

**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 Swasata Cement Limited (CIN:U26959WB2004PLC098874; PAN:AAICS5911M) and its Directors, viz. Shri Prasanta Chatterjee (DIN:06575389; PAN:ADQPC5674F), Shri Joydeb Biswas (DIN:03038041; PAN:AWLPB2553Q), Shri Manas Kumar Dan (DIN:06575386; PAN:ACSPD7017Q), Shri Satya Ranjan Chaudhari (DIN:00739191; PAN:ACEPC5756F), Smt. Swapna Chaudhuri (DIN:00739243), Smt. Chandrani Dan (DIN:00739741; PAN:AGOPD6484H), Smt. Jeba Parween and Smt. Renu Singh

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) during the course of investigations in the matter of SCL Steel Corporation Limited came to know that one of their group companies namely, Swasata Cements Limited (hereinafter referred to as “SCL”/ or “the company”), had also raised money by issue of debentures during 2008-10.
- 2.1. One of the Directors of SCL Steel Corporation Limited, Shri Avijit Chakraborty, undertook to submit the complete date wise details of money raised with names and addresses of investors along with number of debentures allotted to SEBI. Subsequently, SCL Steel Corporation Limited vide letter dated January 19, 2015 submitted *inter alia* copies of audit reports from 2008-09 to 2012-13 and list of debenture holders of SCL.
- 2.2. In the meanwhile, SEBI received a complaint on January 23, 2015 alleging nonpayment of maturity amount by SCL and its other group entities. In respect of SCL, the complainant provided copies of Debenture Certificate no.13347 issued by SCL to an investor for 20 debentures of Rs.100 each, post-dated cheque issued by SCL to the investor and a brochure for “Advance Cement Booking” Scheme.
- 2.3. SEBI vide email dated February 02, 2015 to SCL Steel Corporation Limited sought additional information in respect of mobilization of funds through issuance of debentures by SCL, viz. sample copy of application form submitted by the investors,

opening and closing of debenture issue, year wise details of debentures redeemed, filings made for creation of charge with RoC, etc.

- 2.4. In response, Shri Prasanta Chatterjee, a Director of both SCL Steel Corporation Limited and SCL, vide email dated February 07, 2015 informed that their Chartered Accountant was out of station and that they would be sending all the documents shortly. As no further information was received, SEBI vide email dated March 16, 2015 advised SCL Steel Corporation Limited to submit the information/ documents sought by SEBI. In response, Shri Prasanta Chatterjee vide email dated March 17, 2015 informed that their accountant and auditor were busy with the year ending and all information would be submitted after year ending. SEBI vide email dated March 17, 2015 denied extension of time sought by Shri Prasanta Chatterjee. However, SEBI has not received any further information in this regard till date.
3. I have perused the material available on record i.e. the correspondence exchanged between SEBI, SCL Steel Corporation Limited and its Directors, complaint received and documents contained therein and information/documents obtained from the Ministry of Corporate Affairs' website i.e. '*MCA 21 Portal*'. On an examination of the same, it is observed that—
 - i. SCL was incorporated on June 17, 2004 with RoC, Kolkata under CIN U26959WB2004PLC098874. Its registered office address is Village & PO- Nanduka, P.S.- Raghunathpur, Purulia, West Bengal- 723145.
 - ii. The present Directors in SCL are Shri Prasanta Chatterjee (DIN:06575389; PAN: ADQPC5674F), Shri Joydeb Biswas (DIN:03038041; PAN: AWLPB2553Q) and Shri Manas Kumar Dan (DIN:06575386; PAN: ACSPD7017Q). Shri Satya Ranjan Chaudhari (DIN: 00739191; PAN: ACEPC5756F), Smt. Swapna Chaudhuri (DIN: 00739243), Smt. Chandrani Dan (DIN: 00739741; PAN: AGOPD6484H), Smt. Jeba Parween (DIN/PAN: Not Available) and Smt. Renu Singh (DIN/PAN: Not Available) are the past Directors of SCL.
 - iii. A perusal of the financial statements of SCL indicates as under:

- The outstanding amount towards debentures issued by the company is as below:-

	As on March 31, 2009	As on March 31, 2010	As on March 31, 2011	As on March 31, 2012
Debentures	1,29,63,150	6,63,93,184	6,28,32,934	6,28,32,934

- This amount is indicated as nil as on March 31, 2013.
- “Deposit from Customers” is ₹1,75,90,199/- as on March 31, 2012 and this has increased to ₹4,33,26,699/- as on March 31, 2013. Incidentally, the complaint received by SEBI (as mentioned earlier) also enclosed a brochure “Advance Cement Booking” scheme offered on monthly payment for a term of 6 months (plan A), 1 year (plan B), 2 years (plan C), 3 years (plan D) and Plan EC for 1/ 3 years. For example, a customer pays ₹500 for 6 months in plan A and gets product of ₹3180. These investors are of Bihar-sharif branch of Swasata Cement Ltd. *Prima-facie* it appeared to be a money circulation scheme which is prohibited under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978. SEBI vide letter dated January 28, 2015 has referred the complaint to EOW- Bihar Police for suitable action at their end.
- The auditor’s report in the financial statement as at March 31, 2012 mentions “*The Debentures as on balance sheet date consists of secured non-convertible redeemable debentures for private placement basis for 3 years redemption period @ 13% per annum.*”

- iv. As per the list of debenture holders submitted by SCL Steel Corporation Limited, the number of debenture holders and amount mobilized by SCL are as under:

Year	Number of investors	Number of debentures issued	Amount mobilized (₹)
As on 31/03/2009	2,475	1,29,638	1,29,63,150
As on 31/03/2010	11,013	6,76,763	6,63,93,184

- v. As per the copy of Debenture Certificate No.13347 submitted by the complainant to SEBI on January 23, 2015, the debentures were termed as “*private placement*”. It is important to note that the name of this investor holding Debenture Certificate No.13347 issued by SCL (deposit date- 31/03/2010; maturity date-31/03/2022) is

not included in the list of debenture holders submitted to SEBI by SCL Steel Corporation Limited vide their letter dated January 19, 2015.

- vi. It is also noted that no filings of SCL with regard to creation of charge (Form 10) before raising money through issuance of debentures or details of Debenture Trustees are available at *MCA 21 Portal*.
- vii. As per the details mentioned above, SCL had issued and allotted *Non-Convertible Redeemable Debentures* ("*Offer of NCDs*") to approximately 11,013 investors during the financial years 2008-09 and 2009-10 and mobilized an amount of ₹6,63,93,184/-.

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 SCL 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, 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:

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

4.3. In this regard –

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

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

(2) Any reference in this Act or in the articles of a company to invitations to the public to subscribe for shares or debentures shall, subject as aforesaid, be construed as including a reference to 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, 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 NCDs* is a public issue or an issue on private placement basis in accordance with Section 67 of the Companies Act, 1956, the number of subscribers is of utmost importance.
 - a. Although the *Offer of NCDs* is stated in the Debenture Certificate as “*private placement*”, it is observed from the list of debenture holders submitted by SCL Steel Corporation Limited that SCL had allotted *Non-Convertible Redeemable Debentures* amounting to ₹6.64 Crores during the financial years 2008-09 and 2009-10 to 11,013 investors. It is pertinent to mention that the number of investors to whom the *Offer of NCDs* was made by SCL in the two financial years was much beyond the prescribed limit of forty nine persons (2475 investors in the financial year 2008-09 and 8538 investors in the year 2009-10). Merely stating the issue as “private placement” in the Debenture Certificate shall not make it as such. In view of the above stated facts, the *Offer of NCDs* by SCL *prima facie* qualifies as a public issue of securities under the *first proviso* to Section 67(3) of the Companies Act, 1956, which has been elucidated by the Hon'ble Supreme Court of India in the *Sahara Case*.

- b. In addition, SCL is not stated to be a non-banking financial company or a public financial institution within the meaning of Section 4A of the Companies Act and therefore, is not covered under the *second proviso* to Section 67(3).
- c. In this regard, it is pertinent to note that by virtue of Section 55A of the Companies Act, 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 para, it will follow that since the *Offer of NCDs* 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 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 until the permission has been granted, or where an appeal has been preferred against the refusal to grant such permission, until the disposal of the appeal, and the money standing in such separate account shall, where the permission has not been applied for as aforesaid or has not been granted, be repaid within the time and in the manner specified in sub-section (2); and if default is made in complying with this sub-section, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to fifty thousand rupees."

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

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

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

...

*... Section 73(2) says that every company and every director of the company who is an officer in default, shall be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent, as may be prescribed. The scope of the above mentioned provisions came up for consideration before this Court in *Raymond Synthetics Ltd. & Ors. V. Union of India* (supra), wherein the Court held that in a case where the company has not*

applied for listing on a stock exchange, the consequences will flow from the company's disobedience of the law, the liability to pay interest arises as from the date of receipt of the amounts, for the company ought not to have received any such amount in response to the prospectus. I am, therefore, of the view that since Saharas had violated the listing provisions and collected huge amounts from the public in disobedience of law, SEBI is justified in directing refund of the amount with interest."

- iii. Having regard to the abovementioned observations of the Hon'ble Supreme Court of India, since the *Offer of NCDs* is *prima facie* a public issue in accordance with the provisions of the Companies Act, 1956, the same will attract the requirement of compulsory listing before a recognized stock exchange in terms of Section 73(1) of the Companies Act, 1956 and also compliance with provisions of Sections 73(2) and 73(3) of that Act.
 - iv. In the facts of the instant case, it *prima facie* appears that SCL 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, since the *Offer of NCDs* was made to fifty persons or more, it has to be construed as a public offer. Having made a public offer, SCL 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 SCL has filed a prospectus. In view of the same, I find that *prima facie*, SCL has 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 SCL 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.

4.7. Under Section 117B of the Companies Act, 1956, no company shall issue a prospectus or a letter of offer to the public for subscription of its debentures, unless it has, before such issue, appointed one or more debenture trustees for such debentures and the company has, on the face of the prospectus or the letter of offer, stated that the debenture trustee or trustees have given their consent to the company to be so appointed. Further, under Section 117C of the 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 SCL has not complied with the provisions of Sections 117B–C of the Companies Act, 1956 and therefore, has *prima facie* violated the aforesaid provisions.

5. 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 SCL, through the *Offer of NCDs*, which is a public issue of debt securities, has *prima facie* violated the following provisions of the aforesaid Regulations, which contain *inter alia* conditions for public issue and listing of debt securities, viz.

- i. Regulation 4(2)(a) – *Application for listing of debt securities*
- ii. Regulation 4(2)(b) – *In-principle approval for listing of debt securities*
- iii. Regulation 4(2)(c) – *Credit rating has been obtained*
- iv. Regulation 4(2)(d) – *Dematerialization of debt securities*
- v. Regulation 4(3) – *Appointment of Merchant Banker*
- vi. Regulation 4(4) – *Appointment of Debenture Trustee*
- vii. Regulation 5(2)(b) – *Disclosure requirements in the Offer Document*
- viii. Regulation 6 – *Filing of draft Offer Document*
- ix. Regulation 7 – *Mode of disclosure of Offer Document*
- x. Regulation 8 – *Advertisements for Public Issues*

- xi. Regulation 9 – *Abridged Prospectus and application forms*
- xii. Regulation 12 – *Minimum subscription*
- xiii. Regulation 14 – *Prohibition of mis-statements in the Offer Document*
- xiv. Regulation 15- *Trust Deed*
- xv. Regulation 16- *Debenture Redemption Reserve*
- xvi. Regulation 17 – *Creation of security*
- xvii. Regulation 19 – *Mandatory Listing*
- xviii. Regulation 26 – *Obligations of the Issuer, etc.*

6. Upon a consideration of the aforementioned paragraphs, I am of the view that SCL 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 117B, Section 117C) and the Debt Securities Regulations.

7. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it 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 Acts 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 SCL and investors are not defrauded. It is pertinent to note that SCL had raised an amount of ₹6.64 Crores from 11,013 investors during the financial years 2008-09 and 2009-10 and as apparent from *MCA 21 Portal*, no charge has been created by SCL to secure the debentures. The outstanding debenture amount is indicated as Nil in the audited financial statements of SCL as on March 31, 2013 indicating that the issued debentures have been redeemed. However, SEBI received a complaint on January 23, 2015 which is subsequent to the audited financial statements of SCL (viz. March 31, 2013) alleging nonpayment of maturity amount. This raises serious concerns about whether the debentures issued have been redeemed or not. It is also pertinent to note that the name of the investor

indicated in the copy of the Debenture Certificate provided by the complainant is not reflected in the list of debenture holders submitted by SCL Steel Corporation Limited. This raises suspicion about the accuracy of the data provided by SCL Steel Corporation Limited. It is important to mention that SEBI passed an interim order dated March 19, 2015 in the matter of SCL Steel Corporation Limited and its Directors for similar violations of Section 67 of Companies Act, 1956. In view of all these factors, I find there is no other alternative but to take recourse through an interim action against SCL and its Directors for preventing that company from further carrying on with its fund mobilising activity under the *Offer of NCDs*.

8. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11A and 11B of the SEBI Act read with the Debt Securities Regulations, hereby issue the following directions –
 - i. SCL shall forthwith cease to mobilize any fresh 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. Swasata Cement Limited (CIN:U26959WB2004PLC098874; PAN:AAICS5911M) and its Directors, viz. Shri Prasanta Chatterjee (DIN:06575389; PAN: ADQPC5674F), Shri Joydeb Biswas (DIN:03038041; PAN: AWLPB2553Q), Shri Manas Kumar Dan (DIN:06575386; PAN: ACSPD7017Q), Shri Satya Ranjan Chaudhari (DIN: 00739191; PAN: ACEPC5756F), Smt. Swapna Chaudhuri (DIN: 00739243), Smt. Chandrani Dan (DIN: 00739741; PAN: AGOPD6484H), Smt. Jeba Parween (DIN/PAN: Not Available) and Smt. Renu Singh (DIN/PAN: Not Available) 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. SCL 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. SCL shall provide a full inventory of all its assets and properties;

- v. SCL's abovementioned Directors shall provide a full inventory of all their assets and properties;
 - vi. SCL 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 NCDs*, without prior permission from SEBI;
 - vii. SCL and its abovementioned 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 SCL;
 - viii. SCL shall provide to SEBI the full list of investors of *Non-Convertible Redeemable Debentures*, their addresses, telephone numbers, amount collected from each investor, etc;
 - ix. SCL shall provide to SEBI all information regarding repayments made to the holders of *Non-Convertible Redeemable Debentures* including name of the debenture holder, address, amount mobilized, number of *Non-Convertible Redeemable Debentures* issued, promised maturity amount with date of maturity, amount refunded and date thereof;
 - x. SCL shall furnish DIN and PAN of all its Directors – both past and present.
 - xi. SCL shall furnish complete and relevant information within 21 days from the date of receipt of this Order.
9. The above directions shall take effect immediately and shall be in force until further orders.
10. The *prima facie* observations contained in Order are made on the basis of the material available on record i.e. the correspondence exchanged between SEBI, SCL Steel Corporation Limited and its Directors, complaint received and documents contained therein and information/documents obtained from the Ministry of Corporate Affairs' website i.e. '*MCA 21 Portal*'. In this context, SCL 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 Non-Convertible Redeemable Debentures* along with interest, if any, promised to investors;
 - ii. Directing them not to 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.
11. SCL 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.
12. This interim order cum show cause notice is without prejudice to the right of SEBI to take any other action that may be initiated against SCL and its abovementioned Directors in accordance with law.

Place: Mumbai
Date: July 21, 2015

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