

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 Imtsons Investments Limited

In re Deemed Public Issue Norms

In respect of:

Sl.No.	Name of the Entity	PAN	CIN/DIN
1.	Imtsons Investments Limited	AACCI1780J	U65993GJ2009PLC058732
2.	Mr. Imtiyazhusain Saiyed	ACCPS4868C	02783229
3.	Mrs. Riyazunnisa Imtiyazhusain	ANYPS7371M	02899275
4.	Mr. Faiyahasain Imtiyazhusain Saiyed	BOPPS7014J	02783307

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1. Imtsons Investments Limited (hereinafter referred to as “**IIL**”/ “**the Company**”) was initially incorporated as Imtsons Investments Private Limited on November 27, 2009 and later on converted into a public limited company on February 11, 2010. IIL is registered with Registrar of Companies–Ahmedabad with CIN: U65993GJ2009PLC058732, having registered office at B-206, Sakar – VII, Near Nehru Bridge, Ashram Road, Ahmedabad - 380009.
 2. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received a reference from Crime Branch, Ahmedabad regarding irregularities observed by them with respect to IIL. SEBI undertook an enquiry to ascertain whether IIL had made any public
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issue of securities without complying with the provisions of the Companies Act, 1956; Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and the Rules and Regulations framed thereunder including SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as “**ICDR Regulations**”)

3. On enquiry by SEBI, it was observed that IIL had made an Offer of Equity Shares in the financial years 2009-2010 and 2010-2011 (hereinafter referred to as “**Offer of Equity Shares**”) and raised at least an amount of Rs. 144.35 Lacs from at least 123 allottees. The number of allottees and funds mobilized has been collated from the documents such as share certificates/investment certificates submitted with the complaints received by SEBI. Therefore, it was concluded that the actual number of allottees and amount mobilized could be more than the above indicated figures.
4. As the above said *Offer of Equity Shares* was found *prima facie* in violation of respective provisions of the SEBI Act, 1992 and the Companies Act, 1956, SEBI issued a Show Cause Notice dated November 01, 2017 (hereinafter referred to as “**SCN**”) against IIL and its Directors viz. Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyazhusain Imtiyazhusain Saiyed (hereinafter collectively referred to as “**Noticees**”).
5. *Allegations in the SCN*: In the said SCN, the following allegations were recorded. IIL had made an *Offer of Equity Shares* during the financial years 2009-2010 and 2010-2011 and raised at least an amount of Rs. 144.35 Lacs as shown below:

Year of Issue	Security Issued	Amount raised (Rs.) (in lakh)	Number of allottees
2009-2010 and 2010-2011	<i>Equity Shares</i>	144.35	123
Total		144.35 [^]	123*

[^] No. of allottees and funds mobilized has been collated from the documents such as share certificates/investment certificates submitted with the complaints received by SEBI. However, actual no. of allottees and amount mobilized could be more than the above indicated figures.

6. The above *Offer of Equity Shares* and pursuant allotment were deemed public issue of

securities under the first proviso to section 67(3) of the Companies Act, 1956. Accordingly, the resultant requirement under section 60 read with section 2(36), section 56, sections 73(1), 73(2) and 73(3) read with relevant provisions of ICDR Regulations were not complied with by IIL in respect of the *Offer of Equity Shares*.

7. In view of the aforesaid alleged violations, the Noticees were called upon to show cause as to why directions under Sections 11(4) and 11B of the SEBI Act including direction to refund the money collected from the investors and debarring them from the securities market directly and indirectly should not be issued against them for the aforesaid alleged violations under Companies Act, 1956, SEBI Act and ICDR Regulations.
8. Vide the said SCN, IIL and its abovementioned Directors were given the opportunity to file their replies within 21 days from the date of receipt of the said SCN. SEBI informed the Noticees that in case of failure to reply, it would be presumed that they had no explanation to offer and the matter would be proceeded on the basis of material available on record. The SCN further stated that the concerned persons may also indicate whether they desired to avail themselves an opportunity of personal hearing before SEBI.
9. *Service of SCN:* The SCN sent to the Noticees were returned undelivered. Subsequently, the same were served through Affixture. None of the Noticees filed any reply to the SCN.
10. Thereafter, vide hearing notice dated December 12, 2018, an opportunity of hearing was granted to the Noticees on February 26, 2019 at the time and the venue mentioned therein. The said hearing notices issued to the Noticees could not be served through affixture as residents of the premises denied to do the affixture, hence, another opportunity of hearing was granted to the Noticees on April 09, 2019.
11. SEBI, vide notifications, each dated March 12, 2019 published in newspapers viz., '*Times of India*', '*Sandesh*' and '*Gujarat Vaibhav*' (Ahmedabad Editions), notified that SCN dated November 29, 2017 was issued against the Noticees and to proceed further in the matter they were advised to avail opportunity of hearing on April 09, 2019 at the time and the venue mentioned therein.

12. *Hearing and submissions:* Noticees did not avail the opportunity of hearing held on April 09, 2019. No replies or written submissions have been filed by the Noticees till date.
13. 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 company came out with the Offer of Equity Shares as stated in the SCN.*
 - (2) *If so, whether the said issues are in violation of Section 56, Section 60 and Section 73 of Companies Act 1956.*
 - (3) *If the findings on Issue No.2 are found in the affirmative, who are liable for the violations committed?*

ISSUE No. 1- *Whether the company came out with the Offer of Equity Shares as stated in the SCN.*

14. I have perused the SCN dated November 01, 2017 for the allegation of *Offer of Equity Shares*. I note that neither the company nor the directors filed any reply disputing the same.
15. I have also perused the documents/ information obtained from the 'MCA 21 Portal' other documents available on records. It is noted, from the investors' complaints received by SEBI in the matter that IIL has issued and allotted *Equity Shares* to at least 123 investors during the financial years 2009-2010 and 2010-2011 and raised at least an amount of Rs. 144.35 Lacs. I also note that the number of allottees and funds mobilized has been collated from the documents such as share certificates/investment certificates submitted with the complaints received by SEBI. Therefore, it was concluded that the actual number of allottees and amount mobilized could be more than Rs. 144.35 Lacs.
16. *I therefore conclude that IIL came out with an offer of Equity Shares as outlined above.*

ISSUE No. 2- *If so, whether the said issues are in violation of Section 56, Section 60 and Section 73 of Companies Act 1956.*

17. The provisions alleged to have been violated and mentioned in Issue No. 2 are applicable to the *Offer of Equity Shares* made to the public. Therefore the primary question that arises for consideration is whether the issue of *Equity Shares* is ‘public issue’. At this juncture, reference may be made to sections 67(1) and 67(3) of the Companies Act, 1956:

"67. (1) Any reference in this Act or in the articles of a company to offering shares or debentures to the public shall, subject to any provision to the contrary contained in this Act and subject also to the provisions of sub-sections (3) and (4), be construed as including a reference to offering them to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner.

(2) any reference in this Act or in the articles of a company to invitations to the public to subscribe for shares or debentures shall, subject as aforesaid, be construed as including a reference to invitations to subscribe for them extended to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner.

(3) No offer or invitation shall be treated as made to the public by virtue of sub-section (1) or sub- section (2), as the case may be, if the offer or invitation can properly be regarded, in all the circumstances-

(a) as not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation; or

(b) otherwise as being a domestic concern of the persons making and receiving the offer or invitation ...

Provided that nothing contained in this sub-section shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more:

Provided further that nothing contained in the first proviso shall apply to non-banking financial companies or public financial institutions specified in section 4A of the Companies Act, 1956 (1 of 1956).”

18. The following observations of the Hon'ble Supreme Court of India in *Sahara India Real Estate Corporation Limited & Ors. v. SEBI* (Civil Appeal no. 9813 and 9833 of 2011) (hereinafter referred to as the “***Sahara Case*”**), while examining the scope of Section 67 of the Companies Act, 1956, are worth consideration:-

“Section 67(1) deals with the offer of shares and debentures to the public and Section 67(2) deals with invitation to the public to subscribe for shares and debentures and how those expressions are to be understood, when reference is made to the Act or in the articles of a company. The emphasis in Section 67(1) and (2) is on the “section of the public”. Section 67(3) states that no offer or invitation shall be treated as made to the public, by virtue of subsections (1) and (2), that is to any section of the public, if the offer or invitation is not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation or otherwise as being a domestic concern of the persons making and receiving the offer or invitations. Section 67(3) is, therefore, an exception to Sections 67(1) and (2). If the circumstances mentioned in clauses (1) and (b) of Section 67(3) are satisfied, then the offer/invitation would not be treated as being made to the public.

The first proviso to Section 67(3) was inserted by the Companies (Amendment) Act, 2000 w.e.f. 13.12.2000, which clearly indicates, nothing contained in Sub-section (3) of Section 67 shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more. ... Resultantly, after 13.12.2000, any offer of securities by a public company to fifty persons or more

will be treated as a public issue under the Companies Act, even if it is of domestic concern or it is proved that the shares or debentures are not available for subscription or purchase by persons other than those receiving the offer or invitation.”

19. Section 67(3) of Companies Act, 1956 provides for situations when an offer is not considered as offer to public. As per the said sub section, if the offer is one which is not calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation, or, if the offer is the domestic concern of the persons making and receiving the offer, the same are not considered as public offer. Under such circumstances, they are considered as private placement of shares and debentures. It is noted that as per the *first proviso* to Section 67(3) Companies Act, 1956, the public offer and listing requirements contained in that Act would become automatically applicable to a company making the offer to fifty or more persons. However, the *second proviso* to Section 67(3) of Companies Act, 1956 exempts NBFCs and Public Financial Institutions from the applicability of the *first proviso*.
20. In the instant matter, I find that *Equity Shares* were issued by IIL to at least 123 investors in the financial years 2009-2010 and 2010-2011. However, this number is not conclusive as it is based on the documents received by SEBI along with complaints and the actual number of investors could be more than 123. I find that IIL has mobilized at least an amount of Rs. 144.35 Lacs over the financial years 2009-2010 and 2010-2011 and which is not a conclusive value as it is based on the complaints received by SEBI. The above findings lead to a reasonable conclusion that the *Offer of Equity Shares* by IIL was a “public issue” within the meaning of the first proviso to section 67(3) of the Companies Act, 1956.
21. Neither IIL nor its directors have contended that the *Offer of Equity Shares* does not fall

within the ambit of first proviso of section 67(3) of Companies Act, 1956.

22. Even in cases where the allotments are considered separately, reference may be made to Sahara Case, wherein it was held that under Section 67(3) of the Companies Act, 1956, the "Burden of proof is entirely on Saharas to show that the investors are/were their employees/workers or associated with them in any other capacity which they have not discharged." In respect of those issuances, the directors have not placed any material that the allotment was in satisfaction of section 67(3)(a) or 67(3)(b) of Companies Act, 1956 i.e., it was made to the known associated persons or domestic concern. Therefore, I find that the said issuance cannot be considered as private placement.
23. Moreover, reference may be made to the order dated April 28, 2017 of Hon'ble Securities Appellate Tribunal in *Neesa Technologies Limited vs. SEBI (Appeal No. 311 of 2016)* which lays down that "In terms of Section 67(3) of the Companies Act any issue to '50 persons or more' is a public issue and all public issues have to comply with the provisions of Section 56 of Companies Act and ILDS Regulations. Accordingly, in the instant matter the appellant have violated these provisions and their argument that they have issued the NCDs in multiple tranches and no tranche has exceeded 49 people has no meaning".
24. I find that IIL has not claimed it to be a Non-banking financial company or public financial institution within the meaning of Section 4A of the Companies Act, 1956. In view of the aforesaid, I, therefore, find that there is no case that IIL is covered under the second proviso to Section 67(3) of the Companies Act, 1956.
25. Therefore, in view of the material available on record, I find that the *Offer of Equity Shares* by IIL falls within the first proviso of section 67(3) of Companies Act, 1956. Hence, the *Offer of Equity Shares* are deemed to be public issues and IIL was mandated to comply with the 'public issue' norms as prescribed under the Companies Act, 1956.
26. Further, since the offer of *Equity Shares* is a public issue of securities, such securities shall also have to be listed on a recognized stock exchange, as mandated under section 73 of the Companies Act, 1956. As per section 73(1) and (2) of the Companies Act, 1956, a company is required to make an application to one or more recognized stock exchanges

for permission for the shares or debentures to be offered to be dealt with in the stock exchange and if permission has not been applied for or not granted, the company is required to forthwith repay with interest all moneys received from the applicants.

27. The allegations of non-compliance of the above provisions were not denied by IIL or its directors. I also find that no records have been submitted to indicate that it has made an application seeking listing permission from stock exchange or refunded the amounts on account of such failure. Therefore, I find that IIL has contravened the said provisions. IIL has not provided any records to show that the amount collected by it is kept in a separate bank account. Therefore, I find that IIL has also not complied with the provisions of section 73(3) which mandates that the amounts received from investors shall be kept in a separate bank account. Therefore, I find, that section 73(2) of the Companies Act, 1956 has not been complied with.
28. Section 2(36) of the Companies Act read with section 60 thereof, mandates a company to register its 'prospectus' with the RoC, before making a public offer/ issuing the 'prospectus'. As per the aforesaid Section 2(36), "prospectus" means any document described or issued as a prospectus and includes any notice, circular, advertisement or other document inviting deposits from the public or inviting offers from the public for the subscription or purchase of any shares in, or debentures of, a body corporate. As the offer of *Equity Shares* was a deemed public issue of securities, IIL was required to register a prospectus with the RoC under Section 60 of the Companies Act, 1956. I find that IIL has not submitted any record to indicate that it has registered a prospectus with the RoC, in respect of the offer of *Equity Shares*. I, therefore, find that IIL has not complied with the provisions of section 60 of the Companies Act, 1956.
29. In terms of section 56(1) of the Companies Act, 1956, every prospectus issued by or on behalf of a company, shall state the matters specified in Part I and set out the reports specified in Part II of Schedule II of that Act. Further, as per section 56(3) of the Companies Act, 1956, no one shall issue any form of application for shares in a company, unless the form is accompanied by abridged prospectus, containing disclosures as

specified. Neither IIL nor its directors produced any record to show that it has issued Prospectus containing the disclosures mentioned in section 56(1) of the Companies Act, 1956, or issued application forms accompanying the abridged prospectus. Therefore, I find that, IIL has not complied with sections 56(1) and 56(3) of the Companies Act, 1956.

30. The company was also required to comply with the following provisions of ICDR Regulations:

- i. “Application for listing of specified securities on one or more recognized stock exchange (Regulation 4(2),
- ii. Appointment of merchant banker and other intermediaries (Regulation 5),
- iii. Filing of draft offer document with SEBI and the designated stock exchange and RoC (Regulation 6),
- iv. Obtaining in-principle approval from the recognized stock exchanges in which the specified securities are to be listed (Regulation 7),
- v. Satisfy the conditions of initial public offer (Regulation 25 and 26),
- vi. Lock-in of specified securities held by promoters and persons other than promoters (Regulation 36 and 37)
- vii. Keeping the public issue open for the specified period (Regulation 46),
- viii. Pre issue advertisement for public issue (Regulation 47)
- ix. Manner of disclosures in the offer documents (Regulation 57).
- x. Issuer to appoint compliance officer who would be responsible for monitoring the compliance of securities laws and for redressal of investors' grievances. (Regulation 63)”.

31. Further, I note that the jurisdiction of SEBI over various provisions of the Companies Act, 1956, in the case of public companies, whether listed or unlisted, when they issue and transfer securities, flows from the provisions of Section 55A of the Companies Act, 1956. While examining the scope of Section 55A of the Companies Act, 1956, the Hon'ble Supreme Court of India in *Sahara Case*, had observed that:

"We, therefore, hold that, so far as the provisions enumerated in the opening portion of Section 55A of the Companies Act, so far as they relate to issue and transfer of securities and non-payment of dividend is concerned, SEBI has the power to administer in the case of listed public companies and in the case of those public companies which intend to get their securities listed on a recognized stock exchange in India."

"SEBI can exercise its jurisdiction under Sections 11(1), 11(4), 11A(1)(b) and 11B of SEBI Act and Regulation 107 of ICDR 2009 over public companies who have issued shares or debentures to fifty or more, but not complied with the provisions of Section 73(1) by not listing its securities on a recognized stock exchange"

32. In this regard, it is pertinent to note that by virtue of Section 55A of the Companies Act, 1956, SEBI has to administer Section 67 of that Act, so far as it relates to issue and transfer of securities, in the case of companies who intend to get their securities listed. While interpreting the phrase “intend to get listed” in the context of deemed public issue the Hon’ble Supreme Court in *Sahara Case* observed-

“...But then, there is also one simple fundamental of law, i.e. that no-one can be presumed or deemed to be intending something, which is contrary to law. Obviously therefore, “intent” has its limitations also, confining it within the confines of lawfulness...”

“...Listing of securities depends not upon one’s volition, but on statutory mandate...”

“...The appellant-companies must be deemed to have “intended” to get their securities listed on a recognized stock exchange, because they could only then be considered to have proceeded legally. That being the mandate of law, it cannot be presumed that the appellant companies could have “intended”, what was contrary to the mandatory requirement of law...”

33. In view of the above findings, I am of the view that IIL engaged in fund mobilizing activity from the public, through the offer of *Equity Shares* and has contravened the provisions of section 56(1), 56(3), 2(36) read with 60, 73(1), 73(2), 73(3) of the Companies Act, 1956, and relevant provisions pertaining to ICDR Regulations.

ISSUE No. 3- If the findings on Issue No.2 are found in the affirmative, who are liable for the violation committed?

34. From the documents available on record, I find that the present Directors in IIL are Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain are Mr. Faiyahasain Imtiyazhusain Saiyed. The details of the appointment and resignation of the directors are as following:

Name of the directors	Date of appointment	Date of cessation
Mr. Imtiyazhusain Saiyed	November 27, 2009	Continuing
Mrs. Riyazunnisa Imtiyazhusain	January 05, 2010	Continuing
Mr. Faiyahasain Imtiyazhusain Saiyed	November 27, 2009	Continuing

35. I find that Mr. Imtiyazhusain Saiyed and Mr. Faiyahasain Imtiyazhusain Saiyed are also promoters of IIL.

36. Section 56(1) and 56(3) read with section 56(4) of the Companies Act, 1956 imposes the liability on the company, every director, and other persons responsible for the prospectus for the compliance of the said provisions. The liability for non-compliance of Section 60 of the Companies Act, 1956 is on the company, and every person who is a party to the non-compliance of issuing the prospectus as per the said provision. Therefore, IIL and its

directors are held liable for the violation of sections 56(1), 56(3) and 60 of the Companies Act, 1956.

37. As far as the liability for non-compliance of section 73 of Companies Act, 1956 is concerned, as stipulated in section 73(2) of the said Act, the company and every director of the company who is an officer in default shall, from the eighth day when the company becomes liable to repay, be jointly and severally liable to repay that money with interest at such rate, not less than four per cent and not more than fifteen per cent if the money is not repaid forthwith. With regard to liability to pay interest, I note that as per section 73 (2) of the Companies Act, 1956, the company and every director of the company who is an officer in default is jointly and severally liable, to repay all the money with interest at prescribed rate. In this regard, I note that in terms of rule 4D of the Companies (Central Governments) General Rules and Forms, 1956, the rate of interest prescribed in this regard is 15%.
38. From the material available on record and the details of the appointment and resignation of the directors of IIL as reproduced in paragraph 34 of this Order, it is noted that Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed were directors at the time of the issuance of *Equity Shares*. Further, in the present case, no material is brought on record by the Noticees to show that any of the officers set out in clauses (a) to (c) of Section 5 of Companies Act, 1956 or any specified director of IIL was entrusted to discharge the obligation contained in Section 73 of the Companies Act, 1956. Further on perusal of the MCA documents available on record, no documents indicating the officers set out in clauses (a) to (c) of Section 5 of Companies Act, 1956 or any specified director of PPIL, were found. Therefore, I find that Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed are officers in default as per Section 5(g) of Companies Act, 1956. In view of this, all directors of IIL viz., Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed as officers in default, are liable to make refund, jointly and severally, along with interest at the rate of 15 % per annum,

under section 73(2) of the Companies Act, 1956 for the non-compliance of the above mentioned provisions. None of the Noticees disputed this legal liability by way of any written or oral submissions. Since, the liability of the company to repay under section 73(2) is continuing and such liability continues till all the repayments are made, the above said directors are co-extensively responsible along with the Company for making refunds along with interest under section 73(2) of the Companies Act, 1956 read with rule 4D of the Companies (Central Government's) General Rules and Forms, 1956. Therefore, I find that IIL and its Directors, viz., Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed are jointly and severally liable to refund the amounts collected from the investors with interest at the rate of 15 % per annum, for the non-compliance of the above mentioned provisions.

39. I note that during the financial years 2009-2010 and 2010-2011, IIL through Offer of *Equity Shares*, had collected at least an amount of Rs. 144.35 Lacs from various allottees. I note that Mr. Imtiyazhusain Saiyed has been director of IIL since financial years 2009-2010, 2010-2011 till present date. I note that Mrs. Riyazunnisa Imtiyazhusain has been director of IIL since financial years 2009-2010, 2010-2011 till present date. I note that Mr. Faiyahasain Imtiyazhusain Saiyed has been director of IIL since financial years 2009-2010, 2010-2011 till present date. Therefore, in view of Hon'ble Securities Appellate Tribunal (SAT) Order dated July 14, 2017 in the matter of *Manoj Agarwal vs. SEBI*, I am of the view that the obligation of the director to refund the amount with interest jointly and severally with IIL and other directors are limited to the extent of amount collected during their tenure as directors of IIL.

40. In view of the foregoing, the natural consequence of not adhering to the norms governing the issue of securities to the public and making repayments as directed under section 73(2) of the Companies Act, 1956, is to direct IIL and its Directors, viz., Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed to refund the monies collected, with interest to such investors. Also, in order to safeguard the interests of investors, to prevent further harm to investors and to ensure orderly

development of securities market, all the Noticees becomes liable to be debarred for an appropriate period of time.

41. I find that Mr. Imtiyazhusain Saiyed and Mr. Faiyahasain Imtiyazhusain Saiyed are also promoters of IIL. The said Noticees have not denied knowledge/connivance/consent in the act/omission which constitutes violation of the provisions of the public issue and public interest requires that the persons who had such knowledge/connivance/consent be made accountable to the investors. Therefore, by virtue of being promoters of the Company the said Noticees are also liable to be debarred for an appropriate period of time for the *Offer of Equity Shares* against the norms of deemed public issue.
42. In view of the discussion above, appropriate action in accordance with law needs to be initiated against IIL and its Directors viz. Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed.
43. In view of the aforesaid observations and findings, I, in exercise of the powers conferred under section 19 of the Securities and Exchange Board of India Act, 1992 read with sections 11, 11(4), 11A and 11B of the SEBI Act, hereby issue the following directions:
 - a. IIL, Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed shall jointly and severally, forthwith refund the money collected by the Company through the issuance of Equity Shares including the application money collected from investors till date, pending allotment of securities, if any, with an interest of 15% per annum, from the eighth day of collection of funds, to the investors till the date of actual payment.
 - b. The repayments and interest payments to investors shall be effected only through Bank Demand Draft or Pay Order both of which should be crossed as “Non-Transferable”.
 - c. IIL and Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed are directed to provide a full inventory of all the assets and properties and details of all the bank accounts, demat accounts and holdings of mutual funds/shares/securities, if held in physical form and demat form, of the

company and their own.

- d. IIL, Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed are permitted to sell the assets of the Company for the sole purpose of making the refunds as directed above and deposit the proceeds in an Escrow Account opened with a nationalized Bank. Such proceeds shall be utilized for the sole purpose of making refund/repayment to the investors till the full refund/repayment as directed above is made.
- e. Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed are prevented from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above and deposit the proceeds in an Escrow Account opened with a nationalized Bank. Such proceeds shall be utilized for the sole purpose of making refund/repayment to the investors till the full refund/repayment as directed above is made.
- f. IIL and Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed in their personal capacity as well as on behalf of IIL, shall issue public notice, in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact persons such as names, addresses and contact details, within 15 days of this Order coming into effect.
- g. After completing the aforesaid repayments, IIL and Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed in their personal capacity as well as on behalf of IIL, shall file a report of such completion with SEBI, within a period of three months from the date of this order, 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.

- h. In case of failure of IIL, Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain , Mr. Faiyahasain Imtiyazhusain Saiyed to comply with the aforesaid applicable directions, SEBI, on the expiry of three months period from the date of this Order may recover such amounts, from the company and the directors liable to refund as specified in paragraph 43(a) of this Order, in accordance with section 28A of the SEBI Act including such other provisions contained in securities laws.
 - i. IIL, Mr. Imtiyazhusain Saiyed, Mrs. Riyazunnisa Imtiyazhusain and Mr. Faiyahasain Imtiyazhusain Saiyed are directed not to, directly or indirectly, access the securities market, by issuing prospectus, offer document or advertisement soliciting money from the public and are further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, from the date of this Order, till the expiry of **4 (four)** years from the date of completion of refunds to investors as directed above. The above said directors are also restrained from associating themselves with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI from the date of this Order till the expiry of 4 (four) years from the date of completion of refunds to investors.
 - j. Needless to say, in view of prohibition on sale of securities, it is clarified that during the period of restraint, the existing holding, including units of mutual funds, of the Noticees shall remain frozen.
 - k. The above directions shall come into force with immediate effect.
44. Copy of this Order shall be forwarded to the recognised stock exchanges, depositories and registrar and transfer agents for information and necessary action.
45. 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.

46. A copy of this Order shall also be forwarded to the Local Police/State Government for information.

DATE: May 23, 2019

PLACE: Mumbai

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