

WTM/MPB/EFD-1-DRA-3/07/2019

**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 Shri Ram Real Estate and Business Solution Limited

In re: Collective Investment Schemes Norms

In respect of:

S. No.	Name of the Entity	PAN/Address	CIN/DIN
1.	Shri Ram Real Estate and Business Solution Limited	AAMCS4086P	U70102MP2008PLC021116
2.	Mr. Sanjay Mewada	ASCPM1521A	02287787
3.	Mr. Babaloo Prajapati	AMQPP8230M	06765008
4.	Mr. Gopal Meena	BXYPM8890C	06770974
5.	Mr. Subhash Deshmukh	AFCPD1730M	03119711
6.	Mr. Nirmal Dhaneliya	ASNPD7796H	00665179
7.	Mr. Vijay Singh	BXMPS0718K	02287778
8.	Mr. Sohan Kumar Patel	ALCPP9159L	03113778
9.	Mr. Jagdish Meena	AUIPM1257D	03151978
10.	Mr. Bhuvneshwar Prasad Sahu	CNHPS3845M	06405979
11.	Mr. Rajesh Kumar Bhagat	AIIPB4384N	02240082
12.	Mr. Vikram Singh	BOUPS2001E	02254081
13.	Mr. Hemant Bhagat	Nehru Colony, Station Road, Sehore, Madhya Pradesh-466001	02287766
14.	Mr. Gyan Singh	BNSPS7260N	02303319

Order in the matter of Shri Ram Real Estate and Business Solution Limited

1. Shri Ram Real Estate and Business Solution Limited (hereinafter referred to as “**SRREBSL**”/ “**the Company**”) is a company incorporated on September 08, 2008 with CIN: U70102MP2008PLC021116. Its registered office is at 38, Dal Mill, By Pass Road, Shanti Apartment, Karond, Bhopal, Madhya Pradesh.
2. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received complaints from some persons against SRREBSL alleging illegal mobilization of funds and undertook an enquiry to ascertain whether SRREBSL had launched collective investment schemes without obtaining a certificate of registration from SEBI.
3. On enquiry, SEBI *prima facie* found that SRREBSL engaged in fund mobilizing activities from the public, which is in the nature of a Collective Investment Scheme. Therefore, SEBI, vide an *interim ex-parte* Order dated March 17, 2015 (hereinafter referred to as “**interim order 2015**”) passed certain directions against SRREBSL and its Directors, viz. , Mr. Sanjay Mewada, Shri Babaloo Prajapati, Shri Gopal Meena, Shri Subhash Deshmukh, Shri Vijay Singh, Shri Sohan Kumar Patel, Shri Nirmal Dhaneliya and Shri Jagdish Meena.
4. *Prima facie findings/ allegations:* In the said interim order, the following *prima facie* findings were recorded.
 - a) The scheme/plan offered by SRREBSL by way of “*purchase and development of plot/ land*” for inviting investments from the public was in the nature of ‘*collective investment scheme*’ as defined in Section 11AA of the SEBI Act. Such fund mobilizing activity by SRREBSL is without obtaining certificate of registration from SEBI and thus contravened the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations.
 - b) The aforesaid illegal mobilization of funds from the public, *prima facie* amounted to fraudulent practice in terms of Regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”).

5. In view of the *prima facie* findings on the violations, the following directions were issued in the said interim order dated March 17, 2015 with immediate effect-

- *not to collect any fresh money from investors under its existing schemes;*
- *not to launch any new schemes or plans or float any new companies to raise fresh moneys;*
- *to immediately submit the full inventory of the assets including land obtained through money raised by SRESBL;*
- *not to dispose of or alienate any of the properties/assets obtained directly or indirectly through money raised by SRESBL;*
- *not to divert any funds raised from public at large which are kept in bank account(s) and/or in the custody of SRESBL;*
- *to furnish all the information/details sought by SEBI vide letters dated July 03, 2013, December 04, 2013 and January 21, 2014 within 15 days from the date of receipt of this order, including:*
 - i. Details of amount mobilized and refunded till date,*
 - ii. Scheme wise list of investors and their contact numbers and addresses,*
 - iii. Details of commission paid on amounts mobilized above,*
 - iv. Details of agents along with their addresses, etc.,*
 - v. Audited Accounts for the last financial year and*
 - vi. PAN of aforementioned Directors.*

6. The interim order also directed SRREBSL and its Directors to show cause as to why the plans/ schemes identified in the order should not be held as a '*collective investment scheme*' in terms of the Section 11AA of the SEBI Act and the CIS Regulations and why appropriate directions under the SEBI Act and CIS Regulations, including directions in terms of Regulations 65 and 73 of the CIS Regulations should not be issued against them.

7. Vide the said interim order, SRREBSL, its abovementioned Directors were given the opportunity to file their replies, within 21 days from the date of receipt of the said interim orders. The order further stated that the concerned persons may also indicate whether they desired to avail themselves an opportunity of personal hearing on a date and time to be fixed

on a specific request made in that regard.

8. Subsequently, SEBI noticed that Mr. Bhuvneshwar Prasad Sahu, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Man Singh Verma, Mr. Hemant Bhagat and Mr. Gyan Singh were earlier directors of SRREBSL when the Schemes were offered to members of public. In view of the same, SEBI passed an interim order dated January 14, 2016 (hereinafter referred to as “**interim order 2016**”) and issued the following directions against the said past directors of SRREBSL:

- i. “shall not launch any new scheme or plan or float any new company to raise fresh money for launching CIS schemes ;*
- ii. shall not dispose of or alienate any of the properties/assets obtained directly or indirectly through money raised by SRESBL;*
- iii. shall provide full inventory of all their assets and properties;*
- iv. furnish their Permanent Account Number (PAN) to SEBI.”*

9. The said interim order also directed the past Directors of SRREBSL viz., Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Man Singh Verma, Mr. Hemant Bhagat, Mr. Gyan Singh, to show cause as to why suitable directions/prohibitions under Sections 11(1), 11(4) and 11B of the SEBI Act and CIS Regulations, including directions in terms of Regulations 65 and 73 of the CIS Regulations should not be issued against them.
10. Further, Mr. Bhuvneshwar Prasad Sahu was directed to show cause as to why suitable directions/prohibitions under Sections 11(1), 11(4) and 11B of the SEBI Act, CIS Regulations and PFUTP Regulations should not be issued against him.
11. Vide the said interim order, the abovementioned past Directors of SRREBSL, were given the opportunity to file their replies, within 21 days from the date of receipt of the said interim orders. The order further stated that the concerned persons may also indicate whether they desired to avail themselves an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.
12. **Service of interim order 2015:** The copy of the said interim order was sent to the Noticees

vide letters dated March 20, 2015. The same was served to the Company and the Company acknowledged the same vide letter dated April 06, 2015. The remaining Noticees viz., Mr. Sanjay Mewada, Mr. Babaloo Prajapati, Mr. Gopal Meena, Mr. Subhash Deshmukh, Mr. Nirmal Dhaneliya, Mr. Vijay Singh, Mr. Sohan Kumar Patel and Mr. Jagdish Meena were served through publication in the newspapers viz., “Rajasthan Patrika” and “Times of India” each dated November 24, 2015.

13. ***Service of interim order 2016:*** The copy of interim order dated January 14, 2016 was sent to the Noticees viz., Mr. Bhuvneshwar Prasad Sahu, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Man Singh Verma, Mr. Hemant Bhagat and Mr. Gyan Singh through Speed Post with acknowledgment. The same was acknowledged by Mr. Vikram Singh, Mr. Man Singh Verma and Mr. Gyan Singh. Thereafter, the copy of interim order was served to the Noticees through publication in the Newspapers viz., “Times of India” and Hindi Dailies viz., “Pradesh”, “Patrika” and Bharat Ke Teer” each dated July 05, 2016.
14. ***Replies and Hearings:*** The company vide letter dated April 15, 2015 submitted it a copy of its Memorandum of Association, details of past and present directors of the company, sample copy of brochure, sample copy of application form, sample copy of allotment letter, sample copy of agreement to sell, details of amount mobilized from the year 2008-09 to 2013-14 alongwith the number of customers from whom money was mobilized, list of branches of the company, copies of income tax returns, commission paid and details of agents alongwith their addresses. The company also stated that they will submit their detailed reply by April 21, 2015 and also requested for an opportunity of personal hearing.
 - 14.1 The company vide letter dated April 29, 2015 stated that the company is a real estate company and no scheme has been floated by it inviting investments and thus the company is not running a CIS. The company also state that the findings of the order are incorrect and based on documents from unreliable sources and none of the documents belong to the company. The company denied raising funds from the public and stated that it makes allotment of plot to its buyers, who pays the booking amount to the company. The company stated that its lands are located in Kalapipal (Shajapur) and Kalma (Devs). The company prayed that SEBI may annul the order

dated May 17, 2015, hold the business activities of the company outside the purview of CIS and also pass any order as SEBI may deem fit and proper.

14.2 On May 05, 2015, SEBI received an undated letter from the Company wherein they filed their submissions and requested for an opportunity of hearing also.

14.3 The company vide letter dated December 09, 2015 stated that they had requested for an opportunity of personal hearing either on April 15, 2015 or May 06, 2015. The company also stated that the directors as well as the company have complied with the directions issued in the order dated March 17, 2015 but they were denied an opportunity of personal hearing. The company once again requested for an opportunity of personal hearing.

15. Thereafter, an opportunity of personal hearing was granted to the Noticees on December 06, 2017 which was rescheduled (advanced) to November 09, 2017. The hearing notices sent to most of the Noticees were returned undelivered hence the same was served to the Noticees by way of publication detailed below:

Sl. No.	Date of Notification	Newspaper	Edition	Noticees
1	October 28, 2017	Pioneer	Bhopal Edition	Shri Ram Real Estate and Business Solution Limited, Mr. Sanjay Mewada, Mr. Babaloo Prajapati, Mr. Gopal Meena, Mr. Subhash Deshmukh, Mr. Nirmal Dhaneliya, Mr. Vijay Singh, Mr. Sohan Kumar Patel and Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Man Singh Verma, Mr. Hemant Bhagat and Mr. Gyan Singh.
2	October 28, 2017	Dainik Bhaskar	Bhopal Edition	Shri Ram Real Estate and Business Solution Limited, Mr. Gopal Meena, Mr. Subhash Deshmukh, Mr. Bhuvneshwar Prasad Sahu, Mr. Babaloo Prajapati and Mr. Jagdish Meena

Sl. No.	Date of Notification	Newspaper	Edition	Noticees
3	October 28, 2017	Pathrika	Gwalior edition	Mr. Nirmal Dhaneliya.
4	October 28, 2017	Satyakar	Dewas Edition	Mr. Sohan Kumar Patel.
5	October 28, 2017	Pradesh Times	Sehore edition	Mr. Sanjay Mewada, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Man Singh Verma, Mr. Hemant Bhagat.

16. In response to the hearing notice dated October 05, 2017, Mr. Gyan Singh vide letter dated November 09, 2017 submitted that he has no relation with the Company and requested SEBI to remove his name from the list of persons authorised to receive letters on behalf of the Company. He has also enclosed a copy of his earlier reply dated August 22, 2016 submitted to SEBI wherein he had submitted the following:

- He had resigned from the Company with effect from July 01, 2011. He has also enclosed Form 32 and his resignation letter dated July 27, 2010.
- He had not received any amount from any investor of the Company nor floated any schemes of the Company and not involved in any other working of the Company as he had resigned on July 01, 2011 from the Board of Directors of the Company.
- He does not have any communication or any other financial relation with any of the directors or the Company till date.
- He has no control/possession of the Company records and due to that he is unable to provide any information related to the Company.

17. I note that on November 09, 2017, no one appeared for and on behalf of the Company and its directors viz., Mr. Sanjay Mewada, Shri Babaloo Prajapati, Shri Gopal Meena, Shri Subhash Deshmukh, Shri Vijay Singh, Shri Sohan Kumar Patel, Shri Nirmal Dhaneliya and Shri Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Hemant Bhagat and Mr. Gyan Singh. I note that on November 09, 2017, Shri O.P Sharma, Advocate (“AR”) appeared on behalf of Mr. Man Singh Verma and made submissions.

18. I note that the Company vide its various letters sought opportunity of personal hearing in the matter. However, they failed to appear before me despite notification of the hearing in the newspaper nor sent any written communication in this regard. In view of the same, I am of the view that principles of natural justice is met with in the matter.

19. I also note that Mr. Gyan Singh stated that he did not receive the copy of the interim order 2015 and after providing the same, an opportunity of hearing was granted to him on December 07, 2017 which was rescheduled to January 18, 2018. The hearing notice dated December 26, 2017 issued to Mr. Gyan Singh was served through Speed Post with acknowledgment.

I note that on January 18, 2018, no one appeared on behalf of Mr. Gyan Singh. However, vide letter dated January 08, 2018, Mr. Gyan Singh requested SEBI to remove his name from the list of persons authorised to receive letters on behalf of the Company since he has no relation with the Company. He has also enclosed his earlier replies in this regard for reference.

20. Subsequently, opportunity of hearings were granted to Shri Man Singh Verma on December 07, 2017, January 18, 2018 and June 20, 2018. The submissions of Mr. Man Singh Verma will be separately dealt in another order.

21. I have considered the allegations and materials available on record. On perusal of the same, the following issues arise for consideration. Each question is dealt with separately under different headings.

- (1) Whether the arrangement/scheme as alleged in the interim order has been launched and was running by SRREBSL?***
- (2) Whether the major attributes of the arrangement fall within the definition of collective investment schemes as defined in section 11AA of SEBI Act?***
- (3) If so, whether the Noticees have violated Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations' and Regulation 4(2)(t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003 and are thus liable?***

ISSUE No. 1- Whether the arrangement/scheme as alleged in the interim order has been launched and was running by SRREBSL?

22. I have perused the interim order dated March 17, 2015 read with January 14, 2016 for the allegation of *launching and running a collective investment scheme*. I have also perused the documents/ information obtained from the MCA 21 Portal, investor complaints along with documents submitted therein, documents submitted by the Company along with reply and written submissions of Noticees received in the matter and supporting documents, and other documents available on record.
23. I note that the interim order has *prima facie* observed that the scheme offered by the Company fulfills the conditions of a CIS as defined under section 11AA of the SEBI Act and has alleged that the Company is operating a CIS without registration from SEBI as required under section 12(1B) of the SEBI Act and regulation 3 of the CIS Regulations. I also note that the Company has disputed the allegation of launching of the said collective investment scheme. I note the the following salient features of the nature of the scheme offered by the Company:
24. SEBI had, while issuing the interim order, perused the copy of the brochure, application form, "Agreement" and "Certificate" provided by the Complainant.
- a) The brochure issued by the Company contained the following schemes/ plans of the company:
- Installments plans: The company had instalment plans for 3 years, 4 years, 5 years, 6 years, 6 years 6 months, 7 years 6 months and 10 years viz. Plan No. S-3 (for 3 years), Plan No. S-4 (for 4 years), Plan No. S-5 (for 5 years), Plan No. S-6 (for 5 years), Plan No. S-7 (for 6 years), Plan No. S-8 (for 6 years 6 months), Plan No. S-9 (for 7 years 6 months), Plan S-16 (for 10 years). Instalments can be paid monthly, quarterly, half yearly and yearly.
 - Money Back Plan No. MB-12 (for 12 years) and Monthly return if opted (MIS plan): Money back plans are for 12 years and an investor can also opt for MIS plan. If an investor opts for 12 years plan, then bonus is received after every 3 years, 6 years and 9 years. Instalments can be paid monthly, quarterly, half yearly and yearly. MIS plan

is for 3 years, 6 years, 8 years, 10 years 6 months, 15 years and 20 years.

- lump-sum plan No. SL-1, SL-2, SL-3, SL-4, SL-15 and SL-20 for a one-time investment. Under these plans, investments can be made for 3 years, 6 years, 8 years, 10 years 6 months and 15 years.

- b) Installment plan and lump sum plan offered by the Company as per the brochure is detailed as under:-

Plan No S-5 (for 5 years) or 60 months

In Rs.

No. of units	Installments				Consideration	Expected sum payable on Expiry	Accidental help
	Monthly (Rs.)	Quarterly (Rs.)	Half- yearly (Rs.)	Yearly (Rs.)			
1	100	295	580	1150	6000	8500	9000
2	200	590	1160	2300	12000	17000	18000
3	300	885	1740	3450	18000	25500	27000
4	400	1180	2320	4600	24000	34000	36000
5	500	1475	2900	5750	30000	42500	45000
6	600	1770	3480	6900	38000	51000	54000
7	700	2065	4060	8050	42000	59500	63000
8	800	2360	4640	9200	48000	68000	72000
9	900	2655	5220	10350	54000	76500	81000
10	1000	2950	5800	11500	60000	85000	90000

Note: Unit= Plot

Lump Sum Plan No. SL-3

In Rs.

No. of units	Consideration	Plan No SL-1 (3 years)	Plan No.- SL-2 (6 years)	Plan No. SL3 (8 year)	Accidental Help
1	5000	7000	10000	12600	7500
2	10000	14000	20000	25200	15000
3	25000	35000	50000	63000	37500
4	50000	70000	100000	126000	75000
5	100000	140000	200000	252000	125000
6	200000	280000	400000	504000	125000

- c) As seen from the above table of instalment plan, the Company offered an "*expected sum payable on expiry*" after the end of the agreement period to its customers/ investors.

- d) It is noted that the application form contained details such as (i) Application Number, Regional office and customer service centre of the company, (ii) Details of plan chosen viz. Category plan No., Term of plan, date of commencement, date of expiry, consideration, mode of payment, installment, total amount, (iii) Details of initial payment made to the company, (iv) Particulars of applicant (v) Details of nominee, in case of death.
- e) It is also noted that the investors are termed as '*Joint Venturer/ Customer*' who were required to execute an "*Agreement*" with SRREBSL in respect of sale of plot of land and its development. Further, '*Joint Venturer/ Customer*' was required to give power of attorney in respect of plot. Upon perusal of "*Certificate*" issued to Mr. Ashok Mishra (who applied for plan S-5 on February 11, 2010) and one Mr. Ashok Bagan (who applied for plan S-5 on February 20, 2010) that the certificates address the investors as "Joint-venturer" and also contained details such as registration number and date, plan number/term, consideration unit size, mode of payment, amount of installment payable, Assured Realizable Value at the end of the term, Date of last installment, Date of realizable value at the end of the term, agency code, name and address of the *Joint ventures/ Customer* etc are mentioned. It is also noted that the said '*Certificate*' is issued subject to the "*General Terms and Conditions*" printed overleaf and terms and conditions as per the '*Rule Book*'.

25. As regards the fund mobilisation by the Company under these schemes, the following are noted from the material available on record:

- a) It is mentioned in the Annual Report for the FY 2009-10 (as downloaded from *MCA21 portal*) that SRREBSL had raised "*Deposit from shareholders and members*" of Rs.34,12,034/- as on March 31, 2009, which increased to Rs.3,68,05,780/- as on March 31, 2010. It is noted from these balance sheets that company has not purchased any land during 2008-09 and 2009-10. It is also noted that company held cash in hand of Rs.35,87,354/- as on March 31, 2009, which increased to Rs.3,09,60,909/- as on March 31, 2010. It is noted that there is correlation between increase in cash in hand of the company with "deposit from shareholders and members". This implies that funds are being mobilized by the company in form of "deposit from shareholders and members".

- b) As per annual report of 2009-10, “ *Company has accepted deposits from the shareholders. The amount so accepted is repayable on demand. The interest on such deposits has not been provided in the company. In addition to this the company has also distributed Commission Rs.482930 (previous year Rs.71,383) to collect the same. As informed the company has merely collected the deposit from the shareholders hence the provisions of issuing prospectus or section 45 of the Reserve Bank of India Act are not applicable to it. The company has not produced before us any documents with respect to value payable at the time of maturity of the deposit or with respect to any possible interest thereon. Hence we cannot make any comments upon the terms of acceptance of such deposits whether it is prima-facie prejudice to the interest of the company. The company is accepting money since inception and as informed to us amount has been matured for payment and further board of the company has represented us that despite of accumulated losses to the extent of Rs.28,11,111.29 the company on demand can repay the deposit to its shareholders.*”
- c) The auditor’s in their report dated July 10, 2010, stated that “ *the company has not accepted any deposits from the public however it has accepted deposits from shareholders, directors, friends and their relatives.*” However, it is noted from the certificates issued to the investors by the Company (as well as on sample application form and model agreement) that there were no mention that they were shareholders, directors, friends and their relatives. It has not specified the people to whom these shall be circulated.
- d) It is noted from the reply filed by SRREBSL that as on March 31, 2013 43 Customers had invested Rs.1,79,45,659/- in the project at Kalapipal (Shajapur) and 22 customers had invested Rs.99,77,776/- in respect of project at Kalma (Dewas).
- e) As per the annual reports furnished by SRREBSL, the “*advance received from customers*” were Rs.2,79,23,435/- as March 31, 2013. The land held for projects was for Rs.30,58,480/- as on March 31, 2013. The company paid Rs.25,72,500 as commission to its agents during 2012-13.
26. Though the Company mentioned in their annual reports that funds were mobilised from the shareholders/directors/friends/relatives as deposits, I note from the certificate issued to the investors/complainants that there was no mention as to the effect that they were shareholders/directors/friends/relatives etc. I also find that the certificate mentions no fixed

interest rates to be paid. Instead it mentions “*expected sum payable on expiry*” indicating that no fixed amount would be payable for any fixed tenure. Therefore, the same cannot be considered as deposits. Further, I note that SRREBSL paid Rs.4,82,930/- as commission (FY 2009-10) and Rs.21,06,357/-(FY 2010-11) to its agents. This fact coupled with number of customer service centres and sub centres opened by the Company further reinforces the fact that the Company had raised funds from the investors towards purchase of units of the company and not as deposits from the shareholders/directors/friends/relatives etc.

27. I note that as per the information furnished by the Company vide letter dated April 29, 2015 that SRREBSL had mobilized at least an amount of Rs. 12,01,89,105./- from at least 383 investors under its various schemes during the financial years 2008-2009 to 2013-2014. Further, SEBI has also received several investor complaints as well. Therefore, it is possible that the actual number of investors and amount mobilized could be more than the above indicated figures.

28. I note that the Company has disputed the allegation of launching and running the abovementioned schemes. The company vide its reply dated April 29, 2015 claimed that the order dated March 17, 2015 is incorrect and based on unreliable sources. It is also stated that “*the Company is engaged in the real estate business whereby upon receipt of the application for provisional allotment of plot alongwith requisite pay order, the buyers are allotted plot of land and an allotment letter is issued to them. Simultaneously, an agreement to sell is also entered with buyers/ allottees. This is evident from the documents submitted by the Company vide its letter dated April 15, 2015*”. In this regard, I have perused the documents submitted by the Company vide letter dated April 15, 2015. Vide the said letter the Company had forwarded the following documents/information:

- i. Copy of Memorandum of Association;
- ii. Details of Past and Present directors of the Company;
- iii. Sample copy of brochure with restricted circulation as marketing tool;
- iv. Sample copy of Application form;
- v. Sample copy of Allotment letter;
- vi. Sample copy of Agreement to sell;

- vii. Details of amount mobilized/outstanding till date is as under:

Year/Particulars	No.of customers	Outstanding Amount
2008-2009	65	34,12,034
2009-2010	65	3,66,05,786
2010-2011	65	2,06,28,209
2011-2012	65	1,81,54,120
2012-2013	65	2,79,23,435
2013-2014	58	1,34,65,521
Total	383	12,01,89,105

- viii. The list of customers(project wise) along with their address and amount received as on March 31, 2014;
- ix. Details of Company Branches
- x. Certified copies of financial statements for the FY 2009-2010 till 2012-2013;
- xi. Copy of the Income Tax Returns;
- xii. Details of Commission paid on amount mobilised above;

Sl. No.	Year/Particulars	Commissions Paid
1	2008-2009	71,383
2	2009-2010	4,82,930
3	2010-2011	21,06,357
4	2011-2012	24,75,251
5	2012-2013	25,72,500
6	2013-2014	11,68,950
	Total	88,77,371

- xiii. Details of agents along with their addresses;
- xiv. Audited accounts for the last financial year ended on March 31, 2014;
- xv. PAN of directors.

29. From the perusal of documents submitted by the Company I note that they have furnished only sample copy of application form, allotment letter and agreement to sell and plans of the

Company tabularised on a plain paper. None of these documents are actual executed/registered documents.

30. The Company contended that the SCN/order completely ignored the documents sent by them to SEBI. I note that the interim order has clearly mentioned about the submissions made by the Company vide their letter dated June 21, 2014.

- a) From the perusal of the documents submitted by the Company along with the said letter, I note that many of the documents such as plan details for projects at Kalapipal (Shajapur) and Kalma (Dewas), list of customers, list of properties, etc., were not signed by the authorised signatory of the Company nor on the letter head of the Company bearing its seal.
- b) Though the Company denied that there were any joint venturers in their business and its purely into real estate business, I note that the Company failed to submit any document to substantiate their claim such as actual sale-purchase agreement/deed executed by the Company with the customers. The Company has taken a plea that till complete payment is made they will not register the property in favour of the customers. Assuming that the contention is accepted and no actual sale deeds were executed, it is difficult to believe that the persons who have paid money would have done so without executing an agreement for entering into a sale deed. I note that the Company has given the list of customers from whom they mobilised funds, however, they failed to submit any agreement to sell entered into with the said customers to prove that they are actually buyers/sellers of plot of land.

31. Further, the Company has also stated that the entire SCN/order is primarily based on documents submitted by the Complainant. The company stated that none of the documents seemingly belong to the Company or issued by the Company.

- Though the Company denied the documents furnished by the Complainant, I note that the Company vide its letter dated April 29, 2015 to SEBI stated that it had settled the claim of one of the Complainants viz., Mr. Ashok Mishra and proof of settlement and withdrawal of complaint has been enclosed by the

Company along with its reply. Without giving any finding on the aspect whether the amount stated was in fact settled, I consider this as fact relevant to the existence of relationship between the company and complainant as stated by the Complainant.

- Though Company denied the genuineness of the documents submitted by the Complainants, I note from the original certificate issued to Mr. Ashok Bagan that the said certificate was signed by Mr. Sanjay Mewada in the capacity of authorised signatory of the Company and the same bears the seal of the Company. Hence, I am not inclined to accept the contention of the Company that these documents were not issued by them. I also note that the Company has not furnished any documents/records of actual executed agreement to sell, allotment of identified plots in favour of investors, etc.
- In the absence of any proof to substantiate their claim that it is in 'Real Estate' business coupled with the fact that they have settled the claim of complainant as detailed above, I am of the view that there is no merit in the contention of the Company that they are into real estate business and I find that the schemes offered by SRREBSL are investment schemes in the garb of “purchase and development of plot/land”.

32. Considering the above discussion and analysis, I conclude that the arrangement/scheme as alleged in the interim order has been launched and was running by SRREBSL.

ISSUE No. 2- Whether the major attributes of the arrangement fall within the definition of collective investment schemes as defined in section 11AA of SEBI Act?

33. On perusal of the material available on record, I now proceed to consider whether the four conditions mentioned in section 11AA (2) of SEBI Act are satisfied in the instant arrangement. 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,*
- (ii) 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;*
- (iii) 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;*
- (iv) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;*
- (v) 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."

34. Perusal of the above section shows that any arrangement or scheme to be considered as collective investment scheme has to satisfy the four conditions mentioned in section 11AA (2) of SEBI Act and the same should not fall within any of the exceptions mentioned in section 11AA (3) of SEBI Act.

i. The contributions, or payments made by the investors, by whatever name called, are pooled and utilized for the purposes of the scheme or arrangement.

It is noted from the interim order 2015 that SRREBSL raised funds from investors under its various Payment Plans entered into with its investors/customers towards its schemes of "*purchase and development of plot/land*". It is noted from the *agreement* that the funds raised from investors are stated to be used for the procurement and development of the land by the company.

I note that the aforesaid facts are denied by the Company. The Company contended that the funds were procured from the buyers for allotment of plot. Though the Company contended that the plots are clearly earmarked and details of location, size, etc. are clearly demarcated at the time of entering into an agreement, as observed above, it is noted that the Company has not produced any documents to substantiate the said contention. I note that though sample '*Plot Allotment Certificate*' specifies the survey number and location of the land, the Company has not provided any proof of executed and registered any sale deed or even an executed agreement for sale, in respect of the said allotment till date. Further, I also note that "*Shri Ram group reserves the right to change the location of this allotment and allot an alternate site any other place*" and the customer has also not applied for any specific plot of land in the application to the Company. Hence, it is concluded that the investors are not given an identifiable property against their investment. Further, as per the information furnished by the Company vide letter dated April 29, 2015 that SRREBSL had mobilised at least an

amount of Rs. 12,01,89,105./- from at least 383 investors under its various schemes during the financial years 2008-2009 to 2013-2014. These facts show that the contributions or payments made by the investors under the schemes launched by SRREBSL, are pooled and utilized for the purposes of the schemes offered by SRREBSL. In view of the aforesaid it is evident that the instant '*schemes*' satisfy the first condition of "*pooling of contribution or payments*", stipulated in Section 11AA(2) of the SEBI Act.

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.

I note from the interim order that the Company offered various payment plans which clearly provides profits either in terms of "*expected sum payable on expiry*" or in terms of units/plot of land. For instance, in case of Instalment Payment Plan viz., *Plan No. 5 for 5 years or 60 months*, for the consideration amount of Rs.6,000/-, the *Joint Venturer/Customer* is offered an "*expected sum payable on expiry*"/profit/return of Rs.8,500/- after 5 years. I note that the Company has contended that the contributions/payments made by the buyers/allottees are for their plots for its real estate business and not towards any scheme or arrangement with a view to receive profits, income, produce or property. However, this contention does not hold any merit or reliability in view of the features of the schemes offered and operated by the Company as detailed above. The fact that the location of the plots can be changed at the discretion of the Company at any time indicates that identified plots are not sold/allotted. However, any piece of plot can be given at the discretion of the Company for the amount paid by the investor/customer shows that the payment has been made by the investors with a view to receive any piece of property or "*expected sum payable on expiry*".

In view of the same, I conclude that the second condition which states that the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property as stipulated in Section 11AA of the SEBI Act.

- iii. The property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors and***
- iv. The investors do not have day-to-day control over the management and operation of the scheme or arrangement.***

I note from the interim order that contributions made by the '*joint venturer/customer*' were managed by the Company on behalf of investors during agreed term of plan. The fact that SRREBSL reserves the reserves right to change the location of the allotment of land and allot an alternative site at any other place, coupled with the terms of '*Agreement*', that SRREBSL reserves the right to modify the terms of participation, discontinue/change/amend/modify any of the Rules and regulations and Plans and introduce any new plans at any time at its sole discretion with or without any notice" clearly show that contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed by SRREBSL, on behalf of the investors and the investors do not have day-to-day control over the management and operation of the scheme or arrangement. Further, I have also noted several clauses in the agreement which gives absolute discretion to the Company with respect to development of the land, appointment of technical experts upon salary, arrangement of sale of produce from the property etc.

Considering the above, I conclude that the Company has complete control over the schemes and the funds collected from the investors and the investors do not have any say in the operation of the schemes/ arrangement. It is therefore, clear that the instant schemes/plans satisfy the conditions stipulated in Section 11AA (2)(iii) & (iv) of the SEBI Act.

35. 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 SRREBSL has not claimed any of the aforesaid exclusions and thus the abovementioned exclusions under 11AA (3) of SEBI Act are not applicable to SRREBSL.

36. In view of satisfaction of all the four conditions and non-applicability of exclusions, I find that the instant arrangement /schemes falls within the definition of collective investment schemes. As all the four conditions specified under section 11AA(2) of the SEBI Act are satisfied in this case, the schemes/ plans promoted, launched, carried on and operated by the Noticees are in the nature of CIS in terms of section 11AA(1). In this regard, it would be relevant to place reliance 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.

...

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 ..."

37. In view of the aforementioned observations of the Hon'ble Supreme Court of India in the PGFL case and in view of the abovementioned findings on features of the schemes/plans offered by SRREBSL, I find that the activity of fund mobilization by SRREBSL with an expected returns in terms of money or any piece of unidentified land clearly falls within the ambit of collective investment schemes as defined in Section 11AA of the SEBI Act.

ISSUE 3- If so, whether the Noticees have violated Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations' and Regulation 4(2)(t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003 and are thus liable:

38. Before dealing with the issue of who are all liable for the aforesaid violations, I would like to deal with the contentions and submissions of the Director viz., Mr. Gyan Singh.
39. Mr. Gyan Singh, vide letter dated November 09, 2017 submitted that he has no relation with the Company and requested SEBI to remove his name from the list of persons authorised to receive letters on behalf of the Company. He has also submitted that he had resigned from the Company with effect from July 01, 2011 and enclosed Form 32 and his resignation letter dated July 27, 2010. It is also submitted that he had not received any amount from any investor of the Company nor floated any schemes of the Company and not involved in any other working of the Company as he had resigned on July 01, 2011 from the Board of Directors of the Company. On perusal of the Form 32 and other MCA portal records, I note that Mr. Gyan Singh was a director of the Company from the date of inception till July 01, 2011. I also note that the Company mobilized funds through its collective investments schemes during the period 2008-2009 to 2013-2014. I note that non-involvement in the day to day affairs of

the Company would not absolve the directors from their obligation to repay the amount collected from the investors. Hence, I am of the view that Mr. Gyan Singh is liable refund the funds mobilized during his tenure.

40. From the documents available on record/MCA records, I find that the present Directors in SRREBSL are Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh. I also note that, Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, and Mr. Gyan Singh who were earlier Directors in SRREBSL, have since resigned. The details of the appointment and resignation of the directors are as following:

Name of the Directors	Date of Appointment	Date of Cessation
Shri Babloo Prajapati	January 16, 2014	Continuing
Shri Gopal Meena	January 24, 2014	Continuing
Shri Subhash Deshmukh	January 01, 2011	Continuing
Shri Sanjay Mewda	September 08, 2008	January 12, 2013
Shri Nirmal Dhaneliya	September 08, 2008	January 12, 2013
Shri Rajesh Kumar Bhagat	September 08, 2008	December 05, 2008
Shri Vikram Singh	September 08, 2008	December 05, 2008
Shri Vijay Singh	September 08, 2008	December 05, 2013
Shri Sohan Kumar Patel	January 01, 2011	January 17, 2014
Shri Jagdish Meena	January 01, 2011	April 04, 2013
Shri Bhuvneshwar Prasad Sahu	December 04, 2013	January 25, 2014
Shri Hemant Bhagat	September 08, 2008	December 05, 2008
Shri Gyan Singh	September 08, 2008	July 01, 2011

41. 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 causes to sponsor 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. Even otherwise after the introduction of reg. 4(2) (t) of PFUTP Regulations with effect from September 06, 2013, the unregistered collective investment activity is considered as fraud under PFUTP Regulations. It is a settled principle of law, that in case of fraud the corporate veil of the company can be lifted to see the real perpetrators of fraud. Since the Company is caused to sponsor the unregistered CIS schemes, by the directors on behalf of the Company, it would be appropriate that the corporate veil in this regard be pierced to see the real perpetrators. 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 to require 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 has also prescribed the 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 investor protection measures in case of unregistered collective investment advisory activities. 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. 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.

42. In the instant case, I have already found that the scheme/plan offered by SRREBSL is a '*collective investment scheme*'. It is also observed that such fund mobilizing activity by SRREBSL 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 SRREBSL had mobilised at least an amount of Rs. 12,01,89,105/- from at least 383 investors under its various schemes during the financial years 2008-2009 to 2013-2014. From the material available on record and the details of the appointment and resignation of the directors of SRREBSL as reproduced above, it is noted that Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Hemant Bhagat and Mr. Gyan Singh were directors of the Company during the period of fund mobilization under its schemes, hence I am of the view that they are liable to make refund to the investors under the various schemes launched by SRREBSL collected during their tenure.
43. In addition to the refund liability mentioned above, I also note that Mr. Babloo Prajapati, Mr. Gopal Meena, Mr. Subhash Deshmukh being the present directors of the Company, were also directors during the period of fund mobilisation. I am of the view that they were obligated to cause SRREBSL does not undertake fund mobilizing activity without obtaining a certificate of registration from SEBI and thus contravened the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations. In view of the same, I am of the view that they are also liable to be issued appropriate directions to be debarred for an appropriate period of time.
44. I note that Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Hemant Bhagat and Mr. Gyan Singh resigned from the Company. I am of the view

that aforesaid directors were also responsible for all the deeds/acts of the Company during the period of their directorship, even though they have since resigned, and they were obligated to cause SRREBSL does not undertake fund mobilizing activity without obtaining a certificate of registration from SEBI and thus contravened the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations. In view of the failure to discharge the said responsibility, the aforesaid directors are also liable to be issued appropriate directions to be debarred for an appropriate period of time.

45. In respect of the allegation of violation of Regulation 4(2)(t) of PFUTP Regulations, it may be noted the PFUTP Regulations was amended with effect from Sept 06, 2013 and clause (t) to reg. 4(2) was inserted which reads as follows:-

4. Prohibition of manipulative, fraudulent and unfair trade practices

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely

(a)...

"(t) 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."

46. Subsequent to introduction of Regulation 4(2) (t) of PFUTP Regulations, 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, are deemed to be fraudulent. The company carrying on unregistered collective investment schemes and all those persons who are directors as on and after the date of introduction of Regulation 4(2) (t) of PFUTP Regulations, 2003 on September 06, 2013 will be liable for action, for violation of Regulation 4(2) (t) of PFUTP Regulations, 2003. In the instant case, though SRREBSL launched the scheme during 2008-2009 to 2013-2014, in view of the non-payment of money collected by virtue of collective investments, the scheme is considered to be continuing with the money collected by the Company. Considering the fact that Mr. Babloo Prajapati, Mr. Gopal Meena and Mr.

Subhash Deshmukh, Shri Vijay Singh, Shri Sohan Kumar Patel, Shri Bhuvneshwar Prasad Sahu, are/were directors of SRREBSL as on the date of introduction of reg. 4(2) (t) of PFUTP Regulations, 2003 on September 06, 2013 and no prior registration was obtained by SRREBSL in respect of the aforesaid activities in the nature of 'collective investment scheme', SRREBSL and Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Shri Vijay Singh, Shri Sohan Kumar Patel, Shri Bhuvneshwar Prasad Sahu were illegally carrying on collective investment scheme and these directors were causing SRREBSL to carry on any collective investment scheme which amounts to a fraudulent practice in terms of Regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003. In view of the violations of Regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003 by SRREBSL, Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Shri Vijay Singh, Shri Sohan Kumar Patel, Shri Bhuvneshwar Prasad Sahu are also liable to be debarred for an additional period of time.

47. In view of the foregoing, 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) SRREBSL 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 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' 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.
- (ii) The present directors of SRREBSL namely Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh shall ensure that directions under sub para (i) is complied with.
- (iii) Upon completion of the refund as directed above at sub para (i), within further period of seven days, SRREBSL and its present directors namely Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh shall submit a winding up and repayment report

(“WRR”), jointly or severally 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.

- (iv) In case of failure of SRREBSL to repay the investors as per directions at para (i), Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Hemant Bhagat and Mr. Gyan Singh (all in their personal liability to make the refund) jointly and severally with SRREBSL, shall refund the money collected by the said company during their respective period of directorship under the schemes with returns which are due to investors as per the terms of offer within a further period of two months. 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.
- (v) Upon completion of the refund as directed above in sub para (iv), Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Hemant Bhagat and Mr. Gyan Singh shall file a report of such completion of payment with SEBI, within further period of seven days, certified by 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.
- (vi) In event of failure by SRREBSL, Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr.

Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Hemant Bhagat and Mr. Gyan Singh to comply with the directions as sub para (i) and (iv) above, SEBI shall initiate recovery proceedings under the SEBI Act against SRREBSL, Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Hemant Bhagat and Mr. Gyan Singh.

- (vii) SRREBSL, Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Hemant Bhagat and Mr. Gyan 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.
- (viii) SRREBSL, Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Vijay Singh, Mr. Sohan Kumar Patel, Mr. Jagdish Meena, Mr. Bhuvneshwar Prasad Sahu, Mr. Hemant Bhagat and Mr. Gyan Singh shall abstain from collecting any money from the investors in respect of the schemes identified as a Collective Investment Scheme in this Order.
- (ix) SRREBSL, Mr. Babloo Prajapati, Mr. Gopal Meena and Mr. Subhash Deshmukh, Shri Vijay Singh, Shri Sohan Kumar Patel and Shri Bhuvneshwar Prasad Sahu 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 paras to the satisfaction of SEBI and WRR/ Report of completion of payment with SEBI is submitted to SEBI and the said prohibition shall continue for a further period of **six** years from the date of completion of the refund, as directed above.
- (x) Mr. Sanjay Mewda, Mr. Nirmal Dhaneliya, Mr. Rajesh Kumar Bhagat, Mr. Vikram Singh, Mr. Jagdish Meena, Mr. Hemant Bhagat and Mr. Gyan 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 paras to the satisfaction of SEBI and WRR/ Report of completion of payment with SEBI is submitted to SEBI and the said prohibition shall continue for a further period of **four** years from the date of completion of the refund, as directed above.

48. This order shall come into force with immediate effect.
49. A separate order in respect of Mr. Man Singh Verma will be passed. Therefore, it is clarified that the directions passed in the interim order dated January 14, 2016 shall continue to be applicable qua him.
50. Copy of this Order shall be forwarded to the Stock Exchanges and Depositories and Registrars and Transfer Agents for necessary action.
51. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs/ concerned Registrar of Companies, for their information and necessary action with respect to the directions/ restraint imposed above against the Company and the individuals.
52. A copy of this Order shall also be forwarded to the Local Police/State Government for information.

DATE: Janaury 18, 2019

PLACE: Mumbai

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