

WTM/AB/ERO/ERO/9641/2020-21

**SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER**

**UNDER SECTIONS 11 AND 11B OF THE SECURITIES AND EXCHANGE BOARD
OF INDIA ACT, 1992 READ WITH SECTION 73 OF COMPANIES ACT, 1956**

In respect of:

	NOTICEES	CIN/DIN	PAN
COMPANY –			
1.	AMRIT PROJECTS LTD.	U65922WB1990PLC050197	AACCA5192L
DIRECTOR CUM PROMOTER –			
2.	KAILASH CHAND DUJARI	00628742	ACVPD0419R
DIRECTORS –			
3.	KALI KISHORE BAGCHI	00601879	ACUPB9253E
4.	NISHANT PRAKASH	00610717	AJJPP1248F
5.	MAHAMMAD AZAM KHAN	01449067	AGVPK3693E
6.	BHASKER SHUKLA	02920779	CNNPS5320M
7.	SASANKA ROY SARKAR	03345064	BJKPS6178P
8.	JAMIL AHMED FAROOQUI	05172708	AAFPF3468A
9.	SYED KAZIM RAZA	05172720	AHLPR2153F
10.	DEBDAS CHATTERJEE	05192408	ABVPC3502H
11.	BARUN KUMAR DE	05195240	ACNPD1278L
12.	BIPRADAS MAJUMDAR	05323741	ALDPM6399N
13.	RANJAN KUMAR CHOWDHURY	06519275	ACOPC0503E
PROMOTER-			
14.	SUDHA DUJARI	-	ADHPD9611Q

(The aforesaid entities are hereinafter referred to by their respective names / Noticee numbers and collectively as “the Noticees”)

In the matter of Amrit Projects Ltd. (Issue of Deep Discount Bonds)

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1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had passed an ex-parte interim order dated June 4, 2018 (hereinafter referred to as ‘**the interim order**’/’**SCN**’) against the company – Amrit Projects Ltd. (hereinafter referred to as ‘**APL**’/ ‘**the Company**’) and its directors and promoters for violation of public issue

norms by the Company in issuing two types of Deep Discount Bonds i.e. Power Bond and Infra Bond. Power Bonds were found to have been issued to at least 830 investors (approx.) in the Financial Year 2007-08 to 2012-13 and thereby, illegally raising a sum of Rs. 98,78,000/- (approx.). Further, Infra Bonds were found to have been issued to at least 1359 investors (approx.) in the Financial Year 2017-08 to 2012-13 and thereby, illegally raising a sum of Rs. 1,58,27,000/- (approx.). The interim order found the Company had *prima facie* violated Regulations 4(2)(d), 5(2)(b), 6, 7, 8, 9, 12, 14, 19 and 26 of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (hereinafter referred to as '**ILDS Regulations, 2008**') and Clause 2.1.1, 2.1.4, 2.1.5, 2.8, 4.1, 4.11, 4.14, 5.3.1, 5.3.3, 5.3.5, 5.3.6, 5.4, 5.6, 5.6A, 5.7.5, 5.8, 5.9, 5.10, 5.12.1, 5.13, 6.0, 6.1 to 6.15, 6.16 to 6.34, 6.17.13, 41.6, 8.3, 8.8.1, 9, 10.1, 10.5 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 (since rescinded) (hereinafter referred to as "**DIP Guidelines, 2000**"), in respect of the allotments made before 06.06.2008 and Sections 56, 60, 73 of Companies Act, 1956. For the aforesaid violations, the interim order issued certain directions to the Company and its directors/ promoters, which are as under:

- i. *APL and its Directors/Promoters, viz. Kali Kishore Bagchi; Kailash Chand Dujari; Nishant Prakash; Sudha Dujari; Mahammad Azam Khan; Bhasker Shukla; Sasanka Roy Sarkar; Jamil Ahmed Farooqui; Syed Kazim Raza; Debdas Chatterjee; Barun Kumar De; Bipradas Majumdar and Ranjan Kumar Chowdhury, shall not access the securities market or buy, sell or otherwise deal in the securities market, either directly or indirectly, or associate themselves with any listed company or company intending to raise money from the public;*
- ii. *APL and its Directors, viz. Kali Kishore Bagchi; Kailash Chand Dujari and Nishant Prakash shall neither dispose of, alienate or encumber any assets of APL bought from such funds;*
- iii. *APL and its Directors/Promoters, viz. Kali Kishore Bagchi; Kailash Chand Dujari; Nishant Prakash; Sudha Dujari; Mahammad Azam Khan; Bhasker Shukla; Sasanka Roy Sarkar; Jamil Ahmed Farooqui; Syed Kazim Raza; Debdas Chatterjee; Barun Kumar De; Bipradas Majumdar and Ranjan Kumar Chowdhury, shall co-operate with SEBI and shall furnish all information/documents in connection with the offer and allotment of Deep Discount Bonds sought vide letters dated January 29, 2016.*

2. The interim order also called upon APL and its abovementioned directors and promoter, to show cause as to why suitable directions/prohibitions under Sections 11, 11(4), and 11B of the SEBI Act, 1992 should not be issued/imposed, including the following directions, namely:

- i. *APL and its Directors, viz. Kali Kishore Bagchi; Kailash Chand Dujari and Nishant Prakash, to jointly and severally refund the money collected by the company through the offer and allotment of Deep Discount Bonds, with an interest of 15% per annum (the interest being calculated from the date when the repayments became due in terms of Section 73(2) of the Companies Act, till the date of actual payment). The refund of money should be supported by a Certificate of two independent Chartered Accountants to the satisfaction of SEBI; and*
 - ii. *APL and its Directors, viz. Kali Kishore Bagchi; Kailash Chand Dujari; Nishant Prakash; Sudha Dujari; Mahammad Azam Khan; Bhasker Shukla; Sasanka Roy Sarkar; Jamil Ahmed Farooqui; Syed Kazim Raza; Debdas Chatterjee; Barun Kumar De; Bipradas Majumdar and Ranjan Kumar Chowdhury to be restrained/prohibited from accessing the securities market and buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a period of four years from the date of effecting the refund as directed above.*
3. I note that the interim order also provided that in case APL and its directors/promoter fail to furnish their reply or seek an opportunity of personal hearing from SEBI, within a period of 90 days from the date of receipt of the interim order, the *prima facie* findings with respect to violation of public issue norms by the Company would become final and the directions contained in para 2 above, would become final and absolute against the Noticees to the interim order.

Replies, Personal hearing and Submissions:

4. I note that pursuant to the interim order, replies were received from Noticee no. 1, 2, 3, 4, 5, 8, 9, 10, 11, 13 and 14, however, no replies were received from Noticee no. 6, 7 and 12. Further, no request for personal hearing was received from Noticee no. 6, 7 and 12. Hence, in terms of the interim order, no opportunity of personal hearing was granted to them and the directions contained in para 4.3 of the interim order (as reproduced in para 2 above) became final and absolute against Noticee no. 6, 7 and 12. Further, an opportunity of personal hearing was granted to Noticee no. 1, 2, 3, 4, 5, 8, 9, 10, 11, 13 and 14 from whom replies were received. I note that the present proceedings are limited to the determination of liability *qua* Noticee no. 1, 2, 3, 4, 5, 8, 9, 10, 11, 13 and 14 only.

5. The key contentions raised by Noticee no. 1, 2 and 14, vide their replies dated January 25, 2020, written submissions dated February 22, 2020 and at the time of personal hearing held on February 25, 2020, are as follows:

- a) There has been an inordinate delay on part of SEBI in initiating the present proceedings. The SCN in no manner explains or provides any means for the said delay. It is important to consider that on account of such inordinate delay in issuance of SCN, we are not in a position to answer the present SCN. This delay has prejudiced our right to fair trial and the said delay is therefore in violation of basic principles of natural justice.
- b) The present SCN merely refers and relies upon certain documents, however, none of the referred or relied upon documents is/are provided to us alongwith the SCN. In these circumstances, we were constrained to seek inspection and copies of all the documents referred and relied upon by SEBI in the present proceedings and therefore we had sought inspection of documents. It is submitted that we were not provided inspection of all documents relied upon by SEBI in the present SCN.
- c) Noticee no. 3 and 4 became directors in APL and proposed to set-up a Bio-Mass based renewable energy plant in West Bengal on turnkey basis. It is submitted that Noticee no. 3 came up with the technical knowledge and stated that Noticee no. 4 would assist in raising capital for the business. Accordingly, a project report was prepared during the FY 2002-03 and Noticee no. 3 along with Noticee no. 4 started collecting money for the project against Redeemable Preference Shares from the year 2004. It is pertinent to mention that the APL and/or Noticee no. 2 was never informed about the modalities, legalities, and issue of RPS as all the resolutions regarding the issue and approval of RPS were passed by Noticee no. 3 on various dates without informing APL and/or Noticee no. 2.
- d) It is a fact that APL had decided to issue Deep Discount Bonds. However, the purpose of such issue was limited and restricted to the vendors of the power projects wherein the bonds were supposed to be only issued to the vendors for protecting their work orders for the power project and the bonds were never intended to be circulated to any general public or investors.

- e) It is submitted that although it was decided, said decision was never implemented and no bonds were ever issued, since the vendors disagreed to accept the bonds. It is shocking to learn that the present SCN records that various investors have complained about issuance of such bonds and also have submitted such claims before SEBI. Therefore, it becomes evident that without the knowledge of APL and/or Noticee no. 2, the said bonds were issued by Noticee no. 3 and Noticee no. 4.
 - f) It is submitted that SEBI has not carried out a detailed investigation in the matter before issuance of the present SCN and had proceeded to arrive at prima-facie findings against us, merely on the basis of certain complaints and alleged bonds purportedly provided by the complainants. With respect to the copies of four bonds provided by SEBI during inspection, it is submitted as under:
 - i. APL has not issued these bonds
 - ii. These bonds are not signed by Noticee no. 2. Signature of Noticee no. 2 is a digital encrypted signature and not an actual signature.
 - iii. The signature of the authorized signatory is not identifiable and is unknown.
 - iv. That the funds mentioned in the bonds are not received by APL
 - g) Noticee no. 14 had disassociated herself from the activities of APL since the year 1995. It is her case that she was/is a housewife and was never associated with the day to day activities of the management of the affairs of APL. It is submitted that it is a matter of record on SEBI's own showing in the SCN that the so called Deep Discount Bonds were allegedly issued by APL during the FY 2007-08 to 2012-13. Therefore, even assuming the said bonds were issued by APL, the same were admittedly not issued during my association with APL and therefore, SEBI ought not have passed any order or directions against me.
6. The key contentions raised by Noticee no. 3 to the allegations in the SCN, vide his reply dated June 26, 2018, reply on affidavit dated January 28, 2020 and at the time of personal hearing on January 30, 2020, are as follows:
- a) Noticee no. 2 had approached him to join the company Amrit Bio Energy & India Ltd. for a special task i.e. for the development and building up of a green field power project in West Bengal and Assam for better industrial benefit.

Accordingly, Noticee no. 3 accepted the proposal of Noticee no. 2, and Noticee no. 3 was inducted as a director in the said company Amrit Bio Energy and Industries Ltd.

- b) Noticee no. 2 later admitted Noticee no. 3 as a professional in APL on the post of Senior Executive purely on salary basis of Rs. 25,000/- per month for the purpose of developing the Green Field Power Project.
- c) Noticee no. 3 was not at all concerned with the day to day affairs of APL. The bonds or share documents issued by APL does not contain his name or signatures, nor he has signed any document or brochure.
- d) Noticee no. 3 has been deliberately misled by Noticee no. 2 about the objectives and future functioning of APL. When Noticee no. 3 realised that his name has been fraudulently misused by Noticee no. 2, then he resigned in April 2013 from APL.
- e) Noticee no. 3 was also exonerated from action by the RoC Kolkatta in an earlier SCN issued against APL and its directors.
- f) The investors of APL had approached the Hon'ble High Court Kolkatta and had filed a winding up petition bearing CP No. 220 of 2015 where the parties settled their disputes, hence the petition was dismissed as withdrawn. The Hon'ble High Court had observed in para 5 that "Mr. Kailash Chand Dujari son of late Gokulchand Dujari, Chairman-cum-Managing Director of APL/ group of companies take the entire responsibility on behalf of the Amrit Projects/Amrit group of companies to make disbursement of payments in the manner specified in para 2 herein above". In pursuance of this Settlement Order, Noticee no. 2 had issued a notification in the daily newspaper that APL intended to start the payment on and from the second week of Jan 2018 in a phased manner in terms of settlement CP No. 220 of 2015.
- g) The bank accounts of Noticee no. 3 has already been freezed by the attachment order dated October 23, 2019 vide Attachment Certificate No. RC 2565 of 2019 by SEBI. So, Noticee no. 3 is suffering from extreme financial stringencies.
- h) Noticee no. 3 is unable to furnish any details /documents regarding the offer and allotment of bonds, as sought by SEBI vide its letter dated January 29, 2018, as the present directors of APL and Noticee no. 2 are in full control of the details and documents of APL as sought by SEBI.

7. The key contentions raised by Noticee no. 4 to the allegations in the SCN, vide his reply dated June 22, 2018 and vide written submissions tendered at the time of hearing on December 30, 2019, are as follows:

- a) I was a salary paid director with APL for the period from January 10, 2007 to February 15, 2012.
- b) Preference shares (Deep Discount Bonds) were issued by APL before I joined APL. Form 23 uploaded by APL on MCA-21 portal in 2004 and 2006 may be seen.
- c) I was not having much knowledge towards commercial aspects. I was assigned to APL's administrative office work during the tenure of my service to the company.
- d) I had resigned from APL after a written assurance received from Noticee no. 2 and the other directors of APL for any liability that has been accrued or may accrue in future on APL will be taken care of by the then management.
- e) I was assured remaining directors at the time of accepting my resignation that the dues of all creditors including financial and operational will be paid out of the surplus lying in the Balance Sheet dated March 31, 2012.
- f) APL on my request had issued in press English and local language newspaper inviting objections if any from the public at large regarding my resignation so that their claim towards deposit could not be disturbed with my resignation and if they want to withdraw with my resignation, they can do so.
- g) It is clear at the time of my resignation that most of the earlier deposits taken during the period 2007-2010 were of short term period were being matured and fully paid as the same was issued for tenure of 12-36 months. The deposits taken in the last 24 months and are not matured at the time of my resignation only fallen in my tenure of directorship.
- h) The unmatured deposits were been taken care of by the then management, it was assured to me by the then management for the repayment of every deposit holder and their amount was fully secured as APL was having sufficient assets to meet their liabilities.
- i) The then management has also submitted by way of an affidavit taking all the responsibilities towards APL with the Ministry of Corporate Affairs, New Delhi.
- j) One petition was filed by the investors before the High Court at Kolkatta in C.P. No. 220 of 2015 and the Hon'ble High Court by order dated July 13, 2016

accepted the submissions of the then management their responsibility on behalf of APL / group companies to make disbursement of payment in the manner specified in the said petition.

8. Noticee no. 5, 8 and 9 have raised similar contentions. The key contentions raised by Noticee no. 5, 8 and 9, to the allegations in the SCN, vide their separate replies dated June 10, 2018, vide their combined reply dated November 19, 2019 and vide combined written submissions tendered at the time of personal hearing held on December 30, 2019, are as follows:

- a) We were unemployed and looking for business opportunities. We were looking for an investor who would invest in a piece of land that we later wish to develop. We got in touch with Noticee no. 2, 3 and 4 through one Mr. Amitava Banik. The said directors of APL initially showed interest in investing in the project but later they themselves lured three of us into working as employees for APL.
- b) We were informed that APL had various projects in Steel, power, construction, cement, etc. and we would be working in the construction projects. We being unemployed, believed in the said representations of the directors. Thereafter, sometime in the beginning of year 2013, we were called by Mr. Banik and were made to sign several papers which he claimed to be mere formalities for completion of employment contracts.
- c) We were later surprised to learn that we were made the directors of APL without our knowledge and consent. We immediately approached Mr. Banik and gave him an ultimatum if he did not remove our name as directors of APL, we shall lodge criminal complaint against him and other directors of APL.
- d) We were made the directors of APL, just to have us implicated in the illegal activities of APL, as scapegoats. We were directors of APL for a very short span of time from February 4, 2013 to April 29, 2013. Hence, we are not involved in any transactions of APL.

9. The key contentions raised by Noticee no. 10 to the allegations in the SCN, vide his reply dated June 22, 2018, written submissions dated January 30, 2020 and at the time of personal hearing on January 30, 2020, are as follows:

- a) I became the director of APL on the pursuance and insistence of Noticee no. 3. Noticee no. 3 had assured me that I need not do anything on behalf of APL and also need not undertake any financial obligation on behalf of APL.
- b) I did not participate in any board meeting of APL during my tenure as director of APL. I was not involved in day to day business of APL. I did not participate in any policy making or decision making process of APL to mobilize funds from the public
- c) I was appointed as director of APL on February 3, 2012 and resigned from directorship of APL on May 7, 2013.
- d) I had never received any monetary benefit from APL in any manner whatsoever at any point of time.

10. The key contentions raised by Noticee no. 11 to the allegations in the SCN, vide his reply dated August 1, 2018, written submissions dated January 8, 2020 and at the time of personal hearing on December 30, 2019, are as follows:

- a) Sometime in 2012, Noticee no. 11 was requested by Noticee no. 2, the CMD of the company, namely Amrit Bio Energy Industries Ltd., to assist them to run an already built 10 MW bio-mass power plant situated in district of Bankura, West Bengal.
- b) In December 2013, Noticee no. 11 was informed by a staff of Noticee no. 2, to the fact that his name was featuring amongst the directors of the companies of Noticee no. 2, namely APL, Amrit Projects (N.E.) Ltd. and Amrit Bio Energy Industries Ltd., as non-executive director. Immediately, upon coming to know of such fraudulent act of Noticee no. 2 of making me director in the said companies without my consent, I immediately filed FORM DIR-11 with the RoC. I resigned from all the said companies in December 2013.
- c) The investors of APL had approached the Hon'ble High Court Kolkatta and had filed a winding up petition bearing CP No. 220 of 2015 where the parties settled their disputes, hence the petition was dismissed as withdrawn. The Hon'ble High Court had observed in para 5 that "Mr. Kailash Chand Dujari son of late Gokulchand Dujari, Chairman-cum-Managing Director of APL/ group of companies take the entire responsibility on behalf of the Amrit Projects/Amrit group of companies to make disbursement of payments in the manner specified

in para 2 herein above”. In pursuance of this Settlement Order, Noticee no. 2 had issued a notification in the daily newspaper that APL intended to start the payment on and from the second week of Jan 2018 in a phased manner in terms of settlement CP No. 220 of 2015.

- d) Noticee no. 11 has not received any money from APL. Noticee no. 11 and his wife are senior citizens and are surviving on the savings. The misconceived order of freezing the bank account and mutual funds vide Recovery Certificate No. RC2565 of 2019 and RC2566 of 2019, both dated October 23, 2019 have crippled us to the extent that it is making our survival at such fragile ages not only difficult, but impossible.
- e) As per the provisions of Companies Act, 1956, the director of a company should have age between 25 and 70 years. However, the upper cap is not applicable if approval is obtained by special resolution in general meeting or approval is obtained from Govt. of India. I am not sure whether any such approval was obtained at the time of my appointment at 73 years of age as a non-executive director of APL. Hence, my appointment as director of APL is illegal.

11. The key contentions raised by Noticee no. 13 to the allegations in the SCN, vide his reply dated June 20, 2018, January 30, 2020 and submissions made by him at the time of personal hearing on January 30, 2020, are as follows:

- a) Noticee no. 13 was an employee of APL. He was made the director of APL without any knowledge on his part by forging his signature. It was only when APL issued a letter of intimation to him on May 17, 2013, that he came to know that he was appointed as director of APL.
- b) Noticee no. 13 resigned from APL on July 15, 2013 from the board of directors of APL and APL also filed Form DIR-12 to RoC accordingly.
- c) Noticee no. 13 neither attended any board meeting of APL, nor put his signature on any Share Certificates issued by APL or even was authorised signatory on behalf of APL.
- d) Noticee no. 13 had no knowledge about the management of APL relating to issuance of shares, bonds, Deep Discount Bonds etc. and all being done by Noticee no. 2. Hence, Noticee no. 13 will not be in a position to comply with the

direction in the interim order relating to provision of information about APL and its Deep Discount Bonds issue.

- e) In similar circumstances, the Hon'ble SAT in Appeal No. 346 of 2016, decided on July 25, 2017, has already absolved Noticee no. 13 from the proceedings of the order passed by SEBI in redeemable preference shares issue by APL.

Consideration of issues and findings thereon:

12. I have perused the allegations made in the SCN and submissions made in the replies, written submissions and during the personal hearings by the Noticees. Before dealing with various contentions raised by the Noticees regarding merits of the case, it would be appropriate to deal with preliminary objections raised by some of them.
13. Noticee no. 1, 2 and 14 have raised a preliminary objection to the issuance of SCN in the present matter. It is the case of the said Noticees that the inordinate delay in the issuance of SCN in the present matter has prejudicially affected their rights to put forward an effective defence and thus has resulted in violation of the principles of natural justice. I note that Noticee no. 1 raised the money from public through issue of Deep Discount Bonds without following public issue norms like issue of prospectus, registration of prospectus, etc. Thus, the issue of Deep Discount Bonds was made in the clandestine manner. As soon as SEBI received complaints in the matter, it started examination and collecting of information from the Company, investors, RoC, etc. On preliminary examination, it was noted that the Company had issued Deep Discount Bonds to 2200 investors during FYs 2007-08 to 2012-13. SEBI had to examine as to how many issues were made by APL and whether each issue was in compliance with law or not. For each such issue information was required to be collected from APL, investors, etc. I note that the number of complaints started increasing after SEBI had passed final order in the matter of Redeemable Preference Shares issue by APL in February 2016. I note that during examination, SEBI had sent letters of enquiry, seeking various details from APL and Noticee no. 2, however, despite successful delivery of SEBI letters, Noticee no. 1 and 2 failed to reply/respond to the said letters. I also note that a physical verification of the Registered Office Address of APL which was carried out by SEBI in August 2017, revealed that APL was not traceable at the Registered Office Address. Thus, the primary and direct sources of obtaining

information with regards to the Deep Discount Bonds i.e. APL and its Managing Director, were not co-operating with SEBI. Hence, the information with regard to the issue was collated and compiled from indirect source i.e. the investors. Data from 2200 investors was collated and compiled to arrive at the minimum no. of Deep Discount Bonds issued by APL across the FY 2007-08 to 2012-13. When the data in respect of Deep Discount Bonds that were issued was compiled, and no signs of co-operation were visible from Noticee no. 1 and 2, an ex-parte interim order cum show cause notice came to be passed and issued by SEBI in June 2018. In view of the above, I note that there has been no unexplained delay in the issuance of the SCN in the present matter. I further note that Noticee no. 1, 2 and 14 have been provided with the inspection and copies of all the documents that have been relied upon in the SCN. Noticee no. 1, 2 and 14 have filed their detailed replies and written submission, raising all possible contentions in their defence. I also note that Noticee no. 1, 2 and 14 have not specifically pointed out any document which they could not retrieve due to alleged delay in initiation of proceedings which has impacted their defence in the present proceedings or has rendered the same ineffective. Hence, I do not find merit in the contention of the Noticee no. 1, 2 and 14, that efflux of time has affected their ability to retrieve evidence to defend themselves.

14. I note that Noticee no. 1, 2 and 14 had raised another preliminary objection at the time of personal hearing held on February 25, 2020 that they have not been provided with the complete inspection of all the documents relied upon by SEBI in the interim order cum SCN, namely, copy of all complaints received by SEBI and copy of all bond certificates as provided by the complainants. Taking note of the aforesaid submission by the counsel representing Noticee no. 1, 2 and 14, it was directed to provide inspection of all complaints that were received by SEBI in this matter and the bonds that were provided by the complainants. Post inspection, Noticee no. 1, 2 and 14 were also given opportunity to file additional reply/ written submission, in 10 days. I note that, as directed in the personal hearing, the counsel for Noticee no. 1, 2 and 14 were provided on March 3, 2020, with copies of and inspection of all complaints that were received by SEBI and relied upon by the SCN in this matter and copies and inspection of the bonds that were provided by the complainants. Thus, I find that the contention raised by Noticee no. 1, 2 and 14, at the time of personal hearing on February 25,

2020, with regard to the inspection of documents, no more survives. I also note that, vide email dated May 1, 2020, the counsel for Noticee no. 1, 2 and 14 had sought additional time to file his additional submissions post-inspection of documents, on the ground that there was a lockdown imposed in Kolkatta and his clients were unable to access the records of APL. SEBI had vide email dated July 10, 2020, communicated to the counsel representing Noticee no. 1, 2 and 14, to file his additional reply/ written submissions on or before July 20, 2020, failing which the matter would be proceeded on the basis of material available on record. A reply was received from the counsel for Noticee no. 1, 2 and 14, expressing his inability to furnish additional submissions before July 20, 2020, because his clients were senior citizens and based in Kolkatta where the pandemic was at its peak. He emphasized on the administrative difficulties faced by his clients since the company staff was not available for work and it was difficult to verify the company records with the documents provided during inspection. I note that it has been over three months since the last request for extension of time to file written submissions was made by the counsel for Noticee no. 1, 2 and 14, however, till the date of this order, no such submissions have been filed by him. Hence, I shall now proceed to examine the case on the basis of merits, *qua* Noticee no. 1, 2 and 14, on the basis of material available on record.

15. Noticee no. 1 and 2 have contended that APL and its Chairman and Managing Director i.e. Noticee no. 2 were absolutely unaware of any Deep Discount Bonds being issued in the name of APL. According to them, APL has not issued any such Deep Discount Bonds to the investors. It is their case that though at one point of time it was decided to issue Deep Discount Bonds, but such decision was never implemented. I do not find merit in the aforesaid contention of Noticee no. 1 and 2 for the following reasons:

- a) From the extract of the minutes of the Extra Ordinary General Meeting held on February 14, 2008 (as available in FORM 23 filed at MCA 21 Portal), the following resolution is seen to have been passed at the extra ordinary general meeting of APL:

“RESOLVED THAT pursuant to section 293(1)(d) of Companies Act, 1956, and all other enabling provisions, if any, the consent of the Company, be and is hereby accorded to the Board of Directors of the Company for issuing bonds in the nature of deep discount bonds to the tune of Rs. 50 crores (Fifty Crores)”

I note that the extract of minutes of meeting of EGM held on February 14, 2008, makes it amply clear that APL had resolved in the said EGM to issue Deep Discount Bonds and it is also clear that Noticee no. 2 was aware of this decision, since the extract of the minutes of said EGM, as uploaded on MCA 21 Portal, was signed by Noticee no. 2 himself, as the Chairman of APL. I also note that the Explanatory Statement appearing as part of this extract of minutes of meeting did not mention anything about the issue of Deep Discount Bonds being limited to the vendors of the proposed power project, as contended by the Noticee no. 1 and 2. Thus, the claim of Noticee no. 1 and 2 that they were completely unaware of the issue of Deep Discount Bonds by APL is untenable.

- b) For the sake of argument, even if it is assumed that Noticee no. 1 and 2 were completely unaware of such Deep Discount Bond issues and they came to know about it for the first time through the SEBI letters of enquiry which were issued by SEBI to them in January and March 2016, but even after such knowledge, the said Noticees did not take any action for unauthorised issue of bonds in the name of the Company and seem to be contended with the status quo. Noticee no. 2 continues to be the Chairman cum Managing Director of APL and I do not find that any action has been taken by him or Noticee no. 1 against the purported act of issuance of Deep Discount Bonds in the name of APL. I do not find any evidence on record to indicate that Noticee no. 1 and 2 have taken/ initiated any action or lodged any complaint before any law enforcement agency or RoC or other authority, in order to remedy/stop the purported fraud being perpetrated in the name of APL through issue of bonds.
- c) I note that before the passing of the interim order in the present matter, SEBI had issued two letters of enquiry (in January 2016 and March 2016) to Noticee no. 1 and 2, seeking information with regard to the issue of Deep Discount Bond by APL. I note that Noticee no. 1 and 2 failed to reply/ respond to the said letters by SEBI and conveniently chose to ignore the same. I note that had they been startled by the revelation of the issue of Deep Discount Bonds in the name of APL, they ought to have co-operated with SEBI and replied to the letters of enquiry.

- d) I also note that, during the personal hearing held on February 25, 2020, counsel for Noticee no. 1, 2 and 14 had pleaded that the liability for issuance of Deep Discount Bonds cannot be fastened on his clients since the Deep Discount Bonds were issued by somebody else without their consent or knowledge. He had called upon SEBI to provide documentary evidence and complete inspection of documents (including the Deep Discount Bond Certificates) on the basis of which the SCN was issued. Upon the request of the counsel representing Noticee no. 1, 2 and 14, copies of, and inspection of all documents relied upon by the SCN, including the voluminous 2,200 (approx.) Deep Discount Bond Certificates, was provided to him on March 3, 2020. I note that many of the Deep Discount Bond Certificates contained the signature of Noticee no. 2 on it. Time of 10 days was granted to the counsel for Noticee no. 1, 2 and 14 to file his submissions. However, it is pertinent to note that it has been over nine months since the completion of inspection of documents, and Noticee no. 1, 2 and 14 have not filed any additional reply or submissions, till the date of this order.

- e) The following are the random copies of the two Deep Discount Bond Certificates that are alleged to have been issued by APL, as provided to SEBI by investors alongwith their complaints:

79

12495

AMRIT PROJECTS LIMITED
 (A Company incorporated under the, Companies Act, 1956)
 Registered Office : 55, Ezra Street, Kolkata - 700 001
 Corporate Office : 9 Syed Amir Ali Avenue, 4th Floor, Kolkata - 700 017

AMRIT POWER BOND CERTIFICATE

SCHEME - DDB-2

This is to certify that the person (s) named below or the last transferee (s) whose name (s) is/are duly recorded in the Memorandum of Transfers on the reverse hereof is/are the holder (s) of the within mentioned Bonds subject to the Memorandum and Article of Association of the Company.

Deep Discount Bonds of Rs. 10000 /- each issued at discounted price of Rs. 1000/-

Regd. Folio No. : 80056031 Certificate No. : 00056031
 Distinctive No (s) say : 00469042 00469051 Issue Price Rs. 10000
 No. of Bonds : 10 Face Value Rs. 100000

Name (s) of the Bondholder (s) : BAKTAR ALI SK
 Second Applicant :
 Third Applicant :
 Nominee : AYSHA BIBI

AMRIT PROJECTS LIMITED does hereby promise to pay to the above named bond holder/s or order at the Registered Office of AMRIT PROJECTS LTD. at Kolkata on 30 June, 2024 the sum of Rs. 100000 (Rupees One Lakh) only being the face value of the bond/s herein contained for the value received. The bonds are issued subject to and with the benefit of the financial covenants and conditions endorsed hereon which shall be binding on the company and the Bondholders and all persons claiming by, through or under any of them and shall ensure of the benefit of the guarantee and all persons claiming by, through or under them. The company hereby agrees and undertakes to duly and punctually pay, observe and perform the financial covenants and conditions endorsed thereon.

Given at Kolkata under the common seal of the Company, this 30th day of June, 2009

For AMRIT PROJECTS LTD.

K. C. DUJARI
CHAIRMAN

AUTHORISED SIGNATORY

Note : No transfer of any of the Bonds comprising in this certificate will be registered unless accompanied by this certificate.

08014813 / 160519 / 006

224

5801

AMRIT PROJECTS LIMITED
 (A Company Incorporated under the Companies Act, 1956)
 Registered Office : 55, Ezra Street, Kolkata - 700 001
 Corporate Office : 9 Syed Amir Ali Avenue, 4th Floor, Kolkata - 700 017

AMRIT INFRA BOND CERTIFICATE

SCHEME - DDB-4

This is to certify that the person (s) named below or the last transferee (s) whose name (s) is/are duly recorded in the Memorandum of Transfers on the reverse hereof is/are the holder (s) of the within mentioned Bonds subject to the Memorandum and Article of Association of the Company.

Deep Discount Bonds of Rs. 10000/- each issued at discounted price of Rs. 1000/-

Regd. Folio No. : 80041035 Certificate No. : 00041035

Distinctive No (s) say 00347338 00347342 Issue Price Rs. 5000

No. of Bonds : 5 Face Value Rs. 50000

Name (s) of the Bondholder (s) : BAJANTI ROY

Second Applicant :

Third Applicant :

Nominee : DILIP CHANDRA ROY

AMRIT PROJECTS LIMITED does hereby promise to pay to the above named bond holder/s or order at the Registered Office of AMRIT PROJECTS LTD. at Kolkata on March 31, 2024 the sum of Rs. 50000 (Rupees Fifty Thousand) only being the face value of the bond/s herein contained for the value received. The bonds are issued subject to and with the benefit of the financial covenants and conditions endorsed hereon which shall be binding on the company and the Bondholders and all persons claiming by, through or under any of them and shall ensure of the benefit of the guarantee and all persons claiming by, through or under them. The company hereby agrees and undertakes to duly and punctually pay, observe and perform the financial covenants and conditions endorsed thereon.

Given at Kolkata under the common seal of the Company, this 31st day of March, 2009


 For AMRIT PROJECTS LTD.

K. C. DUJARI
 CHAIRMAN

.....
 AUTHORIZED SIGNATORY

Note : No transfer of any of the Bonds comprising in this certificate will be registered unless accompanied by this certificate.

08080541 / 103160 / 006

From the above certificates it is clearly evident that two types of Deep Discount Bonds were being issued by APL viz. Power Bond and Infra Bond. The Deep Discount Bonds were issued under the name and seal of APL and signed by Noticee no. 2 as the Chairman of APL.

16. In view of the above, I do not find any merit in the contention raised by Noticee no. 1 and 2 that these Deep Discount Bonds were issued without their knowledge. It is hard to comprehend that Deep Discount Bonds were being issued in the name of APL for a period of four years to such large group of investors (2,200 investors approx.) and

Noticee no. 2 being the CMD of APL, was completely unaware of such issuance. In fact, as seen from the extract of the minutes of the EGM, and the copies of the Deep Discount Bonds (signed by Noticee no. 2) as submitted by the complainant investors, Noticee no. 2 not just had the knowledge of such issuance but he even played a key role in the approval of issuance of such securities.

17. It is also gathered that SEBI had passed orders dated February 26, 2016 and February 23, 2016 against APL and its group company, respectively, for issue of Redeemable Preference Shares to public without following public issue norms. Certificates of these Redeemable Preference Shares and of Deep discount bonds issued in the present matter bears the same signature of Noticee no. 2 i.e. Kailash Chand Dujari.
18. Thus, I find that the *prima-facie* findings in the interim order with regard to the issuance of Deep Discount Bonds by APL without the compliance of the provisions of Regulations 4(2)(d), 5(2)(b), 6, 7, 8, 9, 12, 14, 19 and 26 of the ILDS Regulations, 2008 (in respect of the allotments made after 06.06.2008) and Clause 2.1.1, 2.1.4, 2.1.5, 2.8, 4.1, 4.11, 4.14, 5.3.1, 5.3.3, 5.3.5, 5.3.6, 5.4, 5.6, 5.6A, 5.7.5, 5.8, 5.9, 5.10, 5.12.1, 5.13, 6.0, 6.1 to 6.15, 6.16 to 6.34, 6.17.13, 41.6, 8.3, 8.8.1, 9, 10.1, 10.5 of DIP Guidelines, 2000 (in respect of the allotments made before 06.06.2008) and Sections 56, 60(1), 73 of Companies Act, 1956, hold good.
19. Now the question for determination before me is whether the directors/promoters of APL can be held liable for the violation of aforesaid provisions of law by APL. Before dealing with the contentions raised by the Noticee directors who have been the director of Noticee no. 1, at different times, it would be appropriate to refer to certain orders passed by Hon'ble SAT which deals with the liability of directors of a company for making refunds, under Section 73 of the Companies Act, 1956. First of such order is dated July 17, 2017 passed in ***Appeal No. 66 of 2006 - Manoj Agarwal Vs. SEBI*** wherein Hon'ble SAT directed that liability (under Section 73(2) of the Companies Act, 1956) of the appellant director therein would be restricted to refund the amount which was collected during the period of his directorship in the company, jointly and severally with the company and other directors. Another order passed by Hon'ble SAT is dated February 14, 2019 passed in ***Appeal No. 291 of 2017 - Pritha Bag Vs. SEBI***, wherein Hon'ble SAT, observed that if there is a managing director in the company and there

is no finding that a particular director was entrusted to discharge the obligation referred in Section 73 of the Companies Act, 1956, then such managing director is the director who is officer in default in terms Section 73(2). The liability of Noticee no. 2, 3, 4, 5, 8, 9, 10, 11 and 13, for making refund to investors, as envisaged in Section 73 of the Companies Act, 1956, shall be determined in this order, *inter alia*, having regard to aforesaid two order passed by Hon'ble SAT.

20. I note that in the event of failure to seek permission for listing, Section 73(2) of the Companies Act, 1956, specifically imposes the liability to refund the money to the investors, jointly and severally upon the company and the director who is an officer in default. In the present case, I find that APL had not applied to recognised stock exchange seeking permission to list its Deep Discount Bonds. I note that Noticee no. 2 was the Managing Director of APL throughout the period of mobilization of funds by APL through the issuance of Deep Discount Bonds from FY 2007-08 to FY 2012-13, and continues to be the Managing Director till date. From the records available on MCA 21 Portal, I also find that Noticee no. 3, 4, 5, 8, 9, 10, 11 and 13 were the non-executive directors in APL at different points in time during the period of fund mobilization by APL through issuance of Deep Discount Bonds. Further, I do not find any material on record or on MCA 21 Portal which indicate that any of the aforesaid non-executive directors of APL was specifically made in-charge for complying with the requirement of Section 73 of Companies Act, 1956. Therefore, in view of the foregoing, I find that the company i.e. APL and its managing director i.e. Noticee no. 2 and, shall be jointly and severally responsible for refund of the amount to the investors in accordance with Section 73 (2) read with Section 5 of the Companies Act, 1956. Accordingly, I also find that Noticee no. 3, 4, 5, 8, 9, 10, 11 and 13 are not liable for refund in terms of Section 73 (2) of Companies Act, 1956.

21. Now the question for determination before me is whether the directors/promoters of APL can be held liable for the violation of provision of law by APL, namely, Regulations 4(2)(d), 5(2)(b), 6, 7, 8, 9, 12, 14, 19 and 26 of the ILDS Regulations, 2008 (in respect of the allotments made after 06.06.2008) and Clauses 2.1.1, 2.1.4, 2.1.5, 2.8, 4.1, 4.11, 4.14, 5.3.1, 5.3.3, 5.3.5, 5.3.6, 5.4, 5.6, 5.6A, 5.7.5, 5.8, 5.9, 5.10, 5.12.1, 5.13, 6.0, 6.1 to 6.15, 6.16 to 6.34, 6.17.13, 41.6, 8.3, 8.8.1, 9, 10.1, 10.5 of DIP Guidelines, 2000 (since rescinded) (in respect of the allotments made before

06.06.2008). I note that DIP Guidelines, 2000 and ILDS Regulations, 2008, were introduced by SEBI for the protection of interest of investors, in exercise of powers conferred under Section 11 and 11A of SEBI Act, 1992 in order to regulate the issue of securities to public by companies and ensure minimum mandatory requirements to be fulfilled by such companies before securities are issued to the public at large, such as issue of offer documents/prospectus with material disclosures, filling of draft offer document/ prospectus with SEBI, creation of debenture redemption reserve, appointment of debenture trustees, obtaining rating of debt securities from credit rating agencies and application of listing of securities to the recognized stock exchange, etc. I note that, if any issuer of securities fails to comply with the requirement of the aforesaid regulations, SEBI is empowered to issue appropriate directions under Section 11B(1) of the SEBI Act, 1992 for the protection of interest of investors. Accordingly, vide the interim order, directions at para 1 above came to be issued against Noticee no. 3, 4, 5, 8, 9, 10, 11, 13 and 14, for the violation of aforesaid regulations by APL for its public issue of Deep Discount Bonds.

22. I note that Noticee no. 5, 8, 9 and 13 have contended that they were the employees of the company and were made directors of APL without their knowledge or consent. Noticee no. 5, 8, 9 and 13 have further submitted that they neither attended any board meeting of APL, nor put their signature on any Share Certificates issued by APL or even were authorised signatory on behalf of APL. It has been submitted by Noticee no. 5, 8 and 9 that after coming to know about their directorship in APL, they immediately took up the matter with APL, after which they were removed as director of APL from April 29, 2013. Noticee no. 5, 8 and 9 have submitted that they were director of APL for a very short span of time. Similarly, Noticee no. 13 has submitted that he was an employee of APL. He was made the director of APL without any knowledge on his part by forging his signature. It was only when APL issued a letter of intimation to him on May 17, 2013, that he came to know that he was appointed as director of APL. Noticee no. 13 has submitted that he resigned from APL on July 15, 2013 and APL also filed Form DIR-12 to RoC, accordingly. Without necessarily agreeing with their contentions, I note that Noticee no. 5, 8 and 9, were the non-executive directors of APL for the period from February 4, 2013 to April 29, 2013, and Noticee no. 13 was non-executive director APL from February 18, 2013 to July 15, 2013. I also note that as per the interim order, APL last raised the money through issue

of Deep Discount Bonds during the FY 2012-13. During the FY 2012-13, only three Deep Discount Bonds were issued by APL. I note that during FY 2012-13, Noticee no. 5, 8 and 9 were directors for 55 days and Noticee no. 13 was director of APL for 31 days and there is nothing on record to suggest that during their tenure as director of APL, Noticee no. 5, 8, 9 and 13 attended any board meeting. Having regard to all these facts, benefit of doubt may be given to Noticee no. 5, 8, 9 and 13.

23. Noticee no. 11 has submitted that he was fraudulently made director of APL. Noticee no. 11 has submitted that he is a super senior citizen and he has filed a police complaint with the Charu Market Police Station, Kolkatta on October 20, 2017 wherein he has alleged that he was fraudulently made the director of APL. I note that this police complaint was filed by Noticee no. 11 before the passing of the interim order cum SCN by SEBI, in the present matter. In view of the foregoing, I am of the view that Noticee no. 11 may be given the benefit of doubt and continuance of interim directions and imposition of further directions against Noticee no. 11, may not be called for.

24. I note that Noticee no. 10 has contended that he became the director of APL upon the insistence of Noticee no. 3. He claims that he did not participate in any board meeting of APL, neither did he participate in any policy making decisions of APL. It is his case that he has not derived any monetary benefit from his directorship at APL. I note that Noticee no. 10 was the non-executive director at APL for the period from February 3, 2012 to May 7, 2013. I note that Noticee no. 10 has made certain bald claims in respect of his role as the director of APL without providing any evidence in support of such claims. I note that Noticee no. 10 was the director in APL for a period of over 15 months whereby APL continued to raise money through the issue of Deep Discount Bonds without complying with the aforesaid provisions of DIP Guidelines 2000 and ILDS Regulations, 2008. It is not the case of Noticee no. 10 that he had raised his concern or voiced his remarks about the continuous non-compliance of the aforesaid provisions of law by APL before the board of directors of APL or the relevant regulatory authorities. Thus, I find Noticee no. 10 to be liable for appropriate directions under section 11B(1) of SEBI Act, 1992.

25. Noticee no. 14 is the promoter of APL. I note that Noticee no. 14 was a subscriber to the Memorandum of Association of APL and thereby she had subscribed to the initial share capital of APL. It is her case that she had disassociated herself from the day to day activities at APL since 1995 and hence, cannot be held liable for the illegal activities by APL from FY 2007-08 to FY 2012-13. However, from the records available at MCA 21 Portal, I find that Noticee no. 14 had resigned from the directorship of APL on January 10, 2007. Thus, the claims made by Noticee no. 14 with regard to her disassociation from the affairs of APL since 1995 is a baseless claim without any evidence, and has been found to be factually false. I also note that though Noticee no. 14 resigned from her directorship of APL in January 2007, but she continued to be the promoter of APL, since, there was no provision in the then applicable laws to APL, that provided for promoter de-classification. I also note that Noticee no. 14 is the wife of Noticee no. 2 - the Managing Director cum Chairman of APL. In view of the above, I do not find any merit in the contentions raised by Noticee no. 14, and therefore as the continuing promoter of APL, find her to be liable for directions under section 11B(1) of SEBI Act, 1992.

26. I note that Noticee no. 4 has made many bald claims such as:

- a) "I resigned from APL after a written assurance received from Noticee no. 2 and the other directors of APL for any liability that has been accrued or may accrue in future on APL will be taken care of by the then management.
- b) I was assured remaining directors at the time of accepting my resignation that the dues of all creditors including financial and operational will be paid out of the surplus lying in the Balance Sheet dated March 31, 2012.
- c) APL on my request had issued in press English and local language newspaper inviting objections if any from the public at large regarding my resignation so that their claim towards deposit could not be disturbed with my resignation and if they want to withdraw with my resignation, they can do so.
- d) It is clear at the time of my resignation that most of the earlier deposits taken during the period 2007-2010 were of short term period were being matured and fully paid as the same was issued for tenure of 12-36 months. The deposits

taken in the last 24 months and are not matured at the time of my resignation only fallen in my tenure of directorship.

- e) The unmatured deposits were been taken care of by the then management, it was assured to me by the then management for the repayment of every deposit holder and their amount was fully secured as APL was having sufficient assets to meet their liabilities.

I note that none of the above statements made by Noticee no. 4 has been substantiated by any shred of corroborative evidence including the statement relating to the assurances being given by other directors of APL in writing at the time of his resignation, with regard to settlement of all creditors of APL from surplus funds available with it. I note that such contentions being raised by Noticee no. 4 cannot be relied upon in the absence of any proof. On the contrary, the records available at MCA-21 Portal clearly show him as non-executive director of APL from January 10, 2007 to February 15, 2012, which has not been disputed by him. Thus, the contentions raised by Noticee no. 4 are untenable and without any merit and Noticee no. 4 is liable for the violations as alleged in the interim order.

27. I note that many of the Noticees have sought to rely on the settlement deed executed by Noticee no. 2 with the petitioner creditors, who had filed a winding-up petition (CP No. 220 of 2015) against APL before the Hon'ble High Court at Calcutta. I note that in the said settlement deed, Noticee no. 2 assumes absolute responsibility to make refund to the creditors/ depositors of APL and its group companies. I note that Hon'ble High Court at Calcutta vide its order dated July 13, 2016, had disposed of the winding-up petition bearing CP No. 220 of 2015 with the following observations:

"The petitioning creditor submits that during the pendency of this proceeding, the parties have agreed to settle their disputes and, as such, the petitioning creditor is not interested to proceed with the hearing of the winding-up petition.

Under such circumstances, the winding-up petition stands dismissed as withdrawn."

Thus, it is observed that the winding-up petition was dismissed by the Hon'ble High Court at Calcutta for the reason of a settlement being reached between the petitioner

creditor and Noticee no. 2. However, I note that, it does not mean that the said settlement was authorized or approved by the Hon'ble High Court at Calcutta, as is being claimed by some of the Noticees herein. I also note that the said settlement deed is merely an agreement between two parties, imposing contractual obligations, at best. Whereas the obligations of APL and its directors emanating from the provisions of Companies Act, 1956, SEBI Act, 1992, ILDS Regulations, 2008, DIP Guidelines, 2000, are in the nature of statutory obligations. Therefore, I note that statutory obligations cannot be transferred/ surrendered or modified by mutual agreements between parties. Thus, the absolute assumption of responsibility to make refund to the investors by Noticee no. 2 by virtue of the settlement deed shall not exonerate him or other directors/ promoters of APL from any statutory liability arising from the violation of laws.

28. I note that some of the Noticees herein have pleaded for release of their bank accounts that have been frozen by SEBI under various recovery proceedings initiated against them. I note that the present proceedings are not recovery proceedings but they are proceedings to determine whether the issue of Deep Discount Bonds (Infra Bond and Power Bond) by APL was in violation of deemed public issue norms. I note that the recovery proceedings RC2566 of 2019 have been initiated by SEBI for non-compliance of direction to refund to the investors issued by SEBI vide final order dated February 26, 2016 in the matter of issue of Redeemable Preference Shares by APL. I also note that another recovery proceedings RC2565 of 2019 have been initiated by SEBI for non-compliance of direction to refund to the investors issued by SEBI vide final order dated February 23, 2016 in the matter of issue of Redeemable Preference Shares by Amrit Projects (N.E.) Ltd. I note that all these recovery proceedings are independent proceedings and any relief pertaining to recovery proceedings cannot be granted in these proceedings.

29. I note that Noticee no. 3 claims that his name has deliberately been misused by Noticee no. 2, but he fails to substantiate as to how his name has been fraudulently been misused by Noticee no. 2. Further, I also note that Noticee no. 3 has not disputed the tenure of his directorship at APL. I note that Noticee no. 3 was the non-executive director of APL for the longest period i.e. for the period from April 27, 2004 to October 8, 2013. As discussed in the pre-paras, Noticee no. 3 is not liable for making refund to

Deep Discount Bond holders in terms of section 73(2) of the Companies Act, 1956. However, being the director on the board of APL during the period of illegal mobilization of funds by APL, Noticee no. 3 failed to ensure compliance of the aforementioned provisions of DIP Guidelines, 2000 and ILDS Regulations, 2008, by APL. Further, it is hard to comprehend the contention of Noticee no. 3 that he had absolutely no knowledge about the Deep Discount Bonds that were being issued in the name of APL for a period of four years to such large group of investors (2,200 investors approx.).

30. In view of the discussion in the foregoing paras, I find that Noticee no. 2, 3, 4, 10 and 14 are liable for appropriate directions under section 11B(1) of SEBI Act, 1992 for the violation of provision of law by APL, namely, Regulations 4(2)(d), 5(2)(b), 6, 7, 8, 9, 12, 14, 19 and 26 of the ILDS Regulations, 2008 (in respect of the allotments made after 06.06.2008) and Clauses 2.1.1, 2.1.4, 2.1.5, 2.8, 4.1, 4.11, 4.14, 5.3.1, 5.3.3, 5.3.5, 5.3.6, 5.4, 5.6, 5.6A, 5.7.5, 5.8, 5.9, 5.10, 5.12.1, 5.13, 6.0, 6.1 to 6.15, 6.16 to 6.34, 6.17.13, 41.6, 8.3, 8.8.1, 9, 10.1, 10.5 of DIP Guidelines, 2000 (in respect of the allotments made before 06.06.2008), as the case may be.

31. In view of the above, I, in exercise of the powers conferred upon me under Sections 11 and 11B, read with Section 19, of the Securities and Exchange Board of India Act, 1992, hereby issue the following directions:

- a) Amrit Projects Ltd. i.e. Noticee no. 1, shall cease to mobilize fresh funds from investors through the offer and allotment of any securities, to the public and/or invite subscription, in any manner whatsoever, either directly or indirectly;
- b) Amrit Projects Ltd. (Noticee no. 1) and its managing director i.e. Noticee no. 2 shall not dispose of, alienate or encumber any of its / his assets or divert any funds raised from public either through the offer and allotment of Deep Discount Bonds;
- c) The Company, namely, Amrit Projects Limited (Noticee no. 1) and its Managing Director Shri Kailash Chand Dujari (Noticee no. 2), shall jointly and

severally refund the money collected by the Company through the offer and allotment of Deep Discount Bonds (Infra Bonds as well as Power Bonds), including the application money collected from investors, pending allotment of securities, if any, with an interest of 15% per annum (the interest being calculated from the date when the repayments became due in terms of section 73(2) of the Companies Act, 1956 till the date of actual payment) within a period of 180 days from the date of this order. It is clarified that the restraint imposed on the sale of assets at para (b) above, shall not operate if the sale of assets is made for the sole purpose of making refund to the investors by depositing the proceeds of sale in an Escrow Account with a nationalized bank. It is further clarified that the present directors of APL shall ensure and facilitate the compliance of this direction by APL;

- d) The repayments including interest, being made to the investors shall be effected only through Bank Demand Draft or Pay Order;
- e) After completing the aforesaid repayments, Amrit Projects Limited (Noticee no. 1), shall file a report of such completion of repayment with SEBI, within a period of 180 days from the date of this order, certified by two independent peer reviewed Chartered Accountants;
- f) Amrit Projects Limited (Noticee no. 1) and its Managing Director Shri Kailash Chand Dujari (Noticee no. 2) shall be refrained/ prohibited from accessing the securities market by issue of prospectus/ offer document/ advertisement soliciting money from the public and also prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, from the date of this order, till the expiry of a period of four years from the date of effecting the refund as directed in para (c) above;
- g) Noticee no. 3, 4, 10 and 14 shall be refrained/ prohibited from accessing the securities market by issue of prospectus/ offer document/ advertisement soliciting money from the public and also prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a period of four years. The period of restraint/ prohibition as already undergone by the said Noticees since the date of the interim order shall be

set-off against the restraint/prohibition of four years imposed hereunder this order;

- h) Shri Kailash Chand Dujari (Noticee no. 2), shall also be restrained from associating himself 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 a period of four years from the date of completion of refunds to investors as directed at para (c) above;
- i) Noticee no. 1 and 2 shall furnish an inventory of their assets to SEBI, within 21 days from the date of receipt of this order; and
- j) The directions against Noticee no. 5, 8, 9, 11 and 13, as stipulated in para 4.2 of the interim order, shall stand rescinded.

32. The Order shall come into force with immediate effect.

33. Copy of this order shall be forwarded to all recognized stock exchanges, all depositories and all RTA's of mutual funds, for information and necessary action at their end. A copy of this order may also be forwarded to MCA/ RoC, Kolkatta for their information and necessary action with respect to the directions imposed on Company and its directors.

Sd/-

Date: November 24, 2020

Place: Mumbai

ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA