shri Badrul Islam (PAN: AATPI5977M; DIN: 2264925), 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 Directors of PPL, viz. Shri Debjyoti Das (DIN: 1132239), Shri Amar Kumar Das (PAN: AJTPD9357P; DIN: 1132219), Shri Utpal Bandopadhyay (DIN: 1899027), Shri Trailukya Bora (DIN: 1899058), Shri Gopal Deha (PAN: AFUPD9977N; DIN: 1899011), Shri Pulak Hazarika (DIN: 1899072) and Smt. Jyoti Prasad Saikia (DIN: 1899043), 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;
- iv. PPL 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. PPL shall provide a full inventory of all its assets and properties;
- vi. PPL's abovementioned past and present Directors shall provide a full inventory of all their assets and properties;
- vii. PPL 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 Redeemable Preference Shares*, without prior permission from SEBI;

- viii. PPL and its abovementioned present Directors shall not divert any funds raised from public at large through the *Offer of Redeemable Preference Shares*, which are kept in bank account(s) and/or in the custody of PPL;
 - ix. PPL and its abovementioned present Directors shall furnish complete and relevant information (as sought by SEBI letters dated October 1, 2014 and October 21, 2014), within 14 days from the date of receipt of this Order.
8. The above directions shall take effect immediately and shall be in force until further orders.
- 9.1 The *prima facie* observations contained in this Order are made on the basis of the material available on record i.e. correspondences exchanged between SEBI and PPL alongwith the documents contained therein; abovementioned letter dated August 30, 2014 and information obtained from the Ministry of Corporate Affairs' website i.e. *MCA 21 Portal*. In this context, PPL 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 Redeemable Preference Shares* 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.
- 9.2 PPL 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. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against PPL and its abovementioned Directors, in accordance with law.

Place: Mumbai
Date: April 24, 2015

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