

**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 Neesa Technologies Limited (PAN: AABCG5430A) and its Directors, viz. Shri Arvind Gupta (PAN: AERPG2839N; DIN: 00064391), Shri Yogesh Ghisumal Gemawat (PAN: ADZPK2242A; DIN: 02550021), Shri Girishchandra Mukundram Baluni (PAN: AAKPB5408R; DIN: 02745783), Shri Nimain Charan Biswal (PAN: ACRPB3767C; DIN: 03306090), Shri Sanjay Gupta (PAN: ABUPG5799B; DIN: 00006361), Shri Kamendra Joshi (PAN: ABIPJ6029P; DIN: 05356425), Shri Manoj Singhal (PAN: ARFPS7604E; DIN: 01830419) and Shri Suresh Kumar (PAN: ADZPK2242A; DIN: 03155198).

- 1.1 Securities and Exchange Board of India ("**SEBI**") received a complaint dated September 15, 2014, against Neesa Technologies Limited ("**NTL**") alleging non-payment of amounts arising from subscription of *Non-Convertible Debentures* ("**NCDs**").
- 1.2 SEBI received a letter dated October 13, 2014, from the Ministry of Corporate Affairs, forwarding complaints regarding fund mobilization by NTL.
- 2.1 Thereafter, vide letters dated November 6, 2014, SEBI sought the following information from NTL and its Directors at the relevant time i.e. Shri Arvind Kumar Jagannath Prasad Gupta, Shri Yogesh Ghisumal Gemawat, Shri Girishchandra Mukundram Baluni and Shri Nimain Charan Biswal, –
 - a. Details of the past and present directors of the company, including name, address, PAN and contact number;
 - b. Nature of activities;
 - c. Date of opening and closing of Issue;
 - d. Copies of minutes of Board Meeting and minutes of EGM approving allotment of the *NCDs*;
 - e. Brochures/advertisement made available to the public;
 - f. Copies of duly filled application forms received from investors;

- g. Name, address, contact details of persons to whom debentures were issued along with details including face value of debentures, number of *NCDs* allotted, date of receipt of payment, date of allotment, distinctive number of *NCDs* and charge created;
- h. Amount mobilized and refunded;
- i. Whether the allottees continue to be allottees and details of transferred debentures;
- j. Name and address of debenture trustees and SEBI registration details;
- k. Details of properties secured for the Issue along with valuation report;
- l. Details of properties acquired from money raised from the debenture issue;
- m. Address of all branches;
- n. Details of brokers, if employed, and brokerage paid;
- o. Certified copy of audited financial statements for all the Financial Years during which funds were raised from 2011–12 till date and trial balance for 2014–15;
- p. Copy of Income Tax return filed from 2011–12 till date;
- q. Details of regulatory approvals obtained;
- r. Details of fund raising from public in form of debentures or any other manner by the company or group/associates;
- s. Details of action initiated/taken by any other authority against the company or group entity.

2.2 The letters addressed to NTL, Shri Nimain Charan Biswal and Shri Girishchandra Mukundram Baluni, were delivered. The letters addressed to Shri Arvind Gupta and Shri Yogesh Ghisumal Gemawat, were returned as undelivered to SEBI.

2.3.1 Shri Nimain Charan Biswal replied vide letter dated November 10, 2014, submitting that: *"... I would like to inform you that I am not in any employment or in any incumbency of NTL. I have relinquished the past position of Director/Managing Director from the Board of Directors of Neesa Technologies Limited, by submitting my resignation to the Board of Directors of the said company dated and effective from 06/03/2014."*

2.3.2 NTL replied vide letter dated November 19, 2014, submitting that: *"... we would like to state that the Non – Convertible Debenture issued by the company was private placement and not public. Hence, the information sought ... is not relevant to the debentures issued by the company."*

2.3.3 No reply was received from Shri Girishchandra Mukundram Baluni.

2.4.1 Pursuant to the above, SEBI sought the following information in respect of the issue of NCDs by NTL, from the Debenture Trustee for the said issue i.e. IDBI Trusteeship Services Limited ("**ITSL**"), viz. –

- a. Copy of the offer document/offer letter;
- b. Copy of the Debenture Trust Deed;
- c. Copy of the documents with reference to creation of charge by NTL on its assets for issuance of NCDs;
- d. Details of NCDs issued by NTL till date;
- e. Details of Debenture Redemption Reserve created by NTL;
- f. Status of compliance by NTL and ITSL of the applicable regulatory provisions.

2.4.2 ITSL replied vide letter dated November 27, 2014, wherein it provided the following information –

- i. Copy of the offer document/offer letter;
- ii. Copy of the Debenture Trust Deed;
- iii. Copy of the documents with reference to creation of charge by NTL on its assets for issuance of NCDs;
- iv. Details of NCDs issued by NTL till date;

2.4.3 In addition, ITSL also submitted the following –

- i. *"ITSL was approached by NTL for acting as debenture trustee of its then proposed **Unlisted Privately Placed** NCDs issues aggregating upto ₹10 Crores (subscribed to the extent of ₹5.90 Crores only). Pursuant to which, we issued our consent vide our Letter no. 8815/ITSL/OPR/CL/12-13/DEB/1033 dated March 15, 2013.*
- ii. *The Company has not provided any confirmation about creation of DRR as on 31/03/2014.*
- iii. *Though NTL has taken Consent from ITSL for issuing NCDs for aggregate amount of ₹10 Crores, without any intimation to us, NTL issued NCDs in Seven tranches, restricting per tranche number of NCD holders to less than 50. Barring initial security creation, NTL has defaulted on various other compliances particularly w.r.t. timely payment of quarterly interest and in furnishing periodical information and reports demanded by ITSL as trustee. Post delay/default*

on payment of interest to NCD holders, no responsible officer was available in the company to ensure the compliances.

- iv. ...While we were seeking the consent of debenture holders for filing winding up petition against the company and also filing Civil Suit against the Company in the Courts of Competent jurisdiction for recovery of dues of the debenture holders, we have been instructed by the Core Committee representing NTL NCD investors to keep on hold the enforcement and not to initiate any legal action against NTL for the time being vide their email dated 18.11.2014 as 95% of the debenture holders have received their dues as on 30th June, 2014."*
- 2.5 Vide letters dated January 21, 2015, SEBI also sought information from the other Directors of NTL i.e. Shri Sanjay Gupta, Smt. Kamendra Joshi and Shri Suresh Kumar.
- 2.6 Vide letter dated February 1, 2015, the complainant in the instant matter submitted copies of NCD certificates and details of investment of 143 investors, in NTL.
- 2.7 Vide letter dated February 2, 2015, NTL submitted the following documents, viz. –
- i.* Copy of audited financial statements from Financial Year 2011–12 to 2013–14;
 - ii.* Copy of Income Tax Return filed with acknowledgements from Financial Year 2011–12 to 2013–14;
 - iii.* Copy of Minutes book approving allotment of Debentures;
 - iv.* List of Debenture holders with their distinctive numbers and amount invested by them;
 - v.* Copy of Form 10 filed with ROC;
 - vi.* Copy of Resolution empowering Board to borrow money by way of Debentures;
 - vii.* Copy of Form 23 filed with ROC.
3. The material available on record i.e. correspondences exchanged between SEBI and NTL; abovementioned complaint and additional documents received by SEBI and information obtained from the Ministry of Corporate Affairs' website i.e. *MCA 21 Portal* and ITSL, have been perused. On an examination of the same, it is observed that –
- i.* NTL was incorporated on March 16, 2000, with the ROC, Ahmedabad with CIN as U72200GJ2000PLC037577. Its Registered Office is at: 9th Floor, Cambay Grand,

Behind PERD Centre, Near Sola Over Bridge, Thaltej, Ahmedabad-380054, Gujarat, India.

- ii. The present Directors in NTL are Shri Arvind Kumar Jagannath Prasad Gupta, Shri Yogesh Ghisumal Gemawat, Shri Girishchandra Mukundram Baluni, Shri Sanjay Gupta, Shri Kamendra Joshi, Shri Manoj Singhal and Shri Suresh Kumar.
- iii. Shri Nimain Charan Biswal, who was earlier a Director in NTL, has since resigned.
- iv. From the material available on record, it is noted that NTL admittedly issued *NCDs* ("**Offer of NCDs**"), details of which are provided below –

Year	Type of Security	Amount Raised (₹ in Crores)	Number of Allottees
2013 – 14	<i>Non – Convertible Debentures</i>	5.96	341

4.1 In the context of the abovementioned details of the *Offer of NCDs*, the issue for determination in the instant matter is whether the mobilization of funds by NTL through the aforesaid, 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**"); 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:

"Section 67(1) deals with the offer of shares and debentures to the public and Section 67(2) deals with invitation to the public to subscribe for shares and debentures and how those expressions are to be understood, when reference is made to the Act or in the articles of a company. The emphasis in

Section 67(1) and (2) is on the "section of the public". Section 67(3) states that no offer or invitation shall be treated as made to the public, by virtue of subsections (1) and (2), that is to any section of the public, if the offer or invitation is not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation or otherwise as being a domestic concern of the persons making and receiving the offer or invitations. Section 67(3) is, therefore, an exception to Sections 67(1) and (2). If the circumstances mentioned in clauses (1) and (b) of Section 67(3) are satisfied, then the offer/invitation would not be treated as being made to the public.

The first proviso to Section 67(3) was inserted by the Companies (Amendment) Act, 2000 w.e.f. 13.12.2000, which clearly indicates, nothing contained in Sub-section (3) of Section 67 shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more. ...

Resultantly, if an offer of securities is made to fifty or more persons, it would be deemed to be a public issue, even if it is of domestic concern or proved that the shares or debentures are not available for subscription or purchase by persons other than those received the offer or invitation. ...

I may, therefore, indicate, subject to what has been stated above, in India that any share or debenture issue beyond forty nine persons, would be a public issue attracting all the relevant provisions of the SEBI Act, regulations framed thereunder, the Companies Act, pertaining to the public issue. ..."

- iii. In the instant matter, for ascertaining whether the *Offer of NCDs* is a public issue or issue on private placement basis in accordance with Section 67 of the Companies Act, 1956, the number of subscribers is of utmost importance.

OFFER OF NCDs –

- a. In its reply dated November 5, 2014, NTL has submitted that "*the Non – Convertible Debenture issued by the company was private placement and not public.*" However, from the documents submitted vide NTL's letter dated February 2, 2015, it is noted that under the *Offer of NCDs* during the Financial Year 2013–14, that company admittedly allotted *NCDs* to 341 individuals/investors, amounting to a total of ₹5.96 Crores. The number of investors to whom allotments were made under the *Offer of NCDs* alongwith the amount mobilized therein, during the aforesaid Financial Year (details provided in Table at paragraph 3(iv) of page 5), *prima facie* indicate that the *Offer of NCDs* was a public

issue of securities, as prescribed under the *first proviso* to Section 67(3) of the Companies Act, 1956.

- b. It is observed that NTL 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 NTL is not covered under the *second proviso* to Section 67(3) of the Companies Act, 1956.
- c. In view of the above, the *Offer of NCDs* by NTL, would *prima facie* qualify as public issues under the *first proviso* to Section 67(3) of the Companies Act, 1956. In this regard, it is pertinent to note that by virtue of Section 55A of the Companies Act, Section 67 of that Act, so far as it relates to issue and transfer of securities, shall also be administered by SEBI.

4.4 I note that –

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

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

(1A) Where a prospectus, whether issued generally or not, states that an application under sub-section (1) has been made for permission for the shares or debentures offered thereby to be dealt in one or more 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 NCDs* are *prima facie* public issues 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 NTL has violated the provisions of Section 73 of the Companies Act, 1956, in respect of the *Offer of NCDs*.

4.5 Under Section 2(36) read with Section 60 of the Companies Act, 1956, a company needs to register its prospectus with the ROC, before making a public offer or issuing the prospectus. As per the aforesaid Section 2(36), "*prospectus*" means any document described or issued as a prospectus and includes any notice, circular, advertisement or other document inviting deposits from the public or inviting offers from the public for the subscription or purchase of any shares in, or debentures of, a body corporate. As mentioned above, the *Offer of NCDs* were public issues of securities. Having made public issues, NTL was required to register a prospectus with the ROC under Section 60 of the Companies Act, 1956. I find that there is no evidence on record to indicate whether or not NTL has complied with the provisions of Section 60 of Companies Act, 1956, in respect of the *Offer of NCDs*. In view of the same, I find that NTL 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 NTL has not complied with the provisions of Section 56(1) and 56(3) of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions.

4.7 Under Section 117C of the Companies Act, 1956, where a company issues debentures, it shall create a debenture redemption reserve for the redemption of such debentures, to which adequate amounts shall be credited, from out of its profits every year until such debentures are redeemed. Based on the material available on record, I find that NTL has not complied with the provisions of Section 117C of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions in respect of the *Offer of NCDs*.

4.8 In addition to the above, reference may be made to the Debt Securities Regulations, which were framed by SEBI in exercise of its powers under Section 30 of the SEBI Act and are applicable to the public issue and listing of debt securities. It may be relevant to note that under the aforesaid Regulations, '*debt securities*' have been defined as '*non-convertible debt securities which create or acknowledge indebtedness, and include debenture...*' In this context, I find that NTL, through the *Offer of NCDs*, which is a public issue of debt securities, has *prima facie* violated the following provisions of the aforesaid Regulations, which contain *inter alia* conditions for public issue and listing of debt securities, viz.

- i. Regulation 4(2)(a) – *Application for listing of debt securities*
- ii. Regulation 4(2)(b) – *In-principle approval for listing of debt securities*
- iii. Regulation 4(2)(c) – *Credit rating has been obtained*
- iv. Regulation 4(2)(d) – *Dematerialization of debt securities*
- v. Regulation 5(2)(b) – *Disclosure requirements in the Offer Document*
- vi. Regulation 6 – *Filing of draft Offer Document*
- vii. Regulation 7 – *Mode of disclosure of Offer Document*
- viii. Regulation 8 – *Advertisements for Public Issues*
- ix. Regulation 9 – *Abridged Prospectus and application forms*
- x. Regulation 12 – *Minimum subscription*
- xi. Regulation 14 – *Prohibition of mis-statements in the Offer Document*
- xii. Regulation 15 – *Trust Deed*

- xiii. Regulation 17 – *Creation of security*
- xiv. Regulation 19 – *Mandatory Listing*
- xv. Regulation 26 – *Obligations of the Issuer, etc.*

- 4.9 Upon a consideration of the aforementioned paragraphs, I am of the view that NTL is *prima facie* engaged in fund mobilising activity from the public, through the *Offer of NCDs* and as a result of the aforesaid activity has violated the aforementioned provisions of the Companies Act, 1956 (Section 56, Section 60 read with Section 2(36), Section 73, Section 117C) read with the Debt Securities Regulations.
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 (as mentioned in paragraphs 4.1–4.9 above). Steps therefore, have to be taken in the instant matter to ensure that only legitimate fund raising activities are carried on by NTL 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 NTL and its Directors, for preventing that company from further carrying on with its fund mobilising activity under the *Offer of NCDs*.
6. Shri Nimain Charan Biswal, who was earlier a Director in NTL (appointed on November 7, 2013), has since resigned w.e.f. March 6, 2014. From the material available on record, it is noted that under the *Offer of NCDs*, NTL had made allotments to 341 individual/investors during the Financial Year 2013–14 i.e. between April 8, 2013 to August 22, 2013. It is also noted that NTL defaulted in payment of interest in respect of the aforesaid *NCDs* during the Directorship of Shri Biswal.
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. NTL (PAN: AABCG5430A) shall forthwith cease to mobilize funds from investors through the *Offer of NCDs* or through the issuance of equity shares or any other securities, to the public and/or invite subscription, in any manner whatsoever, either directly or indirectly till further directions;
- ii. NTL and its present Directors, viz. Shri Arvind Gupta (PAN: AERPG2839N; DIN: 00064391), Shri Yogesh Ghisumal Gemawat (PAN: ADZPK2242A; DIN: 02550021), Shri Girishchandra Mukundram Baluni (PAN: AAKPB5408R; DIN: 02745783), Shri Sanjay Gupta (PAN: ABUPG5799B; DIN: 00006361), Shri Kamendra Joshi (PAN: ABIPJ6029P; DIN: 05356425), Shri Manoj Singhal (PAN: ARFPS7604E; DIN: 01830419) and Shri Suresh Kumar (PAN: ADZPK2242A; DIN: 03155198), are prohibited from issuing prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, till further orders;
- iii. The past Director of NTL, viz. Shri Nimain Charan Biswal (PAN: ACRPB3767C; DIN: 03306090), is prohibited from issuing prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, till further orders;
- iv. NTL 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. NTL shall provide a full inventory of all its assets and properties;
- vi. NTL's abovementioned past and present Directors shall provide a full inventory of all their assets and properties;
- vii. NTL and its abovementioned present Directors shall not dispose of any of the properties or alienate or encumber any of the assets owned/acquired by that company through the *Offer of NCDs*, without prior permission from SEBI;
- viii. NTL and its abovementioned present Directors shall not divert any funds raised from public at large through the *Offer of NCDs*, which are kept in bank account(s) and/or in the custody of NTL;
- ix. NTL and its abovementioned present Directors shall furnish complete and relevant information (as sought by SEBI letters dated November 6, 2014 and January 21, 2015), 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 NTL; complaint and additional documents received by SEBI and information obtained from the Ministry of Corporate Affairs' website i.e. *MCA 21 Portal* and ITSL.
- 9.2 In this context, NTL and its abovementioned Directors are advised to show cause as to why suitable directions/prohibitions under Sections 11(1), 11(4), 11A and 11B of the SEBI Act including the following, should not be taken/imposed against them:
- i. Directing them jointly and severally to refund money collected through the *Offer of NCDs* alongwith interest, if any, promised to investors therein;
 - ii. Directing them to not issue prospectus or any offer document or issue advertisement for soliciting money from the public for the issue of securities, in any manner whatsoever, either directly or indirectly, for an appropriate period;
 - iii. Directing them to refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.
- 9.3 NTL 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 NTL and its abovementioned Directors, in accordance with law.

Place: Mumbai
Date: June 3, 2015

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