WTM/GM/EFD/ 42 /2017-18

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11(1), 11(4) and 11B of Securities and Exchange Board of India Act, 1992 read with Regulation 65 of the Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999, in respect of Interim Order dated February 13, 2015 in the matter of RBN Infrastructure India Ltd.

In respect of:

Sr. No.	**Noticees**	**PAN**
Category :		
	Company	
1.	RBN Infrastructure India Ltd.	AAECR3617H **CIN:** U70102MP2009PLC021573
	Director(s)	
2.	Ashok Kumar Pal	AIQPP5338L
3.	Ram Niwas Pal	AJJPP5891L
4.	Ranveer Singh Baghel	AMPPB4342K
5.	Ram Rup Baghel	AJSPB4005D
6.	Anil Kumar Baghel	AVAPB4134D
7.	Ram Niwas Baghel	N.A.
8.	Sarvesh Singh Baghel	N.A.

*The aforesaid entities are hereinafter referred to by their respective names or collectively as "**the Noticees**".*

1. SEBI had passed an Interim order cum Show Cause notice dated February 13, 2015 (hereinafter referred to as "**interim order**") against the Noticees based on the prima facie conclusion that the fund mobilising activity of Noticee No. 1 i.e. RBN Infrastructure India Ltd. ("**RBN**") under the garb of a real estate business for management and development of industrial area, technology parks, agro processing zones etc. falls within the parameters of a "collective investment scheme" as defined in

section 11AA of the SEBI Act, 1992. Accordingly, the following directions were passed against the Noticees (including the directors and promoters of RBN) :

"

a. *not to collect any fresh moneys from investors from its existing scheme;*
b. *not to launch any new scheme/plan or float any new companies/firm to raise fresh moneys;*
c. *not to dispose of any of the properties or alienate the assets of the existing scheme;*
d. *not to divert any funds raised from public at large, kept in bank account(s) and/or in the custody of the company;*
e. *to immediately submit the full inventory of the assets owned by RBN Infrastructure out of the amounts collected from the "customers"/investors under its existing schemes;*
f. *to furnish all the information sought by SEBI, including,*
    i. *scheme wise list of investors and their contact numbers and addresses,*
    ii. *the details of amount mobilized and refunded till date,*
    iii. *the details of amount refunded till date along with the details of mode of payment, duly certified by the company's auditors,*
    iv. *PAN of the past directors of the company viz. Mr. Ram Niwas Baghel and Mr. Sarvesh Singh Baghel,*
    v. *all documents/information and clarifications sought by SEBI, vide letters dated February 14, 2014, July 30, 2014 etc. and not yet submitted*
    vi. *to provide explanation regarding the denial of certification by the Auditor, as detailed in paragraph No. 4.6*

2. According to the interim order, the noticee company had been raising money from the public through its various payment/contribution plans on the pretext of development and maintenance of land. The payment plans of the company were listed as follows:

    (i) Regular Instalment Plan (8 different plans- period ranging between 5- 7 years)

    (ii) Monthly Instalment Plan (one plan for 6 years)

    (iii) Lump Sum payment Plan (5 different plans- period ranging between 3- 17 years)

'Estimated realizable values' were also indicated in the brochures/booklets issued by RBN. Based on the balance sheets for financial years ending 2010, 2011, 2012 and 2013, the interim order noted that of the amounts collected by RBN from investors, the outstanding figure was `45,20,200/- as on March 31, 2013. The Profit and Loss Account for financial years ending 2011, 2012 and 2013 also revealed that RBN had collected a total of ` 52,82,507/- by way of commission from the investors, which does not bear any proportion to the total monies raised. The interim order also recorded that the available documents did not specify any time period within the land/plot is to be transferred by way of a sale deed to the 'customer/investor'. The interim order,

based on a consideration of available documents, concluded that the "so -called 'plot booking' is a mere ruse created to show that the company is doing land transactions." Significantly the auditors viz. Gaurav Ashok Jain & Associates, have denied having signed the balance sheets of RBN as on March 31, 2012 and March 31, 2013 thereby raising serious questions on the genuiness of financial statements of the company for 2011-12 and 2012-13.

3. Since the interim order could not be served on the noticees at their respective addresses, SEBI issued a newspaper publication advising the noticees to procure a copy of the interim order *inter alia* from SEBI's official website. In response to the interim order, Noticee No.2 i.e. Ashok Kumar Pal, on behalf of the noticee company i.e. RBN, sent letter dated March 12, 2015 undertaking to submit their reply by the 2nd week of April, 2015. However no further submissions have been received from the noticees.

4. An opportunity of hearing was given to the noticees on October 05, 2016 which was subsequently adjourned. Another opportunity of hearing was provided to the noticees on June 01, 2017. Though the hearing notice was also published by way of newspaper publication, the noticees did not appear for the hearing scheduled on June 01, 2017 and no reply to the hearing notice has been received from any of the noticees till date.

5. I am satisfied that the Noticees were given sufficient opportunities to make their written and oral submissions but they failed to utilise the same. In the absence of any reply on merits, I am convinced that the matter may be disposed off ex-parte.

6. Based on the documents available, the interim order came to the prima facie conclusion that the scheme in question satisfied the four tests of a collective investment scheme (CIS) as defined in section 11AA of the SEBI Act, 1992, namely that - there was pooling of contributions, contributions were made with a view to receive realisable value, the contributions were managed on behalf of the investors and the investors did not have day to day control over the management of the scheme. The noticees have not addressed the *prima facie* conclusions in the interim order regarding the nature of the mobilisation of funds under various schemes to be a CIS. I have perused the contents of the interim order and do not find any reason to differ with the *prima facie* conclusion arrived at in the interim order. In the absence of any evidence

provided to refute the findings in the interim order, I am compelled to reiterate that the activities of the noticees constitute a Collective Investment Scheme in terms of section 11AA of the SEBI and the same has been carried out by the noticees without seeking a registration from SEBI thereby contravening section 12(1B) of the SEBI Act read with regulation 3 of the CIS Regulations. I also note that in terms of regulation 4(2)(t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person without obtaining the necessary registration from SEBI. The aforesaid legal provisions have already been discussed in detail in the interim order and therefore in the interest of brevity I do not find it necessary to reiterate the same.

DIRECTIONS

7. In view of the above, in the interest of investors and the securities market, I, in exercise of the powers conferred upon me under Sections 11(1), 11B and 11(4) thereof and regulation 65 of the SEBI (Collective Investment Schemes) Regulations, 1999, hereby issue the following directions:

   (i) RBN Infrastructure India Ltd. (PAN: AAECR3617H) and the noticee directors namely, Ashok Kumar Pal (PAN: AIQPP5338L) , Ram Niwas Pal (PAN: AJJPP5891L), Ranveer Singh Baghel (PAN: AMPPB4342K), Ram Rup Baghel (PAN: AJSPB4005D), Anil Kumar Baghel (PAN: AVAPB4134D), Ram Niwas Baghel (PAN: N.A.), Sarvesh Singh Baghel (PAN: N.A.) are jointly and severally liable to wind up its existing collective investment schemes and refund the money collected by it under the schemes with returns which are due to the investors as per the terms of offer within a period of three months from the date of this order. The refund shall be made through 'Bank Demand Draft' or 'Pay Order'. Upon completion of the refund as directed above, within a further period of seven days, RBN Infrastructure India Ltd. and its directors namely, Ashok Kumar Pal, Ranveer Singh Baghel, Anil Kumar Baghel and Ram Niwas Baghel shall submit a winding up and repayment report (WRR) to SEBI in accordance with the CIS regulations. The WRR shall be supported by the proof of the trail of funds claimed to be refunded, bank account statements indicating refund to the

investors and receipt from the investors acknowledging such refunds along with a certification of such repayment from two independent Chartered Accountants. In the event of failure by RBN Infrastructure India Ltd. and its noticee directors to comply with the above directions SEBI shall initiate recovery proceedings under the SEBI Act against the noticees.

(ii) RBN Infrastructure India Ltd. and the noticee directors shall not alienate or dispose off or sell any of the assets of RBN Infrastructure India Ltd. except for the purpose of making refunds to its investors as directed above.

(iii) RBN Infrastructure India Ltd. and the noticee directors shall with immediate effect be restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, till the directions for refund/repayment to investors are complied with, as directed at sub-paragraph (i) above to the satisfaction of SEBI and WRR is submitted to SEBI and for a further period of four years from the date of completion of the refund, as directed above.

(iv) The noticee directors shall be restrained from holding position as directors or key managerial personnel of any listed company for a period of 4 years from the date of this Order.

8. A copy of this Order shall be forwarded to -

(i) all the recognised stock exchanges and registered depositories for necessary compliance with the above directions; and

(ii) the Ministry of Corporate Affairs for information.

DATE: August 14, 2017 **G. MAHALINGAM**

PLACE: Mumbai **WHOLE TIME MEMBER**

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