

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

FINAL ORDER

Under Sections 11, 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992

In the matter of Aspen Nirman India Limited

In respect of:

- 1. Aspen Nirman India Limited (PAN: AAKCA3453G)**
 - 2. Mr. Abhijit Dasgupta (DIN: 02475280).**
 - 3. Mr. Bhaskar Saha (PAN: ALAPS8382A; DIN: 02475280).**
 - 4. Mr. Ashim Maitra (PAN: ADQPM0497A; DIN: 02532064).**
 - 5. Mr. Ujjal Kumar Roy (PAN: AHMPR4384B; DIN: 02555033).**
 - 6. Mr. Avijit Kumar Ganguly (PAN: AGQPG6356F; DIN: 02575466).**
 - 7. Mr. Debopam Sur (PAN: BEIPS2119R; DIN: 03079702).**
 - 8. Mr. Goutam Sarkar (PAN: BMWPS6539M; DIN: 03356712).**
 - 9. Debenture Trustee, viz. Aspen Debenture Trust (Represented by its Trustees, viz. Mr. Raju Sarkar)**
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1. Aspen Nirman India Limited (hereinafter referred to as “**ANIL**”/ “**the Company**”) is a Public company incorporated on September 16, 2011 and registered with Registrar of Companies (“**ROC**”)—Gwalior with CIN: U45200MP2011PLC026774. Its registered office is at U.G. 24, Upper Ground Floor of Orbit, Plot No. 305-306, Scheme No. 54, P.U. 4 Commercial, Indore, Madhya Pradesh, India - 452010.
 2. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received letters dated December 09, 2013 and December 31, 2013 from ROC, Gwalior, reference dated April 07, 2014 from Reserve Bank Of India (hereinafter referred to as “**RBI**”) forwarding the complaint dated January 06, 2014 from investors against ANIL in
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Order in the matter of M/s Aspen Nirman India Limited

respect of issue of Secured Redeemable Non-Convertible Debentures (hereinafter referred to as “**NCDs**”) and undertook an enquiry to ascertain whether ANIL had made any public issue of securities without complying with the provisions of the Companies Act, 1956; Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and the Rules and Regulations framed thereunder including the Securities and Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008 (hereinafter referred to as “**ILDS Regulations**”).

3. On enquiry by SEBI, it was observed that ANIL had made an offer of NCDs in the financial years 2011-2012, 2012-2013 and 2013-2014 (hereinafter referred to as “**Offer of NCDs**”) and raised an amount of at least Rs. 33,59,100/- from at least 167 allottees. The number of allottees and funds mobilized has been collated from the documents submitted with the complaints received by SEBI. Therefore, it was concluded that the actual number of allottees and amount mobilized could be more than the above indicated figures. It was also observed that ANIL created a charge for an amount of Rs. 100.00 Crores on September 22, 2011 and appointed *Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar)* as Debenture Trustee for the Offer of NCDs by that company.
4. As the above said *Offer of NCDs* was found *prima facie* in violation of respective provisions of the SEBI Act, 1992, the Companies Act, 1956, and the ILDS Regulations, SEBI passed an interim order dated July 15, 2015 (hereinafter referred to as “**interim order**”) and issued directions mentioned therein against ANIL and its Directors viz. Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar and its Debenture Trustee *Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar)*. (hereinafter collectively referred to as “**Noticees**”).
5. *Prima facie findings/allegations*: In the said interim order, the following *prima facie* findings were recorded. ANIL had made an *Offer of NCDs* during the financial years 2011-2012, 2012-2013 and 2013-2014 and raised an amount of at least Rs. 33,59,100/-

as shown below:

Year of Issue	Security Issued	Amount raised (Rs.)	Number of allottees
2011-2012	NCDs	1,86,000	3
2012-2013		29,04,900	148
2013-2014		2,68,200	16
Total		33,59,100^	167*

*[^] No. of allottees and funds mobilized has been collated from the documents submitted with the complaints received by SEBI. However, actual no. of allottees and amount mobilized could be more than the above indicated figures.

6. The terms and condition of various plans as given in the brochure cum application form are as under:

Plan-I Regular Income Redeemable Secured Debentures

Amount (Rs.)	Redemption Period	Monthly Repayment (Rs.)	Incentive	Redemption Amount (Rs.)
25000	18 months	312	Nil	25000
25000	36 months	375	3%	25750
25000	60 months	375	5%	26250

Plan - Monthly Allotment of Secured Redeemable Debentures

Plan	AA	AD	AB	AC
Debenture Value	1200.00	1800.00	3600.00	6000.00
Redemption Period	12 months	18 months	36 months	60
Bonus Issue	200.00	600.00	1400.00	3500.00
On completion of total allotment	1400.00	2400.00	5000.00	9500.00

7. From the copy of the debenture trust deed, it is observed that NCDs were being issued by the company under the following terms and conditions:

Plan-I Regular Income Redeemable Secured Debentures

Deposit Amount (Rs.)	Redemption Period	Monthly Repayment (Rs.)	Incentive	Redemption Amount (Rs.)
25000	18 months	312	Nil	25000
25000	36 months	365	3%	25750
25000	60 months	365	5%	26250

Plan II - Multiplier Redeemable Secured Debentures

Issue Price for Minimum Redeemable Secured Debentures (100*10)	1000	1000	1000	1000	1000
Redemption Value	1500	2000	3000	5000	10000
Redemption Period	3 Years	5 Years	7 Years	10 Years	13 Years
Analysed yield on investment	14.47%	14.87%	17%	17.46%	19.38%

8. Further, ANIL created a charge for an amount of Rs. 100.00 Crores on September 22, 2011 and appointed *Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar)* as Debenture Trustee for the Offer of NCDs by the company. *Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar)* was not registered as debenture trustee for the offer of NCDs by that company.
9. The above *Offer of NCDs* and pursuant allotment were deemed public issue of securities under the first proviso to section 67(3) of the Companies Act, 1956. Accordingly, the resultant requirement under section 60 read with section 2(36), section 56, sections 73(1), 73(2) and 73(3) and sections 117B and 117C of the Companies Act, 1956 and the relevant provisions of the ILDS Regulations were not complied with by ANIL in respect of the *Offer of NCDs*. Further, the Debenture Trustee viz. *Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar)* has prima facie violated section 12(1) of the SEBI Act and regulation 7 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (hereinafter referred to as “**Debenture Trustees**”

Regulations”).

10. In view of the *prima facie* findings on the violations, the following directions were issued in the said interim order dated July 15, 2015 with immediate effect.

- i. *“ANIL 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. *ANIL (PAN:AABCO6831B) and its Directors, viz. Mr. Abhijit Dasgupta (DIN:02475280), Mr. Bhaskar Saha (DIN:02531517, PAN:ALAPS8382A), Mr. Ashim Maitra (DIN:02532064, PAN:ADQPM0497A), Mr. Ujjal Kumar Roy (DIN:02555033, PAN:AHMPR4384B), Mr. Avijit Kumar Ganguly (DIN:02575466, PAN:AGQPG6356F), Mr. Debopam Sur (DIN:03079702, PAN: BEIPS2119R) and Mr. Goutam Sarkar (DIN:03356712, PAN:BMWPS6539M), 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. *ANIL 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. *ANIL shall provide a full inventory of all its assets and properties;*
- v. *ANIL's abovementioned Directors shall provide a full inventory of all their assets and properties;*
- vi. *ANIL 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 without prior permission from SEBI;*

vii. *ANIL 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 ANIL;*

viii. *ANIL shall furnish within 21 days from the date of receipt of this Order-*

- *Complete information as sought by SEBI vide letters dated August 18, 2014, September 10, 2014, October 30, 2014 and November 19, 2014 including details of investors such as names, addresses, contact details (i.e. telephone numbers, e-mail IDs), dates of allotment of debentures, number of debentures issued, total amount mobilized etc.*
- *Balance sheets of the company for FY 2011-12 to 2014-15.*
- *Date(s) of allotment of debentures to BBUS.*
- *Full particulars of subsequent transfer of debentures to investors by BBUS, including date(s), names of investors, number of debentures etc.*
- *Details of BBUS such as ownership, registration particulars, names, addresses and contact details of its members.*
- *Details of the commission paid by the company to BBUS such as percentage of commission, total amount of commission.*

ix. *The Debenture Trustee, viz. Aspen Debenture Trust (represented by trustee Mr. Raju Sarkar), is prohibited from continuing the present assignment as a debenture trustee in respect of the Offer of NCDs of ANIL and also from taking up any new assignment or involvement in any new issue of debentures, etc. in a similar capacity, from the date of this order till further directions.”*

11. The interim order also directed the ANIL and its Directors to show cause as to why suitable directions/prohibitions under sections 11(1), 11(4), 11A and 11B of the SEBI Act, and section 73(2) of the Companies Act, 1956 should not be passed against them:

- i. *Directing them jointly and severally to refund money collected through the Offer of NCDs 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 by 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.
12. Vide the said interim order, ANIL, its abovementioned Directors along with its Debenture Trustee were given the opportunity to file their replies, within 21 days from the date of receipt of the said interim order. The order further stated the concerned persons may also indicate whether they desired to avail themselves an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.
13. *Service of interim order:* The copy of the said interim order was sent to the Noticees vide letter dated July 15, 2015. The copy of interim order was delivered to ANIL, Aspen Debenture Trust (Debenture Trustee represented by Mr. Raju Sarkar) and Mr. Ashim Maitra. The copy of interim order was returned undelivered from Mr. Ujjal Kumar Roy, Mr. Abhijit Dasgupta, Mr. Goutam Sarkar and Mr. Debopam Sur. The proof of delivery is not received from Mr. Bhaskar Saha and Mr. Avijit Kumar Ganguly.
14. One R.L. Gaggar, Solicitor & Advocate on behalf of ANIL & others vide letter dated August 11, 2015 submitted *inter alia* as under:
- (i) *“At the outset, my client would like to inform you that due to various illegal wrongful acts and demand to meet their unexpected way of causing disturbance by the broker and/or outsider who are no way associated with my client had forced my client to temporarily working to operate parallely with the existing address from the place situated at Aspan Nirman India Limited, C/o. Mr. R.K. Srivastava of B-10, LIG, Bandhav Garh, Birla Colony, SATNA MADHYA PRADESH - 485 005 which please note. Due to such reason, even though, my client have provided you information and supplied you relevant documents as desired by you, but the further*

documents as desired by you in your letter under reference shall provide to you to your satisfaction and for taking steps in the matter in future.

- (ii) Needless to mention that the said letter even though you have intimated to my client regarding the purported order issued by you on July 15, 2015, but unfortunately, the same was passed behind the back of my client and without giving an opportunity of hearing before passing order thereto.*
- (iii) My client would bring to your notice that pursuant to a notice issued by SEBI, my client is participating in the proceeding initiated against the sister company at Calcutta and for which the self same documents including the statement of account, information which are required to be furnished are already been disclosed and available on the records. Therefore, I on behalf of the aforesaid client would request you to kindly allow at least four weeks time from today to enable my client to supply you other relevant documents in support of the proceeding as initiated by you and to assist you to do needful in the matter.*
- (iv) For the purpose of convenience my client would also request you to kindly call for the records even from the office of the SERI at Calcutta to ascertain the present position and status of the related proceeding to do needful in the matter.”*

15. Vide notification dated June 10, 2017 published in newspaper *Dainik Bhaskar* and notification dated June 10, 2017 published in newspaper *Times of India*, the Noticees were notified by SEBI that they will be given the final opportunity of being heard on August 08, 2017 at the time and the venue mentioned therein. The Noticees were advised that in case they failed to appear for the personal hearing before SEBI on the aforesaid date, then the matter would be proceeded *ex-parte* on the basis of material available on record.

16. *Hearing and submissions:* Mr. Sandip Majumder, Advocate, Authorized Representative (AR) appeared on August 08, 2017 on behalf of ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar. AR requested that he has been assigned the

matter three days ago and requested that the hearing in the matter be adjourned by two weeks. He also requested that next hearing in the matter may be held at Kolkata since the financial condition of his clients is very weak. Accordingly, the next hearing in the matter was fixed on August 22, 2017 through video conferencing facility from SEBI, Eastern Regional Office (ERO), Kolkata. AR was also advised to file written submissions in the matter on behalf of his clients before August 22, 2017. No one appeared on behalf of Aspen Debenture Trust (represented by trustee Mr. Raju Sarkar).

17. Further, for hearing scheduled on August 22, 2017, no one appeared on behalf of ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. UjjalKumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar nor submitted any written submission in the matter.

18. I have considered the allegations and materials available on record. On perusal of the same, the following issues arise for consideration. Each question is dealt with separately under different headings.

(1) Whether the company came out with the Offer of NCDs as stated in the interim order.

(2) If so, whether the said issues are in violation of Section 56, Section 60 read with section 2(36), Section 73 and section 117C of the Companies Act, 1956 read with the ILDS Regulations.

(3) Whether appointment of Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar), as the Debenture Trustee by ANIL is in violation of Section 117B of the Companies Act, 1956 and whether Aspen Debenture Trust and Mr. Raju Sarkar violated Section 12(1) of SEBI Act and regulation 7 of the Debenture Trustees Regulations

(4) If the findings on Issue No.2 and 3 are found in the affirmative, who are liable for the violation committed?

ISSUE No. 1- Whether the company came out with the Offer of NCDs as stated in the interim order.

19. I have perused the interim order dated July 15, 2015 for the allegation of *Offer of NCDs*. I note that neither the company nor the directors filed any reply disputing the same.
20. I have also perused the documents/ information obtained from the 'MCA 21 Portal' other documents available on records. It is noted, from the investors' complaints received by SEBI in the matter that ANIL has issued and allotted NCDs to at least 167 investors during the financial years 2011-2012, 2012-2013 and 2013-2014 and raised an amount of at least Rs. 33,59,100/-. I also note that the number of allottees and funds mobilized has been collated from the documents submitted with the complaints received by SEBI. Therefore, it is possible that the actual number of allottees and amount mobilized could be more than 167 investors and Rs. 33,59,100/- respectively.
21. I therefore conclude that ANIL came out with an offer of NCDs as outlined above and as mentioned at Para 6 & 7 above.

ISSUE No. 2- If so, whether the said issues are in violation of Section 56, Section 60 read with section 2(36), Section 73 and section 117C of the Companies Act, 1956 read with the ILDS Regulations.

22. The provisions alleged to have been violated and mentioned in Issue No. 2 are applicable to the *Offer of NCDs* made to the public. Therefore the primary question that arises for consideration is whether the issue of NCDs is 'public issue'. At this juncture, reference may be made to sections 67(1) and 67(3) of the Companies Act, 1956:

"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).”

23. The following observations of the Hon'ble Supreme Court of India in *Sahara India Real Estate Corporation Limited & Ors. v. SEBI* (Civil Appeal no. 9813 and 9833 of 2011) (hereinafter referred to as the “***Sahara Case*”**), while examining the scope of Section 67 of the Companies Act, 1956, are worth consideration:-

“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.”

24. Section 67(3) of Companies Act, 1956 provides for situations when an offer is not considered as offer to public. As per the said sub section, if the offer is one which is not

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, if the offer is the domestic concern of the persons making and receiving the offer, the same are not considered as public offer. Under such circumstances, they are considered as private placement of shares and debentures. It is noted that as per the *first proviso* to Section 67(3) Companies Act, 1956, the public offer and listing requirements contained in that Act would become automatically applicable to a company making the offer to fifty or more persons. However, the *second proviso* to Section 67(3) of Companies Act, 1956 exempts NBFCs and Public Financial Institutions from the applicability of the *first proviso*.

25. I find from the interim order dated July 15, 2015, that

(i) the company vide its letter dated January 02, 2013 to RoC stated:

“Aspen Nirman India Limited has an approval of issuing Redeemable Secured Debenture to the tune of Rs. 100 crore from the RoC, Madhya Pradesh against the company is selling the debentures to its only member M/S Bagbazar Brahmaputra Urban Society represented by its Secretary Sri Sisir Guin of 73/1, Bagbazar Street, P.O. Bagbazar, Kolkata – 700003.”

The company has further stated that *“The Society ultimately sells the debentures to its members getting commission from Aspen Nirman India Limited. Aspen Nirman India Limited is having an Agreement with the Bagbazar Brahmaputra Society in this regard.”*

The company also mentioned in the aforesaid letter to RoC that it had issued debentures amounting to Rs. 13 Crores to Bagbazar Brahmaputra Society in FY 2011-12.

(ii) the company vide its email dated March 13, 2013 to RoC had stated that *“Total amount of Debentures of Rs. 14,50,66,430.00 (Rupees fourteen crores*

fifty lakhs sixty six thousand four hundred thirty only) has been issued in favour of Baghbazar Brahamaputra Urban society, 73/1, Baghbazar Street, P.O. Baghbazar, Kolkata - 700003.”

26. I note from the interim order that issue of Offer of NCDs by ANIL was a public issue and ANIL had issued the NCDs to at least 167 allottees and had mobilized at least an amount of Rs. 33,59,100/-. While, ANIL vide its letter and email to ROC stated that company is selling debentures to only M/s Baghbazar Brahamaputra Urban Society (BBUS), however, from the examination report, I find that the NCDs were issued to at least 167 investors i.e. these NCDs were issued to public at large and these NCDs certificates carried the name & Stamp of ANIL and its director's signature.
27. In the instant matter, I find that NCDs were issued by ANIL to at least 167 investors in the financial years 2011-2012, 2012-2013 and 2013-2014. However, this number is not conclusive as it is based on the documents received by SEBI along with complaints and the actual number of investors could be more than 167. I find that ANIL has mobilized at least an amount of Rs. 33,59,100 over the financial years 2011-2012, 2012-2013 and 2013-2014 which is not a conclusive value as it is based on the complaints received by SEBI. Further, I find that ANIL has created a charge of Rs. 100.00 Crores on September 22, 2011. The above findings lead to a reasonable conclusion that the *Offer of NCDs* by ANIL was a “public issue” within the meaning of the first proviso to section 67(3) of the Companies Act, 1956.
28. I find that ANIL has not claimed it to be a Non-banking financial company (“NBFC”) or public financial institution within the meaning of Section 4A of the Companies Act, 1956. In view of the aforesaid, I, therefore, find that there is no case that ANIL is covered under the second proviso to Section 67(3) of the Companies Act, 1956.
29. Even in cases where the allotments are considered separately, reference may be made to

Sahara Case, wherein it was held that under Section 67(3) of the Companies Act, 1956, the "Burden of proof is entirely on Saharas to show that the investors are/were their employees/workers or associated with them in any other capacity which they have not discharged." In respect of those issuances, the directors have not placed any material that the allotment was in satisfaction of section 67(3)(a) or 67(3)(b) of Companies Act, 1956 i.e., it was made to the known associated persons or domestic concern. Therefore, I find that the said issuance cannot be considered as private placement. Moreover, reference may be made to the order dated April 28, 2017 of Hon'ble Securities Appellate Tribunal in *Neesa Technologies Limited vs. SEBI (Appeal No. 311 of 2016)* which lays down that "In terms of Section 67(3) of the Companies Act any issue to '50 persons or more' is a public issue and all public issues have to comply with the provisions of Section 56 of Companies Act and ILDS Regulations. Accordingly, in the instant matter the appellant have violated these provisions and their argument that they have issued the NCDs in multiple tranches and no tranche has exceeded 49 people has no meaning".

30. Therefore, in view of the material available on record, I find that the *Offer of NCDs* by ANIL falls within the first proviso of section 67(3) of Companies Act, 1956. Hence, the *Offer of NCDs* are deemed to be public issues and ANIL was mandated to comply with the 'public issue' norms as prescribed under the Companies Act, 1956.
31. Further, 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. As per section 73(1) and (2) of the Companies Act, 1956, a company is required to make an application to one or more recognized stock exchanges for permission for the shares or debentures to be offered to be dealt with in the stock exchange and if permission has not been applied for or not granted, the company is required to forthwith repay with interest all moneys received from the applicants.
32. The allegations of non-compliance of the above provisions were not denied by ANIL or its directors. I also find that no records have been submitted to indicate that it has made an application seeking listing permission from stock exchange or refunded the amounts

on account of such failure. Therefore, I find that ANIL has contravened the said provisions. ANIL has not provided any records to show that the amount collected by it is kept in a separate bank account. Therefore, I find that ANIL has also not complied with the provisions of section 73(3) which mandates that the amounts received from investors shall be kept in a separate bank account. Therefore, I find, that section 73(2) of the Companies Act, 1956 has not been complied with.

33. Section 2(36) of the Companies Act read with section 60 thereof, mandates a company to register its 'prospectus' with the RoC, before making a public offer/ 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 the offer of NCDs was a deemed public issue of securities, ANIL was required to register a prospectus with the RoC under Section 60 of the Companies Act, 1956. I find that ANIL has not submitted any record to indicate that it has registered a prospectus with the RoC, in respect of the offer of NCDs. I, therefore, find that ANIL has not complied with the provisions of section 60 of the Companies Act, 1956.

34. In terms of 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 a company, unless the form is accompanied by abridged prospectus, containing disclosures as specified. Neither ANIL nor its directors produced any record to show that it has issued Prospectus containing the disclosures mentioned in section 56(1) of the Companies Act, 1956, or issued application forms accompanying the abridged prospectus. Therefore, I find that, ANIL has not complied with sections 56(1) and 56(3) of the Companies Act, 1956.

35. As regards the allegation of section 117C of the Companies Act, 1956, it may be seen that the said provision mandates the company to create a debenture redemption reserve for the redemption of such debentures, to which every year, adequate amounts should be credited out of its profits, until such debentures are redeemed. None of the Noticees denied this allegation. There is no material on record to show that such debenture reserve was created. Therefore, I hold that the company has violated section 117C of the Companies Act, 1956.
36. ILDS Regulations are applicable to the public issue and listing of debt securities. Regulation 2(e) of the ILDS Regulations defines debt securities to mean non-convertible debt securities which create or acknowledge indebtedness, and include debentures. In view of the finding that ANIL has made a public issue of debt securities, the ILDS Regulations is also applicable to the instant offer of NCDs. Therefore, I find that the Company has violated the following provisions of the aforesaid ILDS Regulations, which contain *inter alia* conditions for public issue and listing of debt securities, viz.
- i. Regulation 4(2)(a) – Application for listing of debt securities
 - ii. Regulation 4(2)(b) – In-principle approval for listing of debt securities
 - iii. Regulation 4(2)(c) – Credit rating has been obtained
 - iv. Regulation 4(2)(d) – Dematerialization of debt securities
 - v. Regulation 4(4) – Appointment of Debenture Trustees
 - vi. Regulation 5(2)(b) – Disclosure requirements in the Offer Document
 - vii. Regulation 6 – Filing of draft Offer Document
 - viii. Regulation 7 – Mode of disclosure of Offer Document
 - ix. Regulation 8 – Advertisements for Public Issues
 - x. Regulation 9 – Abridged Prospectus and application forms
 - xi. Regulation 12 – Minimum subscription
 - xii. Regulation 14 – Prohibition of mis-statements in the Offer Document
 - xiii. Regulation 15 – Trust Deed
 - xiv. Regulation 17 – Creation of security

xv. Regulation 19 – Mandatory Listing

xvi. Regulation 26 – Obligations of the Issuer, etc.

37. Further, I note that the jurisdiction of SEBI over various provisions of the Companies Act, 1956 including the above mentioned, 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 Case*, had observed that:

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

"SEBI can exercise its jurisdiction under Sections 11(1), 11(4), 11A(1)(b) and 11B of SEBI Act and Regulation 107 of ICDR 2009 over public companies who have issued shares or debentures to fifty or more, but not complied with the provisions of Section 73(1) by not listing its securities on a recognized stock exchange"

38. In this regard, it is pertinent to note that by virtue of Section 55A of the Companies Act, 1956, SEBI has to administer Section 67 of that Act, so far as it relates to issue and transfer of securities, in the case of companies who intend to get their securities listed. While interpreting the phrase “intend to get listed” in the context of deemed public issue the Hon'ble Supreme Court in *Sahara Case* observed-

“...But then, there is also one simple fundamental of law, i.e. that no-one can be

presumed or deemed to be intending something, which is contrary to law. Obviously therefore, “intent” has its limitations also, confining it within the confines of lawfulness...”

“...Listing of securities depends not upon one’s volition, but on statutory mandate...”

“...The appellant-companies must be deemed to have “intended” to get their securities listed on a recognized stock exchange, because they could only then be considered to have proceeded legally. That being the mandate of law, it cannot be presumed that the appellant companies could have “intended”, what was contrary to the mandatory requirement of law...”

39. In view of the above findings, I am of the view that ANIL was engaged in fund mobilizing activity from the public, through the offer of NCDs and has contravened the provisions of section 56(1), 56(3), 2(36) read with 60, 73(1), 73(2), 73(3), and 117C of the Companies Act, 1956, and above mentioned provisions pertaining to the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

ISSUE No. 3-Whether appointment of Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar) , as the Debenture Trustee by ANIL is in violation of Section 117B of the Companies Act, 1956 and whether Aspen Debenture Trust and viz. Mr. Raju Sarkar have violated Section 12(1) of SEBI Act and regulation 7 of the Debenture Trustees Regulations?

40. I have perused the copy of the Debenture Trust Deeds dated September 22, 2011. I find that ANIL had created a charge of Rs. 100.00 Crores for the Offer of NCDs by the Company. I further find that ANIL had appointed Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar) as the debenture trustee by way of trust deed dated September 22, 2011.

41. Section 12(1) of the SEBI Act states that: "*No... trustee of trust deed ... shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act*". Regulation 7 of the SEBI (Debenture Trustees) Regulations, 1993, states that *only a scheduled bank carrying on commercial activity or, a public financial institution within the meaning of section 4A of the Companies Act, 1956 or, an insurance company or, a body corporate alone are eligible to get a certificate of registration as Debenture Trustee.*
42. *Aspen Debenture Trust (represented by its trustees, viz. Mr. Raju Sarkar)* are not eligible to obtain a certificate of registration since it does not satisfy the eligibility criteria mentioned in Regulation 7 of the SEBI (Debenture Trustees) Regulations, 1993. None of the Noticees claimed that *Aspen Debenture Trust (represented by its trustee, viz. Mr. Raju Sarkar)* had received certificate of registration as per section 12(1) of the SEBI Act. In view of the above, I find that *Aspen Debenture Trust* and *Mr. Raju Sarkar* have dealt in the impugned Offer of NCDs as debenture trustees, without having a certificate of registration as Debenture Trustee in violation of Section 12(1) of the SEBI Act, 1992.
43. 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 the company 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. I find that *ANIL* has appointed *Aspen Debenture Trust (represented by its trustee, viz. Mr. Raju Sarkar)* who do not have a certificate of registration. Therefore, the appointment of the same is in violation of section 117B of the Companies Act, 1956. Further, since *ANIL* has not issued a prospectus with the relevant information and therefore, the requirement of stating the consent of the debenture trustee to be so appointed on the face of the prospectus has not been complied with.

ISSUE No. 4- If the findings on Issue No.2 and 3 are found in the affirmative, who are liable for the violation committed?

44. From the documents available on record, I find that the present Directors in ANIL are Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar. The details of the appointment and resignation of the directors are as following:

Name of the directors	Date of appointment	Date of cessation
Mr. Abhijit Dasgupta	September 16, 2011	Continuing
Mr. Bhaskar Saha	September 16, 2011	Continuing
Mr. Ashim Maitra	September 16, 2011	Continuing
Mr. Ujjal Kumar Roy	September 16, 2011	Continuing
Mr. Avijit Kumar Ganguly	September 16, 2011	Continuing
Mr. Debopam Sur	September 16, 2011	Continuing
Mr. Goutam Sarkar	September 16, 2011	Continuing

45. Section 56(1) and 56(3) read with section 56(4) of the Companies Act, 1956 imposes the liability on the company, every director, and other persons responsible for the prospectus for the compliance of the said provisions. The liability for non-compliance of Section 60 of the Companies Act, 1956 is on the company, and every person who is a party to the non-compliance of issuing the prospectus as per the said provision. Therefore, ANIL and its directors are held liable for the violation of sections 56(1), 56(3) and 60 of the Companies Act, 1956.

46. As far as the liability for non-compliance of section 73 of Companies Act, 1956 is concerned, as stipulated in section 73(2) of the said Act, the company and every director of the company who is an officer in default shall, from the eighth day when the company

becomes liable to repay, 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 if the money is not repaid forthwith. With regard to liability to pay interest, I note that as per section 73 (2) of the Companies Act, 1956, the company and every director of the company who is an officer in default is jointly and severally liable, to repay all the money with interest at prescribed rate. In this regard, I note that in terms of rule 4D of the Companies (Central Governments) General Rules and Forms, 1956, the rate of interest prescribed in this regard is 15%.

47. From the material available on record and the details of the appointment and resignation of the directors of ANIL as reproduced in paragraph 44 of this Order, it is noted that Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar were directors at the time of the issuance of NCDs. Since these persons were acting as directors during the period of issuance of NCDs, they are officers in default as per Section 5(g) of Companies Act, 1956. Further, in the present case, no material is brought on record to show that any of the officers set out in clauses (a) to (c) of Section 5 of Companies Act, 1956 or any specified director of ANIL was entrusted to discharge the obligation contained in Section 73 of the Companies Act, 1956. Therefore, as per Section 5(g) of the Companies Act, 1956 all the past and present directors of ANIL, as officers in default, are liable to make refund, jointly and severally, along with interest at the rate of 15 % per annum, under section 73(2) of the Companies Act, 1956 for the non-compliance of the above mentioned provisions. None of the Noticees disputed this legal liability by way of any written or oral submissions. Since, the liability of the company to repay under section 73(2) is continuing and such liability continues till all the repayments are made, the above said directors are co-extensively responsible along with the Company for making refunds along with interest under section 73(2) of the Companies Act, 1956 read with rule 4D of the Companies (Central Government's) General Rules and Forms, 1956, and section 27(2) of the SEBI Act. Therefore, I find that

ANIL and its Directors, viz. Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar are jointly and severally liable to refund the amounts collected from the investors with interest at the rate of 15 % per annum, for the non-compliance of the above mentioned provisions.

48. I note that during the financial years 2011-2012, 2012-2013 and 2013-2014, ANIL through Offer of NCDs, had collected at least an amount of Rs. 33,59,100/- from various allottees. I note that Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar has been directors of ANIL since financial years 2011-2012, 2012-2013, 2013-2014 till present date. Therefore, in view of Hon'ble Securities Appellate Tribunal (SAT) Order dated July 14, 2017 in the matter of *Manoj Agarwal vs. SEBI*, I am of the view that the obligation of the director to refund the amount with interest jointly and severally with ANIL and other directors are limited to the extent of amount collected during his/her tenure as director of ANIL.
49. As far as the liability under sections 117B and 117C of the Companies Act, 1956, is concerned, the liability is on the company to comply with the said provisions. Therefore, ANIL is liable for the violation of sections 117B and 117C of the SEBI Act. In respect of the liability under section 12(1) of the SEBI Act, the liability is on the Trustee who act as the debenture trustee without the Certificate of Registration from SEBI as debenture trustee. In view of the above, I find that both Aspen Debenture Trust (*represented by its trustee, viz. Mr. Raju Sarkar*) and *Mr. Raju Sarkar* are liable for the violation of section 12(1) of the SEBI Act read with regulation 7 of the Debenture Trustee Regulations.
50. With respect to the provisions of the respective regulations of the ILDS Regulations enumerated on paragraph 36 of this order, the liability is on the Company to comply with the requirements therein.

51. In view of the foregoing, the natural consequence of not adhering to the norms governing the issue of securities to the public and making repayments as directed under section 73(2) of the Companies Act, 1956, is to direct ANIL and its Directors, viz. Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar to refund the monies collected, with interest to such investors. Further, in view of the violations committed by the Company and its Directors, to safeguard the interest of the investors who had subscribed to such NCDs issued by the Company, to safeguard their investments, and to further ensure orderly development of securities market, it also becomes necessary for SEBI to issue appropriate directions against the Company and the other Noticees.
52. I also note that, vide the interim order dated July 15, 2015, ANIL was directed to provide a full inventory of all the assets and properties belonging to the Company. Similarly, the Directors of ANIL were also directed to provide an inventory of assets and properties belonging to them. The above inventories were required to be filed within 21 days of the receipt of the order. However, I find that no such inventory has been provided either by ANIL or the other Noticees.
53. In view of the discussion above, appropriate action in accordance with law needs to be initiated against ANIL and its Directors viz. Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar and Aspen Debenture Trust (*represented by its trustees, viz. Mr. Raju Sarkar*)
54. In view of the aforesaid observations and findings, I, in exercise of the powers conferred under section 19 of the Securities and Exchange Board of India Act, 1992 read with sections 11, 11(4), 11A and 11B of the SEBI Act, hereby issue the following directions:
- (a) ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar shall forthwith refund the money collected by the Company, during their respective period

of directorship through the issuance of NCDs including the application money collected from investors during their respective period of directorship, till date, pending allotment of securities, if any, with an interest of 15% per annum, from the eighth day of collection of funds, to the investors till the date of actual payment.

- (b) The repayments and interest payments to investors shall be effected only through Bank Demand Draft or Pay Order both of which should be crossed as “Non-Transferable”.
- (c) ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar are directed to provide a full inventory of all the assets and properties and details of all the bank accounts, demat accounts and holdings of mutual funds/shares/securities, if held in physical form and demat form, of the company and their own.
- (d) ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar are permitted to sell the assets of the Company for the sole purpose of making the refunds as directed above and deposit the proceeds in an Escrow Account opened with a nationalized Bank. Such proceeds shall be utilized for the sole purpose of making refund/repayment to the investors till the full refund/repayment as directed above is made.
- (e) ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar are prevented from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above and deposit the proceeds in an Escrow Account opened with a nationalized Bank. Such proceeds shall be utilized for the sole purpose of making refund/repayment to the investors till the full refund/repayment as directed above is made.

- (f) ANIL and on its behalf, the present directors who joined subsequent to the issues and Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar in their personal capacity to make refund, shall issue public notice, in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact persons such as names, addresses and contact details, within 15 days of this Order coming into effect.
- (g) After completing the aforesaid repayments, ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar shall file a report of such completion with SEBI, within a period of three months from the date of this order, certified by two independent peer reviewed Chartered Accountants who are in the panel of any public authority or public institution. For the purpose of this Order, a peer reviewed Chartered Accountant shall mean a Chartered Accountant, who has been categorized so by the Institute of Chartered Accountants of India (“ICAI”)
- (h) In case of failure of ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar to comply with the aforesaid applicable directions, SEBI, on the expiry of three months period from the date of this Order:
- i) may recover such amounts, from the company and the directors liable to refund as specified in paragraph 54(a) of this Order, in accordance with section 28A of the SEBI Act including such other provisions contained in securities laws.
 - ii) may initiate appropriate action against the Company, its promoters/directors and the persons/officers who are in default, including adjudication proceedings against them, in accordance with law.
 - iii) would make a reference to the State Government/ Local Police to register a civil/ criminal case against the Company, its promoters, directors and its managers/

persons in-charge of the business and its schemes, for offences of fraud, cheating, criminal breach of trust and misappropriation of public funds;

- (i) ANIL, Mr. Abhijit Dasgupta, Mr. Bhaskar Saha, Mr. Ashim Maitra, Mr. Ujjal Kumar Roy, Mr. Avijit Kumar Ganguly, Mr. Debopam Sur and Mr. Goutam Sarkar are directed not to, directly or indirectly, access the securities market, by issuing prospectus, offer document or advertisement soliciting money from the public and are further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, from the date of this Order, till the expiry of 4 (four) years from the date of completion of refunds to investors as directed above. The above said directors are also restrained from associating themselves with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI from the date of this Order till the expiry of 4 (four) years from the date of completion of refunds to investors.
- (j) *Aspen Debenture Trust and Mr. Raju Sarkar* are restrained from accessing the securities market and are further restrained from buying, selling or dealing in securities, in any manner whatsoever, for a period of 4 (four) years from the date of this order.
- (k) The above directions shall come into force with immediate effect.

55. This Order is without prejudice to any action that SEBI may initiate under securities laws, as deemed appropriate in respect of the above violations committed by Noticees and other key persons.

56. Copy of this Order shall be forwarded to the recognised stock exchanges, depositories and registrar and transfer agents for information and necessary action.

57. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs / concerned Registrar of Companies, for their information and necessary action with respect to the directions/ restraint imposed above against the Company and the individuals.

DATE: OCTOBER 10, 2017

PLACE: MUMBAI

-Sd-
MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA