National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/59427	Date: November 17, 2023
Circular Ref. No: 237/2023	

To All NSE Members

Sub: SEBI Order in the matter of Jakraya Sugar Ltd. (Issue of Non-Convertible Redeemable Preference Shares)

SEBI Order vide its Order no. WTM/ASB/DDHS/DDHS-SEC-2/29757/2023-24 dated November 17, 2023 has hereby restrained/prohibited below mentioned entities from accessing the securities market by issue of prospectus/offer document/advertisement or advertisement soliciting money from the public and shall be restrained/ prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds) in any manner whatsoever, directly or indirectly, from the date of this direction being effective, till the expiry of a period of three years from the date of effecting the refund, as directed in the paragraph 23 (i) of SEBI Order.

Sr. No.	Name of Entity	PAN	CIN/DIN
1	Jakraya Sugar Ltd.	AABCJ9429L	U15421PN2007PLC130078
2	Birappa Bhagwan Jadhav	AATPJ2622A	01789042
3	Rahul Jadhav Birappa	AIHPJ4814G	01789065
4	Sachin Birappa Jadhav	AASPJ9053A	01871801
5	Umadevi Birappa Jadhav	AJHPJ3676M	02188464
6	Manisha Sachin Jadhav	AJHPJ3716E	02188481
7	Lata Satyawan Bamane	NA	01536699
8	Shubhangi Satyawan	NA	01662581
9	Shridhar Vinayakrao Mane	AHUPM7282M	07285216
10	Priyanka Rahul Jadhav	AQHPJ5092L	07460370
11	Paresh Suhas Dange	AORPD5355A	NA
12	Bajarang Shivaji Jadhav	BEEPJ8356P	NA
13	Bandopant Madhukar Sathe	BPJPS8310E	NA

National Stock Exchange of India

The detailed order is available on SEBI website. (https://www.sebi.gov.in/sebiweb/home).

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page at the below link: https://www.nseindia.com/regulations/member-sebi-debarred-entities

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

ANNEXURE: SEBI Order in the matter of Jakraya Sugar Ltd. (Issue of Non-Convertible Redeemable Preference Shares)

SECURITIES AND EXCHANGE BOARD OF INDIA
EX-PARTE AD-INTERIM ORDER CUM SHOW CAUSE NOTICE

UNDER SECTIONS 11(1), 11(4), 11A AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH SECTION 73 OF COMPANIES ACT, 1956

In respect of:

S. No.	NAME	CIN/DIN	PAN
COMPANY			
1.	Jakraya Sugar Ltd.	U15421PN2007PLC130078	AABCJ9429L
DIRECTORS			
2.	Birappa Bhagwan Jadhav	01789042	AATPJ2622A
3.	Rahul Jadhav Birappa	01789065	AIHPJ4814G
4.	Sachin Birappa Jadhav	01871801	AASPJ9053A
5.	Umadevi Birappa Jadhav	02188464	AJHPJ3676M
6.	Manisha Sachin Jadhav	02188481	AJHPJ3716E
7.	Lata Satyawan Bamane	01536699	NA
8.	Shubhangi Satyawan	01662581	NA
9.	Shridhar Vinayakrao Mane	07285216	AHUPM7282M
10.	Priyanka Rahul Jadhav	07460370	AQHPJ5092L
11.	Paresh Suhas Dange	NA	AORPD5355A
12.	Bajarang Shivaji Jadhav	NA	BEEPJ8356P
13.	Bandopant Madhukar Sathe	NA	BPJPS8310E

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

In the matter of Jakraya Sugar Ltd. (Issue of Non-Convertible Redeemable Preference Shares)

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1. On the basis of emails dated June 8 and 11, 2021, received from one Ms. Meera Singh, SEBI conducted an examination into the issuance and allotment of Non-Convertible Redeemable Preference Shares (**“NCRPS”**) by Jakraya Sugar Ltd. (**“JSL”/ “the Company”**).

2. Vide a letter dated August 11, 2022, SEBI advised JSL to furnish information regarding mobilization of funds from the public in respect of *issue of NCPRS*. JSL vide its letter dated September 16, 2022, *inter-alia* submitted information pertaining to the said *issue of NCPRS*.

3. Upon examining the information submitted by JSL, it was *prima facie* observed that the Company issued NCRPS during the Financial Year ("**FY**") 2008-09, 2009-10, 2011-12, 2012-13 and 2013-14. It was further noted that JSL had issued NCRPS to more than 49 investors in the following years as detailed below:

Table no. 1

FY	No. of Allottees	Amount Raised (Rs.in crore)
2008-09	849	2.7410
2009-10	476	11.8765
2012-13	2786	2.1600
2013-14	601	4.1695
Total	**4712**	**20.9470**

4. Having cognizance of the above facts, I shall now proceed with consideration of the following issues:

Issue I: Whether the Company has violated Deemed Public Issue Norms in contravention of the provisions of Companies Act, 1956 and SEBI (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as "the DIP Guidelines")?

Issue II: If the answer to Issue No. I is in the affirmative, then whether the directors of the Company i.e. Noticee Nos. 2 to 13 can be held responsible for the acts of the Company?

5. **Relevant extracts of the provisions of law:**

Companies Act, 1956:

"2. DEFINITIONS
In this Act, unless the context otherwise requires, -
…
(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;"

"5. MEANING OF "OFFICER WHO IS IN DEFAULT"

For the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any punishment or penalty, whether by way of imprisonment, fine or otherwise, the expression "officer who is in default" means all the following officers of the company, namely:

(a) the managing director or managing directors;

(b) the whole-time director or whole-time directors;

(c) the manager;

(d) the secretary;

(e) any person in accordance with whose directions or instructions the Board of directors of the company is accustomed to act;

(f) any person charged by the Board with the responsibility of complying with that provision:

Provided that the person so charged has given his consent in this behalf to the Board;

(g) where any company does not have any of the officers specified in clauses (a) to (c), any director or directors who may be specified by the Board in this behalf or where no director is so specified, all the directors:

Provided that where the Board exercises any power under clause (f) or clause (g), it shall, within thirty days of the exercise of such powers, file with the Registrar a return in the prescribed form.

56. Matters to be stated and reports to be set out in Prospectus

(1) Every prospectus issued - (a) by or on behalf of a company, or (b) by or on behalf of any person who is or has been engaged or interested in the formation of a company, shall state the matters specified in Part I of Schedule II and set out the reports specified in Part II of that Schedule; and the said Parts I and II shall have effect subject to the provisions contained in Part III of that Schedule. (2) A condition requiring or binding an applicant for shares in or debentures of a company to waive compliance with any of the requirements of this Section, or purporting to affect him with notice of any contract, document or matter not specifically referred to in the prospectus, shall be void. (3) No one shall issue any form of application for shares in or debentures of a company, unless the form is accompanied by a memorandum containing such salient features of a prospectus as may

be prescribed which complies with the requirements of this Section:

Provided that a copy of the prospectus shall, on a request being made by any person before the closing of the subscription list, be furnished to him:

Provided further that this sub-Section shall not apply if it is shown that the form of application was issued either –

in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures; or

in relation to shares or debentures which were not offered to the public.

If any person acts in contravention of the provisions of this sub-Section, he shall be punishable with fine which may extend to fifty thousand rupees.

A director or other person responsible for the prospectus shall not incur any liability by reason of any noncompliance with, or contravention of, any of the requirements of this Section, if –

as regards any matter not disclosed, he proves that he had no knowledge thereof; or

he proves that the non-compliance or contravention arose from an honest mistake of fact on his part; or

the non-compliance or contravention was in respect of matters which, in the opinion of the Court dealing with the case, were immaterial, or was otherwise such as ought, in the opinion of that Court, having regard to all the circumstances of the case, reasonably to be excused:

Provided that no director or other person shall incur any liability in respect of the failure to include in a prospectus a statement with respect to the matters specified in clause 18 of Schedule II, unless it is proved that he had knowledge of the matters not disclosed.

…………………………..

60. Registration of Prospectus

(1) No prospectus shall be issued by or on behalf of a company or in relation to an intended company unless, on or before the date of its publication, there has been delivered to the Registrar for registration a copy thereof signed by every person who is named therein as a director or proposed director of the company or by his agent authorised in writing, and having endorsed thereon or attached thereto –

(a) any consent to the issue of the prospectus required by Section 58 from any person as an expert; and

(b) in the case of a prospectus issued generally, also –

(i) a copy of every contract required by clause 16 of Schedule II to be specified in the prospectus, or, in the case of a contract not reduced into

writing, a memorandum giving full particulars thereof; and
(ii) where the persons making any report required by Part II of that Schedule have made therein, or have, without giving the reasons, indicated therein, any such adjustments as are mentioned in clause 32 of that Schedule, a written statement signed by those persons setting out the adjustments and giving the reasons therefor.

(2) Every prospectus to which sub-Section (1) applies shall, on the face of it, -
(a) state that a copy has been delivered for registration as required by this Section; and
(b) specify any documents required by this Section to be endorsed on or attached to the copy so delivered, or refer to statements included in the prospectus which specify those documents.

(3) The Registrar shall not register a prospectus unless the requirements of Sections 55, 56, 57 and 58 and subSections (1) and (2) of this Section have been complied with and the prospectus is accompanied by the consent in writing of the person, if any, named therein as the auditor, legal adviser, attorney, solicitor, banker or broker of the company or intended company, to act in that capacity.

(4) No prospectus shall be issued more than ninety days after the date on which a copy thereof is delivered for registration; and if a prospectus is so issued, it shall be deemed to be a prospectus a copy of which has not been delivered under this Section to the Registrar.

(5) If a prospectus is issued without a copy thereof being delivered under this Section to the Registrar or without the copy so delivered having endorsed thereon or attached thereto the required consent or documents, the company, and every person who is knowingly a party to the issue of the prospectus, shall be punishable with fine which may extend to fifty thousand rupees. sign the prospectus depending on the circumstances of each case.

67. Construction of reference to offering shares or debentures to the public, etc.

(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 the non- banking financial companies or public financial institutions specified in Section 4A of the Companies Act, 1956 (1 of 1956).
………………………………...

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

(1A) Where a prospectus, whether issued generally or not, states that an application under sub-Section (1) has been made for permission for the shares or debentures offered thereby to be dealt in one or

more recognised stock exchanges, such prospectus shall state the name of the stock exchange or, as the case may be, each such stock exchange, and any allotment made on an application in pursuance of such prospectus shall, whenever made, be void, if the permission has not been granted by the stock exchange or each such stock exchange, as the case may be, before the expiry of ten weeks from the date of the closing of the subscription lists:

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

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

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

6. From a reading of Section 67 (3) of the Companies Act, 1956, it is clear that (a) an offer / invitation to a select group of persons to subscribe or purchase the securities of a company or (b) the offer / invitation being a domestic concern of the persons making it and the persons receiving it, would not be considered as a public issue. However, as per the first proviso of Section 67(3), if such offer /

invitation to subscribe or purchase the securities of a company is made to more than 49 persons, then such an offer shall be deemed to be a public issue.

7. In this regard, it would also be appropriate to refer to the judgment of ***Hon'ble Supreme Court of India in Sahara Real Estate Corporation and Others Vs. SEBI (2013) 1 SCC1***, wherein while examining the scope of Section 67 of the Companies Act, 1956, it had observed:

> *"85. 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.*
>
> *…….*
>
> *86. 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.*
>
> *…….*
>
> *90. I may, therefore, indicate, subject to what has been stated above, in India that any share or debenture issue beyond forty nine persons, would be a public issue attracting all the relevant provisions of the SEBI Act, regulations framed thereunder, the Companies Act, pertaining to the public issue. …"*

8. As noted from the preceding paragraphs, JSL issued NCRPS to at least 849, 476, 2786, and 601 persons during FY 2008–09, 2009–10, 2012-13, and 2013-14, respectively, and raised Rs. 20.947 Crores. I find that such *issue of NCPRS* would *prima facie* qualify as a deemed public issue under the first proviso to Section 67(3) of the Companies Act, 1956. The judgement of the Hon'ble Supreme Court of India in the ***Sahara Real Estate Corporation and Others Vs. SEBI (2013) 1 SCC1***, also fortifies the aforesaid interpretation.

9. I further note that in accordance with Section 60(1) of the Companies Act, 1956, a company needs to register its prospectus with the ROC, before making a public offer or issuing the prospectus. As per Section 2(36) of Companies Act, 1956, *"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. I note that vide its reply dated September 16, 2022, JSL stated that since it did not make any public issue of NCRPS, it was not required to file a prospectus under the Companies Act 1956. However, as noted in the previous paragraphs, the *issue of NCRPS* in FY 2008–09, 2009–10, 2012-13, and 2013-14 by JSL, is *prima facie* deemed to be a public issue. Therefore, JSL should have registered a prospectus with ROC under Section 60(1) of the Companies Act, 1956, which it failed to do so.

10. Further, as the *issue of NCPRS* 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 Sections 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. Sub-section 73(2) further provides that the refund of such money should be made within 8 days of the liability to refund accruing on the company and after expiry of such time, the liability to repay the money with the applicable interest would fall jointly and severally on the company as well as on the director (s) of the company who is an officer in default. Further, Section 73(3) of the Companies Act, 1956 provides that all the money received from such issuances should be kept in a separate bank account until permission is granted to the company. It is noted that JSL has not made any listing application to any of the stock exchanges with regard to the *issue of NCPRS*. Further, vide its reply dated November 18, 2022, JSL has stated that it had not kept the fund raised through the *issue of NCPRS* in a separate bank account. I, thus, find that JSL has failed to ensure compliance with the provisions of Section 73 of the Companies Act, 1956.

11. In view of the above observations, I find that JSL has *prima facie* violated Sections 56, 60, 67(3), 73(1), 73(2) and 73(3) of Companies Act, 1956.

12. In addition to the above, I note that SEBI had issued the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as "**the DIP**

Guidelines"), laying down various requirements which a company needs to adhere to while raising funds from the public through the issue of its securities. The DIP Guidelines were repealed on August 26, 2009. I find that the *issue of NCPRS* to 849 persons in FY 2008-09 and to 67 persons in 2009-2010 by JSL, prior to the repeal of DIP Guidelines, is *prima facie* a deemed public issue.

13. In view of the above, I find that JSL has *prima facie* violated the following provisions of the DIP Guidelines:

Clause 2.1.1 – Filing of offer document
Clause 2.1.4 - Application for listing
Clause 2.1.5 - Issue of securities in dematerialized form
Clause 2.5 - Credit Rating for Debt Instruments
Clause 2.8 - Means of finance
Clause 4.1 - Promoters contribution in a public issue by unlisted companies
Clause 4.11 - Lock-in of min. specified promoters' contribution in public issues
Clause 5.3.1 - Memorandum of understanding
Clause 5.3.3 - Due diligence certificate
Clause 5.3.5 - Undertaking
Clause 5.3.6 - List of promoters group and other details
Clause 5.4 - Appointment of intermediaries
Clause 5.6 - Offer document to be made public
Clause 5.6A - Pre-Issue Advertisement
Clause 5.7 - Dispatch of issue material
Clause 5.8 - No complaints certificate
Clause 5.9 - Mandatory collection centres
Clause 5.9.1 - Minimum number of collection centres
Clause 5.10 - Authorised collection agents
Clause 5.12 - Appointment of Compliance Officer
Clause 5.13 - Abridged prospectus
Clause 5.14 – Agreements with Depositories
Clause 6.0 - Contents of offer documents
Clause 6.1 to 6.15 – Contents of prospectus
Clause 6.16 to 6.34 – Contents of abridged prospectus
Clause 7 – Post-Issue Obligations
Clause 8.3 - Rule 19(2)(b) of SC(R) Rules, 1957

Clause 8.8.1 - Opening & closing date of subscription of securities
Clause 9 - Guidelines on advertisements by issuer company.

<u>Issue II:</u> If the answer to Issue No. I is in the affirmative, then whether the directors of the Company i.e., Noticee Nos. 2 to 13 can be held responsible for the acts of the Company?

14. In terms of Section 73(2) of the Companies Act, 1956, upon failing to procure listing on any of the recognised stock exchange for the issue of NCRPS, JSL was liable to repay the amounts collected through such issue and if such refund was not made within 8 days, the Company and every director of the Company who is an *'officer in default'* became jointly and severally liable to repay the amount raised with interest. Thus, a responsibility is cast upon the directors and the company for ensuring adherence with the obligations under Section 73(2).

15. As per information submitted by JSL along with the information obtained from the MCA website, details of past and present Directors of JSL, including the dates of appointment/cessation, are as under:

<u>Table no. 2</u>

S. No.	Name and Address	Designation	Date of appointment	Date of Cessation
1.	Mr. Birappa Bhagwan Jadhav	Chairman	08-05-2007	-
2.	Mr. Sachin Birappa Jadhav	Managing Director	08-05-2007	-
3.	Mr. Rahul Birappa Jadhav	Whole Time Director	08-05-2007	-
4.	Mrs Umadevi Birappa Jadhav	Director	01-07-2008	-
5.	Mrs. Manisha Sachin Jadhav	Director	01-07-2008	-
6.	Mrs. Lata Satyawan Bamane	Director	01-04-2009	15-02-2011
7.	Mrs. Shubhangi Satyawan Bamane	Director	01-04-2009	05-04-2010
8.	Mrs. Priyanka Rahul Jadav	Director	04-03-2022	-
9.	Mr. Shridhar Vinayakrao Mane	Director	07/09/2015	-
10.	Mr. Paresh Suhas Dange	Director	14/06/2021	-
11.	Mr. Bajarang Shivaji Jadhav	Director	17/07/2019	31/07/2023
12.	Mr. Bandopant Madhukar Sathe	CFO	17/08/2023	-

16. I note that JSL has raised Rs. 20.947 Crores, through the *issue of NCRPS* to 849 investors in FY 2008-09, 476 investors in FY 2009-10, 2786 investors in FY 2012-13, and 601 investors in FY 2013-14, in violation of public issue norms as stipulated under Companies Act, 1956 and DIP Guidelines.

17. In terms of Section 73(2), the Company and every director who is an officer in default is jointly and severally liable for repayment of the money raised in breach of provisions of Section 73(1). Further, in terms of Section 62 of the Companies Act, every person who is a director of the company at the time of the issue of the prospectus and every person who is a Promoter of the company, is liable to pay compensation to every person who subscribes to shares or debentures on the faith of the prospectus for any loss or damage he may have sustained by reason of any untrue statement included therein. In this regard, reliance is placed on the case of ***Madhavan Nambiar vs. ROC (2002 108 Cas 1 Mad)*** wherein Hon'ble High Court of Madras observed the following:

"13... A director either full time or part time, either elected or appointed or nominated is bound to discharge the functions of a director and should have taken all the diligent steps and taken care in the affairs of the company.
14. In the matter of proceedings for negligence, default, breach of duty, misfeasance or breach of trust or violation of the statutory provisions of the Act and the rules, there is no difference or distinction between the whole-time or part time director or nominated or co-opted director and the liability for such acts or commission or omission is equal. So also the treatment for such violations as stipulated in the Companies Act, 1956. "

18. Further, Section 11 of SEBI Act, 1992 enshrines a duty on SEBI to protect the interest of investors in securities and to promote the development of and to regulate the securities market by measures as it thinks fit. In pursuance of the said duty, I note that the facts of the present case warrant the issuance of ex-parte interim directions against Noticee no. 1 along with Noticees no. 2 to 13.

19. I also note that in accordance with Section 73(2) of the Companies Act, 1956, the Company and the directors who are *'officers in default'* in terms of Section 5 of the Companies Act, 1956 are jointly and severally liable for refund to the investors. Further, in terms of the decision of Hon'ble SAT in its order dated July

17, 2017 passed in ***Appeal No. 66 of 2006 - Manoj Agarwal Vs. SEBI*** the liability of the director under Section 73(2) of the Companies Act, 1956 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 during his tenure. In view of the aforesaid, based on the tenure of each director, the *prima facie* liability for refund has been ascertained as under:

Table no. 3

S. No.	**Name of the Director**	**Designation**	**Duration of directorship**	**Fund raised during the tenure of the directors by allotting NCRPS to more than 49 persons (in crores)**				**Total Liability (in Rs. crores)**
				2008-09	**2009-10**	**2012-13**	**2013-14**	
Amt. of funds raised by JSL during the FY (Rs. in Cr.)				2.741	11.8765	2.16	4.1695	20.947
No. of Investors				849	476	2786	601	4712
1.	Birappa Bhagwan Jadhav	Chairman	May 08, 2007 – till date	Yes	Yes	Yes	Yes	20.947
2.	Rahul Jadhav Birappa	Whole Time Director	May 08, 2007 – till date	Yes	Yes	Yes	Yes	20.947
3.	Sachin Birappa Jadhav	Managing Director	May 08, 2007 – till date	Yes	Yes	Yes	Yes	20.947
4.	Mrs Umadevi Birappa Jadhav	Director	July 01, 2008 – till date	Yes	Yes	Yes	Yes	20.947
5.	Mrs. Manisha Sachin Jadhav,	Director	July 01, 2008 – till date	Yes	Yes	Yes	Yes	20.947
6.	Mrs. Lata Satyawan Bamane,	Director	April 01, 2009 – February 15, 2011	No	Yes	No	No	11.876
7.	Mrs. Shubhangi Satyawan Bamane	Director	April 01, 2009 – April 05, 2010	No	Yes	No	No	11.876

20. Section 55A of the Companies Act, 1956, confers the jurisdiction on SEBI to administer provisions specified therein, *inter alia* in relation to public issue of securities. Section 11(4) of the SEBI Act, 1992 lists measures that SEBI may take, by an order in writing, either pending or on completion of investigation or inquiry, in the interest of investors in the securities market. Section 11B of SEBI Act, 1992 empowers SEBI to issue such directions as may be appropriate, in the interest of investors in securities and the securities market, inter alia, to any company in respect of issue of capital, transfer of securities etc.

Directions:

21. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(4) and 11B of the SEBI Act, 1992 hereby issue, with immediate effect, the following directions, which shall remain in force until further orders:
    i) JSL 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;
    ii) JSL and its directors i.e. Noticee no. 2 to 13, shall not buy, sell or otherwise deal in the securities (including units of mutual funds), either directly or indirectly, or associate themselves with securities market, any listed company or company intending to raise money from the public in any manner whatsoever;
    iii) JSL and its directors i.e. Noticee no. 2 to 13 shall not dispose of, alienate or encumber any of its/their assets or divert any funds raised from public either through the offer and allotment of NCRPS;
    iv) JSL and its directors i.e. Noticee no. 2 to 13, shall co-operate with SEBI and shall furnish all information/documents in connection with the offer and allotment of NCRPS.

22. The above-mentioned directions contained in paragraph 21 comes into force with immediate effect and shall remain in force till passing of any further order by SEBI or coming into force of the direction given in paragraph 23 below.

23. The *prima facie* observations contained in this order are made on the basis of the material available on record, information obtained from MCA Portal and

submissions made by JSL. JSL and its abovementioned directors i.e. Noticee no. 2 to 13, are also called upon 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) JSL and Noticee no. 2 to 8 shall jointly and severally refund money collected through the offer and allotment of NCRPS, 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 direction becoming effective, supported by a certificate from a peer reviewed Chartered Accountant. It is clarified that the restraint imposed on the sale of assets at paragraph 21(iii) and sale of securities at paragraph 21(ii), 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 liability of directors viz. Noticee no. 2 to 8, shall be for the moneys collected during their respective period of directorship. It is further clarified that the present directors of JSL shall ensure and facilitate the compliance of this direction on behalf of JSL;

ii) JSL and its directors i.e. Noticee no. 2 to 13, shall be restrained /prohibited from accessing the securities market by issue of prospectus/offer document/advertisement or advertisement soliciting money from the public and shall be restrained/ prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds) in any manner whatsoever, directly or indirectly, from the date of this direction being effective, till the expiry of a period of three years from the date of effecting the refund as directed in paragraph 23 (i) above; and

iii) Noticee no. 2 to 13 shall also be 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 direction becoming effective till the expiry of a period of three years from the date of completion of refunds to investors as directed at paragraph 23 (i) above.

24. The Noticees, may, within 30 days from the date of this interim order-cum-show cause notice, file their respective replies. The Noticees are also directed to furnish an inventory of their assets in their reply. In the event the aforementioned persons intend to avail an opportunity of personal hearing, they may do so by seeking a confirmation in writing from SEBI for the same, within 90 days. In the event of the Noticees failing to file replies or requesting for an opportunity of personal hearing, within the said 90 days, the *prima facie* findings regarding the violations shall become final and absolute, without any further orders. Consequentially, the directions/prohibitions contained in paragraph 23 shall automatically become effective.

25. Copy of this order shall be forwarded to the all the Noticees, the recognized stock exchanges and depositories, the RTA's of mutual funds for information and necessary action. A copy of this order may also be forwarded to MCA/ ROC Pune for their information and necessary action with respect to the directions imposed on the Noticees.

26. All communications with regards to the present order, including the replies/ objections, if any, being filed by the Noticees, shall be addressed to The Division Chief, Department of Debt and Hybrid Securities – Supervision, Enforcement, and Complaints Division, SEBI Bhavan, Plot C4-A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

Date: November 17, 2023 **ASHWANI BHATIA**

Place: Mumbai **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA