

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 Dolphin Universal Rural Development Limited (PAN:AAECD1060C); its past/present Directors, viz. Shri Subham Bose (DIN:03224525), Shri Anindyo Paul (DIN:03377719), Shri Koushik Dutta (DIN:05211731), Shri Debraj Mitra (DIN:06493364), Shri Saugata Basu (DIN:03566418, PAN:AFUPB7369C), Shri Rana Sikdar (DIN: 06601772) and its Debenture Trustee, viz. Dolphin Debenture Trust (represented by its trustee viz. Shri Sumit Jana).

1. Securities and Exchange Board of India ("**SEBI**") received a reference dated October 08, 2013 from the office of District Magistrate, Patna regarding activities of Dolphin Universal Rural Development Limited (hereinafter referred to as '**DURDL**' or '**the company**').
2. As part of preliminary inquiry, SEBI vide letter dated January 20, 2014 advised DURDL and its directors to furnish *inter alia* the following information, viz. –
 - a. Memorandum and Articles of Association of the company as filed with the Registrar of Companies ("**RoC**").
 - b. Details of past and present Directors of DURDL such as names, addresses, PAN and contact details.
 - c. Brochures pertaining to schemes / offers which were made available to the public by the company.
 - d. Copies of application forms that are required to be submitted by investors / applicant to participate in the schemes.
 - e. Sample copies of the allotment letter issued to the investor who subscribed to the scheme.

- f. Sample copies of the agreement letter/contract required to be entered into by investors/ applicants under the schemes.
- g. Details of the scheme wise amount mobilized by the company till date along with the number of investors under the schemes.
- h. Certified copies of audited financial statements for the FY 2011-12 and 2012-13.
- i. Copies of income tax returns filed by the company for the last three years.
- j. Details of any other similar scheme(s), if any, floated by the company or its group / associate companies.

The letters sent to the directors, viz. Mr. Subham Bose, Mr. Anindyo Paul and Mr. Debraj Mitra were returned undelivered by postal authorities with remarks "Left", "Not known". SEBI received acknowledgement of the letter from one of the directors viz. Mr. Koushik Dutta. SEBI did not however receive any reply from Mr. Koushik Dutta or the company.

3. Meanwhile, SEBI received several complaints from investors in the months of June, July and August 2014 alleging non-repayment of their invested money in Secured Non-Convertible Redeemable Debentures ("**NCRDs**") issued by the company. The complainants also provided the copies of certificates of NCRDs issued by the company to them. SEBI also received a complaint dated July 31, 2014 from "Dolphin Integrated Sufferers Help Association", Cooch Behar (West Bengal) alleging that Dolphin group consisting of (a) Dolphin Universal Rural Development Ltd., (b) Dolphin Infratower Ltd., (c) Anupam Advisory Pvt. Ltd., (d) Chirag Biniyog & Commercial Pvt. Ltd., (e) Dolphin Instafood Pvt. Ltd., (f) Dolphin Shoes Pvt. Ltd. and (g) Dolphin Infra Power Projects Ltd., was raising money through issuance of debentures. It is also stated that investors are promised 12% to 19% returns per year. The group had opened about 150 branch offices across West Bengal, Uttar Pradesh, Bihar, Assam, Orissa, Delhi etc. It is also alleged that group collected around Rs.600 Crores from investors of West Bengal and all the offices of the company are now closed. It is also mentioned that maturity amount of approx. Rs.100 Crores has not been paid by the management from June 01, 2013. The complainant further alleged that this group is now trying to cheat investors in other parts of the country.

4. Thereafter, SEBI vide letters dated August 19, 2014 to the company and its directors advised them to provide inter alia the following information with respect to the issuance of NCRDs, viz.-
- a. Nature of activities being conducted by the company.
 - b. Date of opening and closing of the issue.
 - c. Copies of minutes of EGM and minutes of Board Meeting of the company approving allotment of debentures.
 - d. Brochures/advertisements pertaining to debenture issue, which were made available to the public.
 - e. Copies of duly filed application forms received from investors/applicants who applied in the debenture issue.
 - f. Name and address of each person to whom debentures were allotted , with details including face value of debenture, number of debentures allotted, date of receipt of payment, date of allotment, distinctive number, date of charge of creation in RoC, charge identification number.
 - g. Amount mobilized by issue of debentures till date and amount refunded to investors.
 - h. Details of debentures transferred by allottees.
 - i. Name and address of debenture trustees, Copy of debenture trust agreement. Whether these trustees are registered with SEBI.
 - j. Details of properties secured for said issue of debenture.
 - k. Details of properties acquired from money raised from said debenture issue.
 - l. Address of all the branches of the company operating in India.
 - m. If any broker/agent employed for the said issue, name and amount of brokerage/commission paid.
 - n. Certified copies of audited financial statements for all the financial years during which funds were raised by the company from 2011-12 onwards.
 - o. Copies of Income Tax Returns filed by the company for financial year 2011-12 onwards.

- p. Details of the regulatory approvals obtained by the company, if any, for said debenture issue.

SEBI did not receive any reply to these letters from the company or its directors.

5. A SEBI official also conducted physical verifications at the registered office address of the company on October 15, 2014. It was found that the company was not existing at the given address.
6. Efforts were also made to obtain the information from Ministry of Corporate Affairs' Website i.e. MCA21 portal.
7. The material available on record i.e. information/documents obtained from the Ministry of Corporate Affairs' website i.e. 'MCA 21 Portal'; complaints received and the documents enclosed therewith have been perused. On an examination of the same, it is observed that –
 - i. DURDL (CIN:U45200MP2012PLC027462) was incorporated on January 11, 2012 with the RoC, Gwalior having its registered office at Udaygiri Apartment, Ground Floor, Dainik Bhaskar Lane, P. S. Jayendraganj, Gwalior, Madhya Pradesh, India-474002.
 - ii. The present directors of DURDL are Shri Subham Bose, Shri Anindyo Paul, Shri Koushik Dutta and Shri Debraj Mitra. Shri Saugata Basu and Shri Rana Sikdar were past directors of the company.
 - iii. It is observed from a copy of the minutes of meeting of Board of Directors of the company held on January 18, 2012 that Board of Directors of the company passed a resolution to issue secured redeemable non-convertible debentures in terms of meeting of Board of Directors held on January 17, 2012 and in terms of approval of shareholders of the company in EGM held on January 18, 2012. It is observed from the MCA website that the company has created a charge of Rs. 50 Crores on January 31, 2012 in favour of Dolphin Debenture Trust (represented by its trustee

viz. Shri Sumit Jana) having address at 46/31/1, Gariahat Road, 4th Floor, Ballygunge, A C Market, Kolkata, West Bengal, India – 700029.

- iv. It is observed from copies of certificates of NCRDs provided by complainants that DURDL issued NCRDs having face value of Rs. 100/-. It is also observed that the company floated two schemes viz., (i) Monthly Income Scheme (MIS) and (ii) Single Time Scheme (STS). The MIS schemes were for 15 months, 24 months, 36 months, 48 months & 60 months. The plans under STS were for 60 months, 84 months & 168 months. Further, these certificates of DURDL indicate the issue of debentures as "Private and Confidential Placement".
- v. It is also observed from the copies of NCRDs provided by complainants that DURDL allotted NCRDs during FY 2012-13 and FY 2013-14 to at least 92 investors and mobilised funds amounting to Rs.99,79,500/- . The Details of the same are as under-

Financial Year	Number of investors	Amount Deposited (in Rs.)
2012-13	78	79,11,500
2013-14	14	20,68,000
Total	92	99,79,500

8. In the context of the abovementioned details of the Offer of NCRDs, the issue for determination in the instant matter is whether the mobilization of funds by DURDL through the aforesaid Offer, is in accordance with the provisions of the SEBI Act, 1992 ("SEBI Act") read with the SEBI (Issue and Listing of Debt Securities), Regulations, 2008 ("Debt Securities Regulations") and the Companies Act, 1956.
9. 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 time flows from the provisions of Section 55A of the Companies Act, 1956. 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."

10. 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 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, after 13.12.2000, any offer of securities by a public company to fifty persons or more will be treated as a public issue under the Companies Act, even if it is of domestic concern or it is proved that the shares or debentures are not available for subscription or purchase by persons other than those receiving 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 NCRDs 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 the utmost importance.
 - a. It is observed from the money receipts and letters of allotment issued by DURDL that the company issued NCRDs to at least 92 investors and mobilized Rs.99,79,500/- from them during FY 2012-13 and 2013-14. In FY 2012-13 alone, NCRDs were issued to at least 78 investors. NCRDs have thus been issued and subscribed by more than forty nine persons. In the certificates of NCRDs issued by DURDL, it has been mentioned that NCRDs were being issued on a

private placement basis. However, the company has not provided any documents to substantiate their claim that the said issue of debentures was a private placement. Merely mentioning that an issue is on a private placement basis does not make it such. DURDL and its directors also failed to submit requisite information despite being granted opportunities to do so. The company was also found to be not existing at its registered office address given by the company in regulatory filings. Based on the facts available in this case, including in particular the number of persons to whom the NCRDs have been issued by DURDL, the only conclusion can be that this issue was nothing but a public issue of securities in terms of provisions of Section 67(3) of the Companies Act, 1956.

- b. DURDL 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. 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.

11. I note that –

- i. From the abovementioned, it will follow that since the *Offer of NCRDs* 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 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 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 *Sabara Case*, the Hon'ble Supreme Court of India also examined Section 73 of the Companies Act, 1956, wherein it observed :

"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 NCRDs* 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 DURDL has violated the provisions of Section 73 of the Companies Act, 1956, in respect of the *Offer of NCRDs*.
12. 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 NCRDs* was made to fifty persons or more, it has to be construed as a public offer. Having made a public offer, DURDL 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 whether or not DURDL has filed a prospectus. In view of the same, I find that *prima facie*, DURDL has not complied with the provisions of Section 60 of Companies Act, 1956.

13. 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 DURDL has not complied with the provisions of Section 56(1) and 56(3) of the Companies Act, 1956 and therefore *prima facie*, has violated the aforesaid provisions.
14. 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. Based on the material available on record, I find that DURDL has not complied with the provisions of Sections 117B of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions.

Section 12(1) of the SEBI Act states: "*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*". Dolphin Debenture Trust (represented by its trustee viz. Shri Sumit Jana) is not registered with SEBI. Further, 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."

Based on the material available on record, I find that Dolphin Debenture Trust (represented by its trustee viz. Shri Sumit Jana) has *prima facie*, failed to meet the eligibility criteria specified under the provisions of the Debenture Trustees Regulations and therefore, has acted as unregistered Debenture Trustee, which amounts to violation of the abovementioned provisions of the SEBI Act read with the Debenture Trustees Regulations.

15. Further, under Section 117C of the aforesaid Act, 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 DURDL has not complied with the provisions of Sections 117C of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions.
16. 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 DURDL, through the *Offer of NCRDs*, 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 Trustee*
 - 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 16 – *Debenture Redemption Reserve*
 - xv. Regulation 17 – *Creation of security*
 - xvi. Regulation 19 – *Mandatory Listing*
 - xvii. Regulation 26 – *Obligations of the Issuer, etc.*
17. Upon a consideration of the aforementioned paragraphs, I am of the view that DURDL is *prima facie* engaged in fund mobilising activity from the public, through the *Offer of NCRDs* 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, Section 117B, Section 117C) and the Debt Securities Regulations.
18. 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 thinks 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, over companies who issue *Non-Convertible Redeemable Debentures* to fifty persons or more, but do not comply with the applicable provisions of the aforesaid Companies Act and the Debt Securities Regulations. Steps therefore, have to be taken in the instant matter to ensure that only legitimate fund raising activities are carried on by DURDL and no investors are defrauded. DURDL and its directors also failed to submit the requisite information sought by SEBI. The company was also not found to be existing at its registered office address given by the company in regulatory filings. Further, SEBI received several complaints alleging mobilization of large amount of money by the company from investors and non-repayment of their invested money in NCRDs issued by the company. In light of the same, I find that there is no other alternative but to take recourse through an interim action against DURDL and its present/past Directors along with its Debenture Trustee, viz. Dolphin Debenture Trust (represented by its trustee viz. Shri Sumit Jana), for preventing that company from further carrying on with its fund mobilising activity under the *Offer of NCRDs*. Considering all the factors in the instant

case, it is felt that urgent intervention by SEBI is warranted as otherwise there could be every possibility of irreparable damage to investors.

19. 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 read with the Debt Securities Regulations and the Debenture Trustee Regulations, hereby issue the following directions –

- i. DURDL shall forthwith cease to mobilize any fresh funds from investors through the *Offer of NCRDs* 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. DURDL and its present/past Directors, viz. Shri Subham Bose (DIN:03224525), Shri Anindyo Paul (DIN:03377719), Shri Koushik Dutta (DIN:05211731), Shri Debraj Mitra (DIN:06493364), Shri Saugata Basu (DIN:03566418, PAN:AFUPB7369C) and Shri Rana Sikdar (DIN: 06601772), 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. DURDL 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. DURDL shall provide a full inventory of all its assets and properties;
- v. DURDL's abovementioned Directors shall provide a full inventory of all their assets and properties;
- vi. DURDL 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 NCRDs*, without prior permission from SEBI;
- vii. DURDL and its abovementioned present Directors shall not divert any funds raised from public at large through the *Offer of NCRDs*, which are kept in bank account(s) and/or in the custody of DURDL;
- viii. DURDL shall furnish complete information sought by SEBI vide letters dated January 20, 2014 and August 19, 2014 including the balance sheet of the company for FY 2013-14 and FY 2014-15 within 21 days from the date of receipt of this Order.

- ix. The Debenture Trustee, viz. Dolphin Debenture Trust (represented by its trustee viz. Shri Sumit Jana), is prohibited from continuing with its present assignment as a debenture trustee in respect of the *Offer of NCRDs* of DURDL 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.
20. The above directions shall take effect immediately and shall be in force until further orders.
21. The *prima facie* observations contained in this Order are made on the basis of the material available on record i.e. information/documents obtained from the Ministry of Corporate Affairs' website i.e. 'MCA 21 Portal'; complaints received and the documents enclosed there with. In this context, DURDL 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 the money collected through the Offer of NCRDs along with 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.
22. DURDL 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.
23. Similarly, the Debenture Trustee, viz. Dolphin Debenture Trust (represented by its trustee viz. Shri Sumit Jana), 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 desires to avail an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.

24. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against DURDL and its abovementioned Directors; its Debenture Trustee, viz. Dolphin Debenture Trust (represented by its trustee viz. Shri Sumit Jana), in accordance with law.

Place: Mumbai
Date: May 27, 2015

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