

BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI

**Date of Decision : 30.08.2021**

**Appeal No. 559 of 2021**

Sri Manoranjan Roy  
2/233/B/3 Sree Colony,  
Netaji Nagar,  
Kolkata – 700 092.

...Appellant

Versus

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

...Respondent

Mr. Bishwajit Bhattacharyya, Senior Advocate with  
Ms. Narayani Bhattacharyya, Advocate for the Appellant.

Mr. Abhiraj Arora, Advocate with Mr. Rashi Dalmia and  
Mr. Karthik Narayan, Advocate i/b ELP for the Respondent.

CORAM : Justice Tarun Agarwala, Presiding Officer  
Justice M.T. Joshi, Judicial Member

Per : Justice Tarun Agarwala, Presiding Officer (Oral)

1. By means of this appeal the appellant has challenged the order dated February 12, 2021 passed by the Whole Time Member ('WTM' for short) of the Securities and Exchange of

India ('SEBI' for short) restraining him from mobilizing any fresh funds from investors through the offer and allotment of any securities either directly or indirectly and has further prohibited him from accessing the securities market for a period of four years from the date of completion of refund to all the allottees of debentures of the Company.

2. The facts leading to the filing of the present appeal is, that the WTM passed an *ad interim ex parte* order cum show cause notice dated July 25, 2018 in respect of the issuance of Non-Convertible Redeemable Debentures ('NCDs' for short) issued by LRN Finance Limited ('the Company' for short) in violation of the Securities and Exchange Board of India Act, 1992 ('SEBI Act' for short), Companies Act, 1956 and SEBI (Issue and Listing of Debit Securities) Regulations, 2008. The interim order further directed the Company and its directors not to mobilize any funds from the investors through offer of allotment of any security and were further restraining from accessing the securities market.

3. Subsequently, the interim order was confirmed by an order dated August 13, 2020. The appellant filed Appeal no. 336 of 2020 which was allowed by this Tribunal by an order

dated October 16, 2020 holding that the appellant was not granted a reasonable opportunity and therefore permitted the appellant to file a recall application before the WTM which would be considered. Based on our order, a recall application was filed and the impugned order was passed thereafter.

4. We have heard Shri Bishwajit Bhattacharyya, the learned senior counsel and Shri Abhiraj Arora, the learned counsel for the respondent.

5. The contention of the appellant is, that he admits that the debentures were issued in violation of the Companies Act and that before the Calcutta High Court the appellant had filed an affidavit offering to pay the amount to the investors. On this basis, the learned counsel contended that he should be given parity as given to noticee nos. 3, 6 and 11 and that the direction imposed by the WTM should be modified accordingly. It was further contended that the appellant had resigned from the Company on August 27, 2013 and therefore the direction to restrain him from accessing the securities market for four years from the date of completion of refund for the allottees of the debentures of the Company was wholly harsh and arbitrary and should be modified accordingly.

6. Having heard the learned counsel for the parties, we find that the appellant was the Managing Director of the Company and had offered through an affidavit before the Calcutta High Court to refund the amount. This affidavit was filed in the year 2016 and, till date, no steps have been taken to refund the amount to the investors. Further, the appellant admits that the issuance of the NCDs was issued in violation of the Companies Act. Consequently, the mere fact that the appellant had resigned in the year 2013 would not make any difference in as much as the appellant, being the Managing Director and, having offered to refund the money should have refunded the amount by now but the same has not been done and therefore the restraint order issued by the WTM does not suffer from any manifest error of law.

7. Appeal lacks merit and is dismissed with no order as to costs.

8. The present matter was heard through video conference due to Covid-19 pandemic. At this stage it is not possible to sign a copy of this order nor a certified copy of this order could be issued by the registry. In these circumstances, this order will be digitally signed by the Private Secretary on

behalf of the bench and all concerned parties are directed to act on the digitally signed copy of this order. Parties will act on production of a digitally signed copy sent by fax and/or email.

Justice Tarun Agarwala  
Presiding Officer

Justice M.T. Joshi  
Judicial Member

30.08.2021  
msb