

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 United Cosmetics Manufacturing (I) Limited (PAN:AAACU7914N) and its Directors *viz.* Mr.Samir Chattopadhyay Kumar (PAN:ABVPK0643D), Mr.Nirapada Maiti (PAN:AIHPM6556G), Mr.Amal Patra (PAN: AUZPP0701A), Mr.Kartik Jana (PAN:AHQPJ8186K), Mr.Balwant Kumar Singh (PAN:BREPS6947N), Ms.Debashree Bhowmik (PAN: AJIPB7361C) and Mr.Rajib Bhattacharya (PAN: AMGPB0981P).

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted a preliminary inquiry into the alleged mobilization of funds from public by United Cosmetics Manufacturing (I) Limited. (hereinafter referred to as the **Company**/"**UCM(I)L**").
2. As part of the inquiry, SEBI, vide letters dated December 17, 2014 *inter alia* sought the following details from UCM(I)L and its Directors (*viz.*, Mr.Nirapada Maiti, Mr.Amal Patra and Mr. Samir Chattopadhyay Kumar):
 - i. Copy of the Memorandum and Articles of Association,
 - ii. Copy of Audited Annual Accounts and Annual Returns for the last 3 years;
 - iii. Name, addresses and occupation of all the Promoters/Directors and Key Managerial Personnel of the company;
 - iv. Copies of brochure, application form, etc.
 - v. Sample copies of allotment letter, agreement letter
 - vi. Sample copies of instrument issued after the receipt of funds from the investors.

3. In response, the company vide letter dated December 29, 2014 provided the following documents/information:
- i. Copy of the Memorandum and Articles of Association,
 - ii. Copy of Audited Annual Accounts and Annual Returns for the last 3 years;
 - iii. Name, addresses and occupation of all the Promoters/Directors and Key Managerial Personnel of the company;
 - iv. Copy of the brochure issued by the company in respect of the offer of redeemable preference shares issued on January 8, 2010,
 - v. Copy of a "*share certificate*",
 - vi. List containing the preference share holders and the details of the amount raised against issuance of redeemable preference shares.
 - vii. Details of the advance collected by the company from investors against the sale of *products* (as on March 31, 2014).
4. In the meanwhile SEBI received a complaint dated December 22, 2014 against UCM(I)L from a group of 28 investors. They claimed that they used to work as company's agents. The complaint alleges that the company is not responding to their request for redemption of their debenture certificates. They forwarded a list containing the details of the funds collected from them and copies of "*Debenture Certificates*" issued by the company to two of the complainants.
5. Thereafter, information regarding UCM(I)L was obtained from the website of Ministry of Corporate Affairs, *MCA 21 Portal*.
6. The material available on record such as complaints received by SEBI and the documents contained therein, correspondence exchanged between SEBI and UCM(I)L, and information obtained from the *MCA 21 Portal*, has been perused. On an examination of the same, it is observed that:

i. UCM(I)L (CIN: U24246WB2005PLC102619) was incorporated on April 1, 2005. Its Registered Office is situated at Vill.&P.O. – Chaitanyapur, P.S. - Sutahata, Dist - Purba Medinipur, Chaitanyapur, West Bengal- 721645.

ii. The present and past Directors / promoters of UCM(I)L are :

SNo	Director Name	Address	Designation	Date Of Appointment	Date of Cessation
1	Samir Chattopadhyay Kumar	Vill.-Karanjora, P.O.-Ukhradihi, Dist.-Bankura, West Bengal-722133, India	Present Director	28/04/2014	---
2	Nirapada Maiti	Vill.& P.O.-Chaitanyapur, P.S.- Sutahata., Dist.-Purba Medinipur- 7216 45, West Bengal.	Managing Director	01/04/2005	
3	Amal Patra	1 /G, Prince Gulam Hossain Md. Shah Road, Kolkata- 7000 95, West Bengal.	Present Director	21/01/2012	
4.	Kartik Jana	Vill. &P.O. Dwariberia, P.S.-Sutahata, Purba Medinipur, Sutahata, West Bengal-721654	Past Director	01/04/2005	18/02/2011
5.	Balwant Kumar Singh	Park Mansion, 57A Park Street, Kolkata, West Bengal-700039	Past Director	07/01/2010	10/05/2014
6.	Debashree Bhowmik	Vill-Basudevapur, P.O. - Khanjanchalk, Dist- Purba Medinipur, Durgachak, West Bengal- 721602	Past Director	01/04/2005	07/01/2010
7.	Rajib Bhattacharya	45K, New Balligunge Road, Kolkata, West Bengal-700039	Past Director	07/09/2009	09/02/2012

- iii. The company has not filed Annual Accounts and Annual Returns for the year ended March 31, 2013, March 31, 2014 and March 31, 2015 with the RoC till date. It is also noted that the copy of the brochure furnished by UCM(I)L vide its letter dated December 29, 2014 pertains to the issue of redeemable preference shares of Rs. 500 Lakhs on January 08, 2010. However, the documents available on the *MCA Portal 21* and the list containing the preference share holders furnished by UCM(I)L do not contain the details of the issue of the aforesaid offer of "*Redeemable preference shares*" issued on January 8, 2010. Following are the details regarding the issue as available in the MCA Website and also from the list furnished by the company:

Table : - Details of Redeemable Preference Shares Issued-

Sl. No.	Year	Date of allotment	Type of Security	No of securities	No. of persons to whom issued	Total Amount (Rs)
1.	2006-07	30/03/2007	Redeemable Preference shares of Rs. 100/-	58,150	295	58,15,000
2.	2008-09	04/12/2008	-do-	85,731	933	85,73,100
3.	2009-2010	08/01/2010	-do-	Not available*		
3.	2013-14	Not Available	-do-	2,40,399	1,727	2,40,33,900
	Total			3,84,280	2,955	3,84,22,000

*Details not provided by the company.

- iv. The aforesaid details indicate that UCM(I)L issued "*Redeemable Preference Shares*" to 2,955 investors on March 30, 2007, December 4, 2008 and also during 2013-2014 and mobilized an amount of Rs. 3.84 Cr..
- v. It is further observed from the documents received by SEBI along with the complaint (mentioned in Paragraph No. 4 above), that the company had issued "*Secured Redeemable Debentures*" (of face value Rs.1000 each). The said complaint was filed by a group of 28 investors and as per the list

forwarded by the complainants, the company has collected an amount of Rs.1.41 Cr. from the complainants.

vi. Following are noted from the brochure/application form for the issue of redeemable preference shares (of Rs. 500 lakhs issued on January 08, 2010) :

- *"The offer is being made on private placement basis,*
- *Allotment of redeemable share shall be made within 90 days from the date of receipt of application. The letter of allotment/redeemable preference share certificate will be delivered to the first applicant at the address given*
- *The title of the Redeemable Preference Shares shall be transferable by execution of appropriate documents....*
- *The Preference shares are redeemable to the extent shown payable monthly/quarterly. The final instalment of the redemption includes residual paid up amount plus premium or maturity shown as maturity value.*

6.1 In the context of the abovementioned details of the *Offer of Redeemable Preference Shares*, the issue for determination in the instant matter is whether the mobilization of funds by UCM(T)L through the aforesaid issue, is in accordance with the provisions of the SEBI Act, 1992 ("**SEBI Act**") and the Companies Act, 1956 read with the SEBI (Issue and Listing of Non-convertible Redeemable Preference Shares) Regulations, 2013)("**SEBI NRPS Regulations**"), notified on June 12, 2013.

6.2 I note that the jurisdiction of SEBI over various provisions of the Companies Act, 1956, 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, 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."

6.3 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 Redeemable Preference Shares* 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.
 - a. Under the *Offer of Redeemable Preference Shares*, it is observed that during the Financial Years 2006-07, 2008-09 and 2013-14, UCM(I)L allotted *Redeemable preference shares* to at least 2,955 individuals/investors and mobilized funds amounting to approximately ₹ 3.84 Cr. The number of investors to whom allotments were made under the *Offer of Redeemable Preference Shares* along with the amount mobilized therein, during the Financial Year 2006-07, 2008-09 and 2013-14 (details provided in Table at Paragraph 6(iii) above), would *prima facie* indicate that such *Offer* was a public issue of securities, as prescribed under the *first proviso* to Section 67(3) of the Companies Act, 1956.

It is important to note that the number of allottees and amount raised under the *Offer of Redeemable Preference Shares* for the Financial Years 2006-07, 2008-09 and 2013-14, have only been taken from the documents obtained from *MCA21 Portal* and also the information/documents furnished by the company. Also, the details regarding the offer of redeemable preference shares of Rs. 500 Lakhs issued on January 08, 2010 (as observed from the copy of the brochure furnished by the company) has not been provided by the company. It is therefore possible that the actual number of allottees and amount mobilized by UCM(I)L could be much more than the figures indicated in the Table at Paragraph 6(iii) above.

b. It is observed that UCM(I)L 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 UCM(I)L 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 Redeemable Preference Shares* by UCM(I)L during the Financial Year 2006-07, 2008-09 and 2013-14, will *prima facie* qualify as a public issue under the *first proviso* to Section 67(3) of the Companies Act, 1956. In this regard, it is pertinent to note that by virtue of Section 55A of the Companies Act, 1956, Section 67 of that Act, so far as it relates to issue and transfer of securities, shall also be administered by SEBI.

6.4 I note that –

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

"73. (1) Every company intending to offer shares or debentures to the public for subscription by the issue of a prospectus shall, before such issue, make an application to one or more recognised stock exchanges for

permission for the shares or debentures intending to be so offered to be dealt with in the stock exchange or each such stock exchange.

(1A) Where a prospectus, whether issued generally or not, states that an application under sub-section (1) has been made for permission for the shares or debentures offered thereby to be dealt in one or more recognized stock exchanges, such prospectus shall state the name of the stock exchange or, as the case may be, each such stock exchange, and any allotment made on an application in pursuance of such prospectus shall, whenever made, be void, if the permission has not been granted by the stock exchange or each such stock exchange, as the case may be, before the expiry of ten weeks from the date of the closing of the subscription lists:

Provided that where an appeal against the decision of any recognized stock exchange refusing permission for the shares or debentures to be dealt in on that stock exchange has been preferred under section 22 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), such allotment shall not be void until the dismissal of the appeal.

(2) Where the permission has not been applied under subsection (1) or such permission having been applied for, has not been granted as aforesaid, the company shall forthwith repay without interest all moneys received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the company and every director of the company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent, as may be prescribed, having regard to the length of the period of delay in making the repayment of such money.

(3) All moneys received as aforesaid shall be kept in a separate bank account maintained with a Scheduled Bank 1 [until the permission has been granted, or where an appeal has been preferred against the refusal to grant such. permission, until the disposal of the appeal, and the money standing in such separate account shall, where the permission has not been applied for as aforesaid or has not been granted, be repaid within the time and in the manner specified in sub- section (2)]; and if default is made in complying with this sub-section, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to five thousand rupees.”

- ii. In the *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 Sabaras had violated the listing provisions and collected huge amounts from the public in disobedience of law, SEBI is justified in directing refund of the amount with interest."

- iii. Having regard to the abovementioned observations of the Hon'ble Supreme Court of India, since the *Offer of Redeemable Preference Shares* is *prima facie* a public issue in accordance with the provisions of the Companies Act, 1956, the same will attract the requirement of compulsory listing before a recognized stock exchange in terms of Section 73(1) of the Companies Act, 1956 and also compliance with the provisions of Sections 73(2) and 73(3) of that Act.
- iv. In the facts of the instant case, it *prima facie* appears that UCM(IL) has violated the provisions of Section 73 of the Companies Act, 1956, in respect of the *Offer of Redeemable Preference Shares*.

6.5 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 Redeemable Preference Shares* was a public issue of securities. Having made a public issue, UCM(I)L 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 UCM(I)L has complied with the provisions of Section 60 of Companies Act, 1956. In view of the same, I find that UCM(I)L has *prima facie* not complied with the provisions of Section 60 of Companies Act, 1956.

6.6 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 UCM(I)L 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.

6.7 In addition to the above, reference may be made to the SEBI NRPS 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 Non-convertible Redeemable Preference Shares. It may be relevant to note that under the aforesaid Regulations, 'non-convertible redeemable preference share' has been defined as "a preference share which is redeemable in accordance with the provisions of Companies Act, 1956 and does not include a preference share which is convertible into or exchangeable with equity shares of the issuer...". In this context, I find that UCM(I)L, through the *Offer of Redeemable Preference Shares*, which is a public issue of securities, has *prima facie* violated the

following provisions of the aforesaid Regulations, which contain inter alia conditions for public issue and listing of non - convertible redeemable preference shares, *viz.*

- i. Regulation 4(2)(a) - Application for listing of securities;
- ii. Regulation 4(2)(b) - In-principle approval for listing of securities;
- iii. Regulation 4(2)(c) - Credit rating has been obtained;
- iv. Regulation 4(2)(d) - Dematerialization of securities;
- v. Regulation 4(2)(e) - Minimum tenure;
- vi. Regulation 4(3) - Capital Redemption Reserve;
- vii. Regulation 4(5) - Appointment of Merchant Banker;
- viii. Regulation 5 - Disclosures in the offer document;
- ix. Regulation 6 - Filing of draft offer document;
- x. Regulation 7 - Mode of disclosure of offer document;
- xi. Regulation 8 - Advertisements for Public Issues;
- xii. Regulation 9 - Abridged Prospectus and application forms;
- xiii. Regulation 13 - Minimum subscription;
- xiv. Regulation 15 - Prohibition of mis-statements in the offer document;
- xv. Regulation 16 - Mandatory Listing;
- xvi. Regulation 22 - Obligations of the Issuer, etc.

6.8 Upon a consideration of the aforementioned paragraphs, I am of the view that UCM(I)L is *prima facie* engaged in fund mobilizing activity from the public, through the *Offer of Redeemable Preference Shares* and as a result of the aforesaid activity has violated the aforementioned provisions of the Companies Act, 1956 (Section 56, Section 60 read with Section 2(36), Section 73), and SEBI NRPS Regulations.

7. I note that UCM(I)L allotted *Redeemable Preference Shares* to the public during the Financial Years 2006-07, 2008-09 and 2013-14. Mr. Samir Chattopadhyay Kumar, Mr. Nirapada Maiti and Mr. Amal Patra are the present Directors of UCM(I)L and Mr.Kartik Jana, Mr.Balwant Kumar Singh, Ms.Debashree Bhowmik and Mr.Rajib Bhattacharya are the past Directors. It is alleged that the

aforementioned Directors being the persons in-charge of and responsible to the Company for the conduct of business, are responsible under Section 27(2) of the SEBI Act, for the *prima facie* contraventions committed by UCM(I)L through the *Offer of Redeemable Preference Shares*.

8. 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. Steps therefore, have to be taken in the instant matter to ensure only legitimate fund raising activities are carried on by UCM(I)L 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 UCM(I)L and its Directors, for preventing the company from further carrying on with its fund mobilizing activity under the *Offer of Redeemable Preference Shares*.
9. 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 read with Section 19 thereof, hereby issue the following directions –
 - i. UCM(I)L (*United Cosmetics Manufacturing (I) Limited*) (PAN: AAACU7914N) shall not mobilize any fresh funds from investors through the *Offer of Redeemable Preference Shares* or through the issuance of equity shares or any other securities, to the public and/or invite subscription, in any manner whatsoever, either directly or indirectly till further directions;
 - ii. UCM(I)L and its Directors, viz., Mr. Samir Chattopadhyay Kumar (PAN: ABVPK0643D), Mr. Nirapada Maiti (PAN: AIHPM6556G), Mr. Amal Patra (PAN: AUZPP0701A), Mr. Kartik Jana (PAN: AHQPJ8186K), Mr. Balwant Kumar Singh (PAN: BREPS6947N), Ms. Debashree Bhowmik (PAN: AJIPB7361C), and Mr. Rajib Bhattacharya (PAN: AMGPB0981P) 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. UCM(I)L 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. UCM(I)L shall provide a full inventory of all its assets and properties;*
- v. UCM(I)L 's abovementioned Directors shall provide a full inventory of all their assets and properties;*
- vi. UCM(I)L 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 Redeemable Preference Shares, without prior permission from SEBI;*
- vii. UCM(I)L and its abovementioned Directors shall not divert any funds raised from public at large through the Offer of Redeemable Preference Shares, which are kept in bank account(s) and/or in the custody of UCM(I)L;*
- viii. UCM(I)L and its abovementioned Directors shall furnish complete and relevant information in respect of the Offer of Redeemable Preference Shares (as sought by SEBI letter dated December 17, 2014), within 14 days from the date of receipt of this Order, including,*
 - Details of the offer of redeemable preference shares of Rs. 500 Lakhs issued on January 08, 2010 (as mentioned in Paragraph No. 6(iii) above),*
 - Details of the "Secured Redeemable Debentures" issued by the company (as mentioned in Paragraph No. 4 and 6(v) above)*

10. The above directions shall take effect immediately and shall be in force until further orders.

11. The *prima facie* observations contained in this Order are made on the basis of the material available on record i.e. correspondence exchanged between SEBI and UCM(I)L and

information obtained from the *MCA 21 Portal*. In this context, UCM(I)L 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 read with Section 73(2) of the Companies Act, 1956, including the following, should not be taken/imposed against them:

- i. Directing them jointly and severally to refund money collected through the *Offer of Redeemable Preference Shares* along with interest, if any, promised to investors therein;
- 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.

11.1 UCM(I)L 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 UCM(I)L and its abovementioned Directors, in accordance with law.

Place: Mumbai
Date: November 20, 2015

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