

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

FINAL ORDER

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

In the matter of KEN Infratech Limited

***In re* SEBI (Collective Investment Schemes) Regulations, 1999**

In respect of:

Sl.No	Name of the Entity	DIN/ PAN	Address
1	Mr. Mahavir Singh	05310474	Village Kamala Midda, P.O. Ruknewala, P.S. Malanwala, Distt. Ferozepur- 152 021

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1. KEN Infratech Limited (“**KIL**”/ “**the Company**”) is a public company incorporated on November 01, 2010 and registered with Registrar of Companies-Delhi with CIN: U45200DL2010PLC210023. Its registered office is at 3413, Mahindra Park, Rani Bagh, New Delhi- 110 034.
 2. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received complaints against KIL *inter alia* alleging mobilization of money from the public towards development of plots of land through its plans, viz., ‘cash down plan’ and ‘instalment payment plan’. Pursuant to the same, SEBI conducted an examination into the fund-raising activity of KIL and found that KIL and its directors namely Mr. Sukhwinder Singh, Mr. Gurwinder Singh, Mr. Sukhchain Singh and Mr. Kuldeep Singh were engaged in mobilizing funds from the public, by floating/ sponsoring/ launching Collective Investment Schemes (“**CIS**”) as defined in Section 11AA of the SEBI Act, 1992 (hereinafter referred to as the

Order in the matter of KEN Infratech Limited

‘SEBI Act’) without obtaining a certificate of registration from SEBI for operating CIS as required under Section 12(1B) of the SEBI Act read with Regulation 3 of the SEBI (Collective Investment Schemes) Regulations, 1999 (hereinafter referred to as ‘CIS Regulations’). In view of this, SEBI passed an Order dated December 17, 2014 (“Final Order”) and issued the following directions against KIL and its directors viz., Mr. Sukhwinder Singh, Mr. Sukhchain Singh and Mr. Kuldeep Singh (hereinafter referred to as “the Noticees”):

- a. *“KEN Infratech Limited [PAN: AAECK1605J] and its directors namely Mr. Sukhwinder Singh [PAN: CUEPS1687K], Mr. Sukhchain Singh [DIN: 03294730] and Mr. Kuldeep Singh [PAN: BQXPS7815M] shall abstain from collecting any money from the investors or launch or carry out any Collective Investment Schemes including the scheme which have been identified as a Collective Investment Scheme in this Order.*
- b. *KEN Infratech Limited and its directors namely Mr. Sukhwinder Singh, Mr. Sukhchain Singh, and Mr. Kuldeep Singh shall wind up the existing Collective Investment Schemes and refund the money collected by the said company under the schemes with returns which are due to its investors as per the terms of offer within a period of three month from the date of this Order and thereafter within a period of fifteen days, submit a winding up and repayment report to SEBI in accordance with the SEBI (Collective Investment Schemes) Regulations, 1999, including the trail of funds claimed to be refunded, bank account statements indicating refund to the investors and receipt from the investors acknowledging such refunds.*
- c. *KEN Infratech Limited and its directors namely Mr. Sukhwinder Singh, Mr. Sukhchain Singh, and Mr. Kuldeep Singh shall not alienate or dispose off or sell any of the assets of KEN Infratech Limited except for the purpose of making refunds to its investors as directed above.*
- d. *KEN Infratech Limited and its directors namely Mr. Sukhwinder Singh, Mr. Sukhchain Singh, and Mr. Kuldeep Singh are also directed to immediately submit the complete and detailed inventory of the assets owned by KEN Infratech Limited.*

- e.** *In the event of failure by KEN Infratech Limited and its directors namely Mr. Sukhwinder Singh, Mr. Sukhchain Singh and Mr. Kuldeep Singh to comply with the above directions, the following actions shall follow:*
- *KEN Infratech Limited and its directors namely Mr. Sukhwinder Singh, Mr. Sukhchain Singh and Mr. Kuldeep Singh shall immediately (on expiry of the three months period available for making refunds) be restrained from accessing the securities market and would further be prohibited from buying, selling or otherwise dealing in securities market till all the Collective Investment Schemes of KEN Infratech Limited are wound up and all the monies mobilized through such schemes are refunded to its investors with returns which are due to them.*
 - *SEBI would make a reference to the State Government/ Local Police to register a civil/ criminal case against KEN Infratech Limited, its promoters, directors and its managers/ persons in-charge of the business and its schemes, for offences of fraud, cheating, criminal breach of trust and misappropriation of public funds; and*
 - *SEBI would make a reference to the Ministry of Corporate Affairs, to initiate the process of winding up of the company, KEN Infratech Limited.*
 - *SEBI shall also initiate attachment and recovery proceedings under the SEBI Act and rules and regulations framed thereunder.*
- f.** *Without prejudice to the above, KEN Infratech Limited and its directors namely Mr. Sukhwinder Singh, Mr. Sukhchain Singh and Mr. Kuldeep Singh are restrained from accessing the securities market and are prohibited from buying, selling or otherwise dealing in securities market for a period of four (4) years.*
- g.** *Mr. Gurwinder Singh [PAN: CLEPS7179D] is restrained from accessing the securities market and would further be prohibited from buying, selling or otherwise dealing in securities market for a period of two (2) years.”*
3. It has come to the notice of SEBI that Mr. Mahavir Singh is an additional director of KIL since September 02, 2011. By virtue of his directorship in the Company during the time of mobilization of funds from the public through various schemes which was found to be unregistered Collective Investment Scheme, SEBI issued a Show Cause Notice (“SCN”)

dated June 08, 2015 to Mr. Mahavir Singh (“**the Noticee**”), asking him to show cause as to why appropriate direction under Section 11 and 11B of the SEBI Act read with Regulations 65 of the CIS Regulations, should not be issued against it for the violations of KIL.

4. The Noticee was advised to reply to the SCN within twenty one (21) days from the receipt of the said Notice. SEBI informed the Noticee that in case of failure to reply, the matter would be proceeded *ex-parte* on the basis of the evidence available on record. The Noticee was further advised to indicate if he would like to avail an opportunity of personal hearing before SEBI.
5. **Service of SCN:** The SCN sent to the Noticee through Speed Post with acknowledgment was returned undelivered. Thereafter, the SCN was served through publication in English daily and a vernacular daily each dated July 04, 2015. However, the Noticee did not file any reply to the SCN.
6. Thereafter, vide hearing notice dated July 31, 2017, an opportunity of personal hearing was granted to the Noticee on October 24, 2017. Since the hearing notice was returned undelivered, the same was served to the Noticee vide notification dated September 14, 2017 in the newspaper ‘*Sarhad Kesari*’ and vide notification dated September 19, 2017 in the newspaper ‘*Times of India*’.
7. **Hearing and submissions:** The Noticee did not avail the opportunity of hearing held on October 24, 2017. It is also noted that the Noticee has failed to submit any reply till date.
8. I have considered the allegations and material available on record including the SCN. On perusal of the materials available on record, the following issues arise for consideration. Each question is dealt with separately under different headings.

(1) Whether KIL was operating a Collective Investment Scheme without obtaining registration from SEBI?

(2) If so, whether the Noticee is liable for directions with respect to the violations of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations?

Issue: (1) Whether KIL was operating a Collective Investment Scheme without obtaining registration from SEBI?

9. I have perused SEBI's Order dated December 17, 2014 for the allegation of launching and running a collective investment scheme by KIL. I note that the Final Order had, on the basis of material available on record and after considering the oral and written submissions of KIL and documents furnished by KIL found that the plans/schemes operated by it were in the nature of CIS and KIL was offering these schemes without obtaining registration from SEBI in contravention of the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations read with Section 11AA of SEBI Act. The directors of KIL were also found to be responsible for the illegal conduct of the business of KIL. The following findings have been noted against the Company and its directors in the final Order:
- i. As per the copy of the 'agreement cum application form', its terms and conditions, 'registration letter', 'receipt' and 'payment plans' submitted by KIL, it was found that KIL offered two kinds of plans i.e. 'cash down payment plan' and 'installment payment plan'. Under the cash down payment plan, the land is allotted to the customers after completion of nine months from the date of agreement while under the installment payment plan, the land is allotted within a period of 270 days from the date of receipt of 50% of the consideration amount and development charges.
 - ii. From the perusal of 'Registration letter', it was found that KIL did not identify the plot/ land in the registration letter. Further, it also provided an 'expected value of land at the end of the term'.
 - iii. The customer authorises KIL for development/ maintenance, without which agreement will not be entered with the customer/ investor.
 - iv. On entering into the agreement, the customer hands over all the rights of development of the land/ plot to KIL. KIL retains the right for arranging the sale of produce.

- v. KIL reserves the right to discontinue, change, amend or modify any of the rules/ regulation, plans and introduce new plans at any time at its sole discretion with or without notice to the customer.
- vi. The development and other charges accounts for 64% of the total cost of land.
- vii. No sale deed in favour of the customer has been registered yet.
- viii. As per the submissions of KIL, the Company had raised at least an amount of Rs. 4.5 Crores in the cash down payment plan and Rs. 3 Crores in 'instalment payment plan'.

10. Further, it was also found in the Final Order that the schemes floated by KIL satisfied all the four conditions prescribed under Section 11AA (2) of the SEBI Act.

Section 11AA of SEBI Act reads as follows:

"(1) Any scheme or arrangement which satisfies the conditions referred to in subsection (2) or [sub-section (2A)] shall be a collective investment scheme. [Provided that any pooling of funds under any scheme or arrangement, which is not registered with the Board or is not covered under the exemptions from CIS sub-section (3), involving a corpus amount of one hundred Crore rupees or more shall be deemed to be a collective investment scheme.]

(i) Any scheme or arrangement made or offered by any [person] under which,

(i) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized solely for the purposes of the scheme or arrangement;

(ii) the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable from such scheme or arrangement;

(iii) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;

(iv) the investors do not have day to day control over the management and operation of the scheme or arrangement.

[(2A)] Any scheme or arrangement made or offered by any person satisfying the conditions as may be specified in accordance with the regulations made under this Act.]

(3) Notwithstanding anything contained in sub-section (2) [or sub-section (2A)], any scheme or Arrangement:

i. made or offered by a co-operative society

ii. under which deposits are accepted by non-banking financial companies iii. being a contract of insurance

iv. providing for any scheme, Pension Scheme or the Insurance Scheme framed under the Employees Provident Fund

v. under which deposits are accepted under section 58A of the Companies Act, 1956

vi. under which deposits are accepted by a company declared as a Nidhi or a mutual benefit society

vii. falling within the meaning of Chit business as defined in clause (d) of section 2 of the Chit Fund Act, 1982(40 of 1982);

viii. under which contributions made are in the nature of subscription to a mutual fund;

[ix. such other scheme or arrangement which the Central Government may, in consultation with the Board, notify,]

shall not be a collective investment scheme."

10.1 As regards the first condition under Section 11AA (2), it was found in the Final Order that KIL admittedly collected the money/ investments from customers by offering investment plans/ scheme. The said monies were utilized for the purposes of the scheme, which was sale/ purchase and development of land. KIL has admitted that it had no land at the time of mobilizing money from the investors. Further, it was evident from the agreement/ registration letter issued to the investor that no specific plot is mentioned at the time of entering into the agreement (i.e. the plot is not identified). Therefore, it is apparent that money from the investors are pooled and utilized for the purposes of the scheme i.e. procuring the land/ plot, developing the same, etc. thus satisfied the first condition as stipulated in Section 11AA(2) of the SEBI Act.

10.2 As regards the second condition under Section 11AA (2), it was found in the Final

Order that KIL gives 'expected cost at the end of term'/ the projected land/ plot value at the end of the term. I note that the contribution/ payments are made by customers to KIL by selecting the options available as detailed in the brochure containing the payment plans about the profits/ income/ property. Under those options, the customer clearly makes contribution/ payment with a view to receive the profits/ income/ property on their initial investments that may accrue to them as applicable, thus satisfied the second condition as stipulated in Section 11AA(2) of the SEBI Act.

10.3 As regards the third condition under Section 11AA (2), it was found in the Final Order that the customers of KIL gave the authority to develop and maintain the plot of land/ property vide an 'application form cum agreement' which is a primary document for becoming the customer of KIL. The customer does not manage his investments in the scheme rather his investments are managed and utilized by KIL as per its own discretion. Thus, it satisfied the third condition as stipulated in Section 11AA (2) of the SEBI Act.

10.4 As regards the fourth condition under Section 11AA (2), it was found in the Final Order that KIL obtained the unconditional authority from its customers for developing and maintaining the land/ plot intended to be purchased by the customers. As the contribution/ investment and the plot of land/ property are managed by KIL on behalf of its customers, they do not have any role in their management. This makes it clear that the customer does not have day to day control over the plot of land/ property as the same remained in the custody/ use of KIL which satisfied the fourth and last condition as stipulated in Section 11AA(2) of the SEBI Act.

11. Section 11AA (3) of SEBI Act provides for situations when any scheme or arrangement is not considered as collective investment scheme. Section 11AA(3) of SEBI Act reads as follows

- 3) *Notwithstanding anything contained in sub-section (2), any scheme or arrangement*
(i) *made or offered by a co-operative society registered under the co-operative societies Act, 1912 (2 of 1912) or a society being a society registered or deemed*

to be registered under any law relating to cooperative societies for the time being in force in any state;

- (ii) under which deposits are accepted by non-banking financial companies as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934(2 of 1934);*
- (iii) being a contract of insurance to which the Insurance Act, 1938(4 of 1938), applies;*
- (iv) providing for any scheme, Pension Scheme or the Insurance Scheme framed under the Employees Provident Fund and Miscellaneous Provisions Act, 1952(19 of 1952);*
- (v) under which deposits are accepted under section 58A of the Companies Act, 1956(1 of 1956);*
- (vi) under which deposits are accepted by a company declared as a Nidhi or a mutual benefit society under section 620A of the Companies Act, 1956(1 of 1956);*
- (vii) falling within the meaning of Chit business as defined in clause (d) of section 2 of the Chit Fund Act, 1982(40 of 1982);*
- (viii) under which contributions made are in the nature of subscription to a mutual fund;*

shall not be a collective investment scheme

In the instant matter, I note that Noticee has not replied stating that the schemes come under any of the above said exemptions. Neither the final order from records that the schemes are covered in any of the exemptions. Thus I observe that no case has been made out that the abovementioned exclusions under Section 11AA (3) of the SEBI Act were not applicable to KIL.

12. In view of satisfaction of all the four conditions and non-applicability of exclusions, it was found that the arrangement /schemes run by KIL squarely falls within the definition of collective investment schemes. Further, reliance was also placed on the observations of the Hon'ble Supreme Court, made in the matter of PGF Limited & Ors. Vs. Union of India &

Anrs. (Civil Appeal No. 6572 of 2004):

"Therefore, the paramount object of the Parliament in enacting the SEBI Act itself and in particular the addition of Section 11AA was with a view to protect the gullible investors most of whom are poor and uneducated or retired personnel or those who belong to middle income group and who seek to invest their hard earned retirement benefits or savings in such schemes with a view to earn some sustained benefits or with the fond hope that such investment will get appreciated in course of time. Certain other Section of the people who are worstly affected are those who belong to the middle income group who again make such investments in order to earn some extra financial benefits and thereby improve their standard of living and on very many occasions to cater to the need of the educational career of their children.

38. Since it was noticed in the early 90s that there was mushroom growth of attractive schemes or arrangements, which persuaded the above vulnerable group getting attracted towards such schemes and arrangements, which weakness was encashed by the promoters of such schemes and arrangements who lure them to part with their savings by falling as a prey to the sweet coated words of such frauds, the Parliament thought it fit to introduce Section 11AA in the Act in order to ensure that any such scheme put to public notice is not intended to defraud such gullible investors and also to monitor the operation of such schemes and arrangements based on the regulations framed under Section 11AA of the Act.

...

40. It will have to be stated with particular reference to the activity of the PGF Limited, namely, sale and development of agricultural land as a collective investment scheme, the implication of Section 11AA was not intended to affect the development of agricultural land or any other operation connected therewith or put any spokes in such sale-cum-development of such agricultural land. It has to be borne in mind that by seeking to cover any scheme or arrangement by way of collective investment scheme either in the field of agricultural or any other commercial activity, the purport is only to ensure that the scheme providing for investment in the form of

rupee, anna or paise gets registered with the authority concerned and the provision would further seek to regulate such schemes in order to ensure that any such investment based on any promise under the scheme or arrangement is truly operated upon in a lawful manner and that by operating such scheme or arrangement the person who makes the investment is able to really reap the benefit and that he is not defrauded It is, therefore, apparent that all other schemes/arrangements operated by all others, namely, other than those who are governed by sub-section 3 of Section 11AA are to be controlled in order to ensure proper working of the scheme primarily in the interest of the investors.

... ..

42. Therefore, in reality what sub-section (2) of Section 11AA intends to achieve is only to safeguard the interest of the investors whenever any scheme or arrangement is announced by such promoters by making a thorough study of such schemes and arrangements before registering such schemes with the SEBI and also later on monitor such schemes and arrangements in order to ensure proper statutory control over such promoters and whatever investment made by any individual is provided necessary protection for their investments in the event of such schemes or arrangements either being successfully operated upon or by any misfortune happen to be abandoned, where again there would be sufficient safeguards made for an assured refund of investments made, if not in full, at least a part of it.

... .. In the light of our above conclusions on this ground it will have to be held that Section 11AA is a valid provision, not suffering from any infirmity, as it does not intrude into the specific activities of sale of agricultural land and its development.

... ..

It is needless to state that as per the agreement between the customer and the PGF Limited, it is the responsibility of the PGF Limited to carry out the developmental activity in the land and thereby the PGF Limited undertook to manage the scheme/arrangement on behalf of the customers. Having regard to the location of the lands sold in units to the customers, which are located in different states while

the customers are stated to be from different parts of the country it is well-nigh possible for the customers to have day to day control over the management and operation of the scheme/arrangement. In these circumstances, the conclusion of the Division Bench in holding that the nature of activity of the PGF Limited under the guise of sale and development of agricultural land did fall under the definition of collective investment scheme under Section 2(ba) read along with Section 11AA of the SEBI Act was perfectly justified and hence, we do not find any flaw in the said conclusion.

...

53. We, therefore, hold that Section 11AA of the SEBI Act is constitutionally valid. We also hold that the activity of the PGF Limited, namely, the sale and development of agricultural land squarely falls within the definition of collective investment scheme under Section 2(ba) read along with Section 11AA (ii) of the SEBI Act and consequently the order of the second respondent dated 06.12.2002 is perfectly justified and there is no scope to interfere with the same. In the light of our above conclusions, the PGF Limited has to comply with the directions contained in last paragraph of the order of the second respondent dated 06.12.2002"

I, therefore, reiterate that the plans/schemes operated by KIL were in the nature of CIS and KIL was offering these schemes without obtaining registration from SEBI in contravention of the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations read with Section 11AA of SEBI Act, as no contrary material is brought on record by Noticee

ISSUE 2- If so, whether the Noticee is liable for directions with respect to the violations of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations?

13. Section 12(1B) of the SEBI Act mandates that no person, shall sponsor or cause to be sponsored or carry on or caused to be carried on any CIS, unless it obtains a certificate of registration from SEBI in accordance with the CIS Regulations. The prohibition is on every person. Regulation 3 of the CIS Regulations provides that no person other than a Collective

Investment Management Company, which has obtained a certificate under the said regulations, shall carry on, sponsor, or launch a 'CIS'. A person can launch, sponsor, or cause to sponsor a CIS only if it is registered with SEBI as a Collective Investment Management Company. Therefore, the launching/ floating/ sponsoring/ causing to sponsor any 'collective investment scheme' by any 'person' without obtaining the certificate of registration in terms of the provisions of the CIS Regulations is in contravention of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations.

14. From the documents available on record/MCA records, I find that Mr. Mahavir Singh is an additional director of the Company since September 02, 2011. The details of the appointment and resignation of the directors are as following:

Name of the director	Date of appointment	Date of cessation
Mr. Mahavir Singh	September 02, 2011	Continuing

15. In the instant case, the scheme/plan offered by KIL squarely falls under the definition of 'collective investment scheme'. It is also observed that such fund mobilizing activity by KIL was without obtaining a certificate of registration from SEBI, contravening the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations. I note that as discussed earlier, KIL has launched and run this collective investment scheme raising at least an amount of Rs. 7.5 crores from the general public since financial year 2010-11 (as submitted by the Company vide letter dated September 19, 2011). Since the money has not been repaid to the investors, therefore, the Company is still running the Collective Investment Schemes without obtaining registration from SEBI as required under law. I also note that Mr. Mahavir Singh is an additional director since 2011 till present date and he was acting as director when the company was raising money. In view of the same, I note that Mr. Mahavir Singh is also liable and responsible for the violations committed by KIL in running the said schemes. I find that the liability of Mr. Mahavir Singh is coextensive with the Company and other directors and hence, appropriate directions need to be issued against Mr. Mahavir Singh as well and be debarred for an appropriate period of time.

16. Section 12 (1B) of SEBI Act stipulates that no person shall sponsor or cause to be sponsored or carry on or caused to be carried on any venture capital funds or collective investment schemes unless he obtains a certificate of registration from the Board in accordance with the regulations. The stipulation is on every person who sponsors or cause to be sponsored the collective investment scheme. It may be seen in a typical sponsoring of collective investment scheme, the company though in the eye of the law sponsors the schemes, the same is caused to be sponsored by the directors who are involved in the sponsoring of the scheme. In view of this, the prohibition not to launch the unregistered CIS is on the Company as well as the directors independently. The SEBI Act along with the CIS Regulations, provide for various remedies in the interest of investor protection. Section 11B of the SEBI Act being one of the pivotal measure for the purpose of investor protection under which remedial tool of refund is envisaged. CIS Regulations provides for two different set of measures under Regulation 65(c) and Regulation 65(d) of the CIS Regulations. Under Regulation 65(d) of CIS Regulations, SEBI has powers to direct the disposal of the assets of the collective investment scheme in a manner as may be specified in the directions which can be by way of winding up of the scheme. Under Regulation 65(d) of CIS Regulations, SEBI has powers requiring the person concerned to refund any money or the assets to the concerned investors along with the requisite interest or otherwise, collected under the collective investment scheme. SEBI Act also has prescribed other set of measures under section 11B of the SEBI Act. Therefore, SEBI in exercise of its mandate under Regulations 65 of the CIS Regulations read with Section 11B of the SEBI Act can take various investors measures in case of unregistered collective investment schemes. The said measures can include winding up of the schemes and direction to refund the money collected. While the Schemes can be directed to be wound up for repayment of the contributions of the investors, it does not absolve the obligation of the directors who collected the money on behalf of the company by causing the company to launch unregistered collective investment schemes from repayment. Therefore, the directors who collected the money on behalf of the company are also liable for repayment under section 11B of the SEBI read with regulation 65(d) of CIS Regulations to refund the money collected by them, during their tenure of directorship.

Accordingly, the contributions collected are liable to be repaid both by winding up of the scheme of the company and by repayment by the directors in their personal capacity. However, as stated earlier the liability of the directors is independent and the same can be enforced by way of direction to make refund under regulation 65(d) of CIS Regulations read with section 11B of SEBI Act.

17. In view of the observations made in this order, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 and 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. Mr. Mahavir Singh is jointly and severally liable (along with KIL and its other directors mentioned in the final Order dated December 17, 2014) to wind up the collective investment schemes and refund the monies 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**.
- ii. The refund shall be made through 'Bank Demand Draft' or 'Pay Order' both of which should be crossed as "Non-Transferable" or through any other appropriate Banking channels, with clear identification of beneficiaries and supporting bank documents.
- iii. Upon completion of the refund as directed above, within further period of seven days, Mr. Mahavir Singh 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 peer reviewed Chartered Accountants who are in the panel of any public authority or public institution. For the purpose of this Order, a peer reviewed Chartered Accountant shall mean a Chartered Accountant, who has been categorized so by the Institute of Chartered Accountants of India ("ICAI") holding such certificate.

- iv. The above said period mentioned in para 17(i) and (iii) is applicable to Mr. Mahavir Singh. The same shall not be construed as extension of period for others who are required to wind up the schemes or to make repayment as per the Final Order dated December 17, 2014.
- v. Mr. Mahavir Singh shall not alienate or dispose of or sell any of their assets except for the purpose of making refunds to its investors as directed above.
- vi. Mr. Mahavir Singh shall abstain from collecting any money from the investors in respect of the schemes identified as a Collective Investment Scheme in this Order.
- vii. Mr. Mahavir Singh 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 the investors are complied with, as directed at pre-paragraphs to the satisfaction of SEBI and WRR/ Report of completion of payment is submitted to SEBI and for a further period of **four years** from the date of completion of the refund, as directed above.
- viii. Mr. Mahavir Singh shall be restrained from holding positions as director or key managerial personnel of any listed company from the date of this order for a period of **four years** from the date of completion of the refund, as directed above.
- ix. Mr. Mahavir Singh shall not launch any Collective Investment Scheme or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws after the expiry of period of debarment as mentioned in paragraph 17 (vii).
- x. In case of failure of Mr. Mahavir Singh to repay the investors as per the directions at paragraph 17 (i) above, jointly and severally with the entities liable to refund under the Final Order dated December 17, 2014, SEBI shall initiate recovery proceedings under the SEBI Act against Mr. Mahavir Singh.

18. The above directions shall come into force with immediate effect.

19. Copy of this Order shall be forwarded to the recognized stock exchanges and depositories and registrar and transfer agents for necessary action.
20. A copy of this Order shall also be forwarded to the Local Police/State Government for information.
21. The SCN issued against the Noticee is accordingly disposed of.

DATE: April 18, 2018

PLACE: Mumbai

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