

# National Stock Exchange of India

## Circular

Department: Investigation	
<b>Download Ref No: NSE/INVG/66835</b>	<b>Date: February 24, 2025</b>
<b>Circular Ref. No: 448/2025</b>	

To All NSE Members,

**Sub: SEBI order in the matter of Re India Infratech Limited.**

This is with reference to SEBI Order no. QJA/AA/NRO/NRO-DIV-III/31208/2024-25 dated February 24, 2025, wherein SEBI has restrained following entities to not to directly or indirectly, access the securities market, and are restrained from accessing the securities market, issuing prospectus, offer document or advertisement soliciting money from the public, directly or indirectly and are restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two (2) years from the date of this order or till the expiry of two (2) years from the date of completion of refunds to the investors as directed in SEBI order Para no. 49.1, whichever is later.

<b>Sr. no.</b>	<b>Name</b>	<b>PAN</b>
1.	Re India Infratech Limited	AAECR8905J
2.	Mr. Nitesh Kumar Singh	BACPS9359B

Further, SEBI vide above order has directed following entities to not to, directly or indirectly, access the securities market, by issuing prospectus, offer document and are restrained from accessing the securities market, issuing prospectus, offer document or advertisement soliciting money from the public, directly or indirectly and are restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of three (3) months from the date of this order or till the expiry of three (3) months from the date of completion of refunds to the investors as directed in Para No. 49.1 above, whichever is later.

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Sr. no.	Name	PAN
1.	Mr. Shantanu Singh	BMOPS1899G
2.	Mr. Ameet Singh	BWIPS3911H
3.	Mr. Awdesk Kumar Singh	AKQPS6527G
4.	Mr. Chandra Vikram Singh	AYBPS9084M
5.	Mr. Ajay Singh	EBAPS3617G

The detailed order is available on SEBI website (<https://www.sebi.gov.in/enforcement.html>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page at the below mentioned link:

<https://www.nseindia.com/regulations/member-sebi-debarred-entities>

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to email us at [dl-invsg-all@nse.co.in](mailto:dl-invsg-all@nse.co.in)

**For and on behalf of  
National Stock Exchange of India Limited**

**Sandesh Sawant  
Senior Manager**

**Annexure: SEBI order in the matter of Re India Infratech Limited**

## BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

## ORDER

UNDER SECTION 11(1), 11(4), 11(4A), 11A AND 11B(1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF RE INDIA INFRATECH LIMITED

In respect of:

Noticee No.	Name of the Entity	PAN
1.	Re India Infratech Limited	AAECR8905J
2.	Mr. Nitesh Kumar Singh	BACPS9359B
3.	Mr. Shantanu Singh	BMOPS1899G
4.	Mr. Ameet Singh	BWIPS3911H
5.	Mr. Awdesh Kumar Singh	AKQPS6527G
6.	Mr. Chandra Vikram Singh	AYBPS9084M
7.	Mr. Ajay Singh	EBAPS3617G

(The abovementioned Noticees are hereinafter individually referred to by their respective names or Noticee number and collectively as "the Noticees")

**BACKGROUND:**

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had received a complaint dated January 21, 2019 from Shri Tapash Sankar and two other complaints dated January 21, 2019 and January 28, 2019, respectively, against Re India Infratech Limited (hereinafter referred to as "**RIL/ Company**"). The complaint dated January 21, 2019 contained a copy of Preference Share Certificate bearing S. No. 5465 dated July 04, 2011 for 330 Redeemable Preference Shares (hereinafter referred to as "**RPS**") at the rate of Rs 10/- per share issued by Re India Sun Plant Infratech Limited. The complaint dated January 28, 2019 was lodged with Department of Administrative Reforms and Public Grievances (DARPG) forwarded to SEBI, wherein, the complainant had enclosed preference share certificate of Re India Sun Plant Infratech Limited (S. No.

9708 dated October 17, 2011) for 1210 shares in the name of Apu Ch Sarkar signed by two directors.

2. SEBI, thereafter, conducted an examination in the scrip of RIIL to examine if there has been any violation of the provisions of the Companies Act, 1956 with regard to the issuance of the RPS by RIIL. SEBI issued letters dated March 20, 2019 and September 30, 2019 to the company advising it to furnish the details / information with regards to the alleged issuance of the RPS by RIIL. RIIL, vide its letter dated February 05, 2020, submitted certain details and documents in response to SEBI's letter dated September 30, 2019. On analysis of the material, the following was observed:

- 2.1 The company was incorporated as Re India Infratech Private Limited and thereafter, had changed its name thrice, details of which are as under:

**Table 1**

Sr. No.	Date of Change	Change From	Change to
1	03.12.2010	Re India Infratech Private Limited	Re India Sun Plant Infratech Private Limited
2	12.01.2011	Re India Sun Plant Infratech Private Limited	Re India Sun Plant Infratech Limited
3	13.08.2013	Re India Sun Plant Infratech Limited	Re India Infratech Limited

- 2.2 RIIL, vide its letter dated February 05, 2020, had informed that RPS were issued by the company to 13,662 allottees. The financial year wise summary, as provided by RIIL, is as under:

**Table 2**

S. No.	Period	No. of investors	No. of RPS issued	Amount raised (in Rs)
1	FY 2010-11	7117	87,82,880	8,78,28,800
2	FY 2011-12	6545	81,05,856	8,10,58,560
<b>Total</b>		<b>13662</b>	<b>16888736</b>	<b>168887360</b>



3. In view of the details provided by the Company with respect to the RPS, it was, *prima facie*, observed that the Company had issued RPS to more than 49 persons during the F.Y. 2010-11 and 2011-12 which is in violation of Sections 56(1), 56(3), 60, 64, 70(1), 73, 80 read with Section 67 of the Companies Act, 1956. Further, SEBI had issued letters dated February 11, 2022, March 25, 2022 and April 08, 2022 to RIIL and its directors, by providing the investors an option to surrender their securities and give them refund in accordance with the procedure detailed in the SEBI Circular CIR/CFD/DIL3/18/2015 dated December 31, 2015 and file for compounding of violation with the National Company Law Tribunal, giving them an opportunity to avoid penal action.
4. RIIL, vide letter dated April 08, 2022, while replying to the SEBI letters stated that it is making all efforts to refund the money. However, due to COVID-19 pandemic and other ancillary issues, some more time would be required to complete the refund. Further, Noticee No. 1 had sought a time period of 3 years to conclude the refund. Thereafter, SEBI, in order to ascertain the status of refund, had issued a letter dated May 12, 2023, to Noticee Nos. 1 and 3 seeking status of the refund made, if any, to the investors, total number of investors to whom refund is made, mode of refund supported with bank account details of Noticee No. 1, etc. Noticee No. 1, vide letter dated July 21, 2023 (*received by SEBI on August 02, 2023*) had informed that it is committed to complete the refund process within the timeline mentioned in its letter dated April 08, 2022. However, no details regarding the refund made to the investors were provided by the company.
5. SEBI again issued a final letter dated September 07, 2023 to RIIL and its directors seeking details of investors, status of refund, proof of refund made, etc. and a timeline of 14 days from the date of letter was given to the Company and its directors for submitting their reply, failing which, SEBI shall proceed based on available documents. An email in this regard was also sent to Noticee No. 3 on September 15, 2023. However, no information was provided by the Noticee. Therefore, it was *prima facie* alleged that the company has not refunded any money to the security holders as it has not provided any details sought.

**SHOW CAUSE NOTICE, REPLIES AND PERSONAL HEARING:**

6. A common Show Cause Notice dated May 10, 2024 (hereinafter referred to as ‘SCN’) was issued to the Noticees calling upon them to show cause as to why suitable directions under sections 11(1), 11(4), 11A and 11B(1) of the SEBI Act, 1992 read with Section 5 of the Companies Act, 1956, including a direction to refund the monies collected from the investors along with interest to the investors, should not be issued against them for the alleged violation of the provisions of Sections 56(1), 56(3), 60, 64, 70(1), 73, 80 read with Section 67 and Section 5 of the Companies Act, 1956 and Section 465 of Companies Act, 2013 .
7. The details with respect to the service of SCN to the Noticees and replies, if any, received from them are as under:

**Table 3**

Sr. No	Name of the Noticee	Address/ email ids	Mode of delivery of SCN			Reply received on
			By SPAD	By email	Affixture	
1.	Re India Infratech Limited	72B, Mini Mig Mayur Vihar Phase-III Delhi-110096  4th Floor, Shri Shubh Apartments Prafull, Kanan, VIP Park, Kestopur, Kolkata-700101	Undelivered	NA	29.06.2024 (Report available on record)	17.06.2024 (Signed by Mr. Shantanu Singh, Director)
2.	Mr. Nitesh Kumar Singh	C-1900, Sector 49, Noida, U.P. 201301	Undelivered	NA	Could not be affixed as “wrong address”	-

		H No. 27/3, Saket Block Mandawali, Fazalpur, Delhi, India- 110092				
		9D Pocket C, Mayur Vihar Phase-III SFS, New Kondli, Delhi- 110096				
3.	Mr. Shantanu Singh	B72 Mayur Vihar Phase- III, Pocket B, New Mig New Delhi-110096	Undelivered	NA	29.06.2024 <i>(Report available on record)</i>	-
4.	Mr. Ameet Singh	302 Shanti Priya Apartment Boring Road, Opp. IBP Petrol Pump Patna Bihar 800001	Delivered	NA	NA	24.07.2024
5.	Mr. Awdesh Kumar Singh	RTC House, 3rd Floor, 4 Dr, Suresh Sarkar Road, Kolkata 700014 West Bengal	Undelivered	NA	Affixture could not be done	-
		Near Kalibari Swapnadeep Rajhata Binodpur, Katihar Bihar- 854105				

6.	Mr. Chandra Vikram Singh	Type-4 Qtr no-173 Anpara Officers Colony Sonebhadra 231225	Delivered	NA	21.07.2024 (Report available on record)	-
		Flat no 901 Sphinx Tower Omaxenile Apartment Sec 49 Sohna Road, Gurgaon Haryana, India 122001				
		237 Kalpavriksha Maithri Ext Near Hope Farm Junction Whitefield Bangalore 560066				
		Flat no. 604 Karnak Tower Nile App Sector 49, Sohna Road, Gurgaon 122006				
7.	Mr. Ajay Singh	House No. C-58 Near Kashyap Auto Service, Sector 65, Gautam Buddha Nagar	Undelivered	NA	29.06.2024 (Report available on record)	-

		Noida UP 201301				
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8. As detailed at table no. 3 above, the SCN could not be delivered to Mr. Nitesh Kumar Singh (*Noticee No. 2*) and Mr. Awdesh Singh (*Noticee No. 5*) either through registered post AD or by way of affixture. In view of the same, service of the SCN/s was attempted to be done through Market Infrastructure Institutions (MIs). However, it is noted that the said attempt also was not successful. Considering that the SCN could not be delivered to certain Noticees i.e. Noticee Nos. 1, 2, 5, 6 and 7 on the addresses available on record, it was felt appropriate to proceed with the delivery of SCN by way of newspaper publication in terms of Rule 7(c) of the Adjudication Rules in respect of the said Noticees. Accordingly, the SCN was duly delivered by way of newspaper publication to Noticee Nos. 1, 2, 5, 6 and 7 in the newspapers as listed below:

**Table 4**

<b>Sr. No.</b>	<b>Names of the Noticees</b>	<b>Names of the Newspaper/s</b>
1.	Re India Infratech Limited	1. The Times of India, New Delhi
2.	Mr. Nitesh Kumar Singh	2. Navbharat Times, New Delhi
3.	Mr. Chandra Vikram Singh	3. Sanmarg, Kolkata
4.	Mr. Ajay Singh	4. The Times of India, Kolkata
5.	Mr. Awdesh Kumar Singh	5. Bartaman, West Bengal
		6. Rajasthan Patrika, Bengaluru
		7. The Times of India, Bengaluru
		8. Udayavani, Karnataka
		9. The Times of India, Lucknow
		10. Amar Ujala, Varanasi
		11. Hindusthan Times, Patna
		12. Hindustan, Bihar

9. Vide letter dated June 17, 2024, Noticee No. 3 filed a reply to the SCN on behalf of self and Noticee No. 1 (RIIL) and made the following submissions:

**9.1** While acknowledging the receipt of the SCN, the Noticees submitted that they did not receive the letters dated September 07, 2023 and September 15, 2023 issued

by SEBI, as they were not delivered to the registered office address. Additionally, the Noticees stated that the email address previously provided to SEBI being suspended due to storage capacity has resulted in non – receipt of email communications as well.

- 9.2** With respect to the preferential issue, the Noticees stated that RIIL has initiated the refund process for the preference shareholders on a lot- wise basis. The details of the preference shareholders for the refund of the first lot have been provided along with the reply as an attachment. It is submitted by the Noticees that they have carefully structured the refund process to ensure transparency and fairness to all investors. They diligently are working to expedite this process and anticipate sharing comprehensive proof and the status of the refunds within the next 15 days.
- 9.3** That there is an ongoing case before the Hon'ble Supreme Court concerning the refund of investments. The case is in its final stages, and the Noticees are on the verge of reaching a settlement with the involved parties and the expected closure of the said matter has been stated to be by end of next month.
- 9.4** After finalization of agreement, it is expected to commence with the refund process from October 2024 in a phased manner and the Noticees will complete all refund to the Preference Shareholders within a year. To maintain full transparency and to keep SEBI inform about the progress of the refund process, the Noticees also committed to regular updates on the refund by way of submitting monthly and quarterly reports detailing the status of refunds and any other relevant developments to SEBI's office.
- 9.5** In response to the complaints, the Noticees no. 1 and 3 state that RIIL has taken some proactive steps including:
- Establishing a Dedicated Team: A dedicated team has been established to handle all investor queries and process refund efficiently.
  - Setting Up a Helpline: have set up a helpline to address investor concerns and provide timely updates on refund status.
  - Enhancing Communication Channel: have improved its communication channel to ensure that all future correspondence from SEBI and other regulatory bodies are promptly received and address.

**10.** Further, vide letter dated July 24, 2024, Noticee No. 4 (*Mr. Ameet Singh*), filed his reply to the SCN and made the following submissions:

**10.1** The Noticee no. 4 resigned from the Company viz. Re India Infratech Limited in the year 2018 and thereafter, he does not have any association with the Company.

**10.2** The Noticee had joined RIIL in November 2010 as one of the directors and the company had hired him for a real estate project which the company was supposed to start at District- Purnea, Bihar and his responsibility was that of '*Project Manager*' to look after the construction of the project.

**10.3** The Noticee was asked to join at Purnea and all the joining formalities were completed at Purnea after which the Company had instructed him that he will be called when the project gets started. After joining, the Noticee had come back to Patna. The Noticee never got chance to visit the office of Re India InfraTech Pvt. Ltd again. Whenever the Noticee asked for payment of salary or initiation of work, the only reply received from the company personnel was that as soon as the construction work of the project starts, the Noticee will be called back. However, he was never called back and no payment was made to him. After waiting for almost one year, the Noticee forwarded his resignation to the company and moved to Kolkata in search of some other work for livelihood.

**10.4** The Noticee was under an impression that his resignation was accepted by the Company and that the Noticee's name has been removed from the list of directors. However, after receipt of the present notice from SEBI, the Noticee states that he, for the first time, has come to know that the company had issued preference shares and did money collection from the public. The Noticee neither had any idea about the collection of money from public after issuance of preference share by the company nor did he involve in the Company's collection.

**10.5** Further, it is submitted that even the Noticee had made endorsement neither on company's papers nor on the Preference Share Certificate issued to the public. He had not collected any payment from the company nor did he involve in any monetary transaction of the company involving public.

**10.6** He also said that the first mistake he committed was that he never tried to know about the source of income of the company and second mistake was that he did not follow up with the company on his resignation from the post of director which led to his name being deleted from RoC only in the year 2018.

**11.** Considering that the SCN was duly delivered to all the Noticees, in compliance with the principles of natural justice, it was felt appropriate to grant an opportunity of hearing to the Noticees and the same was granted to them on October 21, 2024. The hearing notice was duly delivered to Noticee Nos. 3 and 4. Further, as the SCN was delivered to the Noticees mentioned in Table 4 above via newspaper publication, the hearing notice was also attempted to be delivered to the said Noticees through newspaper publication. However, vide email dated October 20, 2024, Noticee No. 3 (*Mr. Shantanu Singh*) forwarded a letter dated October 19, 2024 on behalf of self, Noticee No. 2 (*Mr. Nitesh Kumar Singh*) and 7 (*Mr. Ajay Singh*) requesting for an adjournment of the scheduled hearing. Further, it was also stated that Mr. Chandra Vikram Singh (*Noticee No. 6*) has resigned from RIIL from the post of director on December 26, 2012, Mr. Awdesh Kumar Singh (*Noticee No. 5*) has resigned on October 05, 2013 and that Mr. Ameet Kumar Singh (*Noticee No. 4*) has resigned on July 03, 2018. Vide the said letter, the request for adjournment of hearing was made by the Noticees no. 2, 3 and 7 and the same was acceded to. Accordingly, another opportunity of hearing was granted to all the Noticees on November 18, 2024. Further, newspaper publication of the said hearing notice was done in case of Noticee Nos. 5 and 6 in all the newspapers (English, Hindi and regional language) in terms of Rule 7(c) of the Adjudication Rules.

**12.** On November 18, 2024, Adv. Murari Kumar, Authorized Representative (AR), appeared on behalf of Noticee No. 1, 2, 3 and 7 and reiterated the submissions made in the previous replies. Further, additional submissions were forwarded by the Noticees vide letter dated November 16, 2024. The AR stated that the Noticee Company has already initiated the refund process in accordance with the procedure detailed in SEBI Circular No. CIR/CFD/DIL3/18/2015 dated December 13, 2015 and the Noticee is committed to ensuring that all the investors receive their funds in due course. Further, the AR submitted



that the said refund has been delayed due to the legal proceedings related to significant real estate investment in Kochi, which was under settlement before the Hon'ble Supreme Court (*Case No. 125/2019*). It was also submitted that the parties have reached a settlement which involves assets that need to be liquidated before the refund which can be distributed amongst the shareholders. As the liquidation process is complex and would require considerable time to finalize, it was submitted by the AR that the refund to the investors would take time and would be made in phases with an estimated completion by October 2025. It was submitted that a detailed breakdown of the payment schedule and the relevant documentation has been enclosed with the reply dated November 16, 2024. The AR was granted time till December 02, 2024 to file additional submissions, if any, including the documentary evidence showing the resignation of Mr. Ameet Singh, Mr. Awdesh Kumar Singh and Mr. Chandra Vikram Singh from the directorship of the Noticee Company. Further, the AR was also advised to submit the latest correspondence address/s of the Noticees along with their email ids and phone numbers for records. Vide email dated December 04, 2024, Noticee No. 3 filed additional submissions in the matter.

**13.** Vide replies dated November 16, 2024 and December 04, 2024, the Noticee Nos. 1, 2, 3 and 7 have made the following additional submissions:

**13.1** It is submitted that the Noticee Company issued RPS to a limited group of investors with the initial issuance which took place in F.Y. 2010-11 and F.Y. 2011-12. On December 03, 2010, Re India Infratech P. Ltd changed its brand name to Re India Sun Plant Infratech P. Ltd. Subsequently, on January 12, 2011, the Noticee Company rebranded again to Re India Sun Plant Infratech Limited. On June 04, 2011, the company issued 330 RPS at the rate of Rs. 10 per share (Sr. No. 5465) to select investors as part of a private placement. Later, on August 13, 2013, the Noticee Company renamed itself to Re India Infratech Limited under which it continues to operate today.

**13.2** It is further stated that RIIL issued RPS exclusively to a limited number of investors i.e. proximately 13,662 investors who were individually selected based on their interest. These shares were issued through private placements in compliance with the relevant legal provisions, including the requirement to issue a Private

Placement Offer letter (PPOL) and adhere to the formalities for private placement under Section 42 of the Companies Act, 2013 (*which came into effect on April 01, 2014*) and were not offered to the general public. Therefore, it is submitted that it cannot be classified as a public offering under the Companies Act, 1956.

- 13.3** That, on March 15, 2019, when SEBI sought detailed information from RIIL regarding the issuance of RPS and requested for certain documents, RIIL had responded to the same on February 05, 2020, providing all the information. The same included documents related to the issuance of RPS such as Statement in Lieu of Prospectus, which was filed with the Registrar of Companies at the time of issuance; 13,684 share application forms circulated and received by the Noticee Company, available for review upon request; the terms and conditions of issue as outlined in the EGM Resolution dated February 12, 2011; details confirming the issuance was a private placement under Section 67(3) of the Companies Act, 1956 and not a public issue; list of allottees, total subscription amount raised which amounted to Rs. 8.78 Crore in F.Y. 2010-11 and Rs. 8.10 Crore in F.Y. 2011-12; RPS certificates were manually issued and handed over to the investors; the Board Resolution dated January 15, 2011 authorizing the issuance; the filing of ROC through E-Form-67 on January 21, 2012; Board meeting minutes dated February 19, 2011 to January 21, 2012 where the resolution for raising additional capital and allotment of shares was passed and confirmation that the Company has never applied for the listing of its securities on any stock exchange as it was a private placement.
- 13.4** It is stated that RPS were issued to 13662 shareholders during the F.Y. 2010-11 and 2011-12 through private placement under Section 80 of the Companies Act, 1956 through an offer or invitation and the shares were made available for subscription only to persons receiving the offer and / or invitation. Further, RPS were issued to only 49 persons per day on the advice of the then Company Secretary of RIIL in order to comply with the framework, as applicable.
- 13.5** RIIL and its directors were under the general presumption that they had complied with the law by issuing the RPS to 49 persons each day and made the RPS available for subscription only to persons who received the offer or invitation

through private placement. Thereafter, for the first time on September 30, 2019, RIIL received a letter from SEBI requisitioning certain data of the company due to certain complaints received. However, the said letter was silent on the issue of RPS. As mentioned, the said information was provided vide letter dated February 05, 2020. Thereafter, vide letter dated February 11, 2022, SEBI informed the Noticees that it has not complied with the provisions of the Companies Act, 1956 and alleged issue of RPS to 13662 investors as public issue and not a private placement. An opportunity was also provided to avoid penal actions by giving the shareholders the option to surrender the securities and refund them the money.

**13.6** It is the case of the Noticees that they were under a presumption that they had not violated any of the provisions of law and had complied with the applicable laws at the relevant time. The Noticees state that the interpretation of Section 67 of the Companies Act, 1956 was provided by the Hon'ble Supreme Court only in August 2012 by passing the judgment in the case of *Sahara India Real Estate Corporation Limited Vs. Securities and Exchange Board of India*.

**13.7** Despite the same, RIIL has acknowledged the need to issue refunds to the investors who participated in the RPS scheme and has started with the refund process in accordance with the procedure detailed in SEBI Circular No. CIR/CFD/DIL3/18/2015 dated December 21, 2015. The Noticees, while acknowledging the violation of the provisions of Companies law, have submitted that vide letter dated April 08, 2022, RIIL had informed SEBI that the refund process for investors is underway, though delayed, primarily due to legal proceedings related to a significant real estate investment in Kochi, which is under settlement in the Hon'ble Supreme Court (Case No. 125/2019). Further, the Noticees reiterated the submissions made in their reply dated June 17, 2024 stating that the parties have reached a settlement and the same involves assets that are to be liquidated before the refunds can be distributed to the shareholders. The said process will take some time and the estimated completion for the refunds in phased manner would be October 2025.

**13.8** It is clarified that the fund amounting to Rs. 16,88,87,360/- raised from the issuance of RPS had been utilized towards the purpose of purchasing land and towards

running of the project of the Company and the statement of mobilization of the funds through the issue of RPS duly certified by the auditors of the companies has been provided by the Noticees. The Noticees, vide letter to SEBI dated April 08, 2022 had sought 3 years' time to refund the amount to subscribers.

**13.9** It is submitted that RIIL has already provided the investors the option to surrender their securities and has refunded appx 62 lakhs to 280 subscribers in 3-4 months. Details of the refund already made is attached as annexure to the reply dated December 06, 2024. Further, RIIL shall receive 780 share certificates from various subscribers, amounting to appx. Rs. 18.33 crores. RIIL stated that it undertakes to refund the said amount to all the subscribers by the end of December 2024. The refund plan is also attached as annexure to the said replies.

**14.** Vide letter dated December 04, 2024, the Noticee Company has made further submissions and has provided details of the investors (13662) to whom the RPS were issued indicating their names, addresses, details of amounts received, date of issuance of share certificate, date of maturity of share certificate, amount of maturity. The Noticees viz. Mr. Nitesh Kumar Singh, Mr. Shantanu Singh and Mr. Ajay Singh reiterated the submissions made by them vide reply dated November 16, 2024 and further stated as under:

**14.1** RIIL is engaged in the business of infrastructure development and has invested funds received from the subscribers of RPS into various infrastructure development projects. The Company has been experiencing significant liquidity crunch since 2016 due to the ongoing litigation and issues in its invested projects which has adversely affected its revenue generation. Additionally, the onset of COVID-19 pandemic in 2020 further exacerbated RIIL's financial challenges, resulting in a persistent cash flow crisis during the F.Ys. 2020-21 and 2021-22.

**14.2** The Noticees further submit that RIIL had entered into a transaction to purchase certain land from Corevalue Developers and Infracon P. Ltd for a consideration of Rs. 33,43,05,000/- as part of this transaction and an advance amount of Rs. 12,75,08,500/- was paid utilizing the funds received from the subscribers of RPS. However, due to disputes, the land was never transferred to RIIL and the matter

escalated to judicial proceedings. Following significant challenges, the director of Corevalue Developers and Infracon P. Ltd was arrested in Purnia, Bihar and a settlement agreement was executed between the parties on April 17, 2017.

**14.3** Despite the settlement agreement, the directors of Corevalue Developers and Infracon P. Ltd failed to fulfil his obligations under its terms and consequently the matter was taken up before the Hon'ble Supreme Court where the writ petition (Criminal No. 125/2019) is still pending.

**14.4** The Noticees further state that in July 2024, the parties have reached a mutual settlement under which RIIL has agreed to withdraw the Supreme Court proceedings in consideration of receiving shares of a company holding certain land parcels. RIIL intends to sell and monetize these land parcels with an expectation of recovering appx. INR 20 crores over the next two years. Upon realization of sale proceeds, RIIL submits that it shall refund the subscribers from the said monies.

**14.5** The Noticees reiterated that they have already provided the investors the option to surrender their securities and refunded INR 62 lakhs to 280 subscribers. Further, RIIL shall receive 780 share certificates from various subscribers, amounting to appx. INR 18.33 crores. Thereafter, RIIL undertakes to refund the said amount to all the subscribers by the end of December 2024. Refund plan has accordingly been attached with the said reply.

**14.6** In view of the said submission, the Noticees have requested to grant them an extension of 2 to 3 years to complete the said refund process. The Noticees state that the said violation of the provisions of the Companies Act have not been done actively by the Company and its directors. The Noticees have further stated that they reserve their right to file for a settlement of the said proceedings in terms of the SEBI (Settlement Proceedings) Regulations, 2018.

**15.** Further, vide letter dated December 04, 2024, Noticee No. 6 (*Mr. Chandra Vikram Singh*), filed his reply to the SCN and hearing notice scheduled on November 18, 2024 and made the following submissions-

**15.1** It is submitted that that the Noticee is no longer associated with the company as a director, having formally resigned on 26/12/2012.

**15.2** It is submitted that during his tenure as a director, his responsibilities were confined to the marketing and sales function. He was not involved in or privy to financial matters, including any dealing related to preference shares or other related transactions.

**15.3** It is submitted that since his resignation, he has not been involved in the day to day affairs or operation of the company and was consequently unaware of the current situation or any decision made by the company.

**15.4** It is submitted that due to frequent international travel, he is unable to attend the hearing in person. Thus, he requested that the company which is better positioned to address the matter, to respond to the notice appropriately and any further communication regarding the preferential issue may be directed to the company's authorised representative.

**16.** Further, vide letter dated December 05, 2024, Noticee No. 5 (*Mr. Awdesh Kumar Singh*), filed his reply to the SCN and hearing notice scheduled on November 18, 2024 and made the following submissions--

**16.1** It is submitted that he ceased to be associated with the company as a director, having formally resigned on 26/12/2012.

**16.2** It is submitted that he served as a director of the company for a very limited period and during his tenure, he was not involved in or had any knowledge of the company's financial operations, including matters related to preference shares or associated transactions.

**16.3** It is submitted that since his resignation, he had no involvement in the day-to-day operations or decisions of the company and was unaware of the current affairs of the organization.

**16.4** It is submitted that due to serious health issues, he is presently undergoing medical treatment and is unable to attend the hearing in person. Thus, he has requested to consider his health condition and past resignation while viewing the matter. Further it is submitted by him that the company is better equipped to

address the preferential issue and any further communication regarding the noticee may be directed to company's authorised representative.

## **CONSIDERATION OF ISSUES AND FINDINGS**

17. I have carefully perused the allegations levelled against the Noticees in the SCN issued, the replies dated June 17, 2024, July 24, 2024, November 16, 2024, December 04, 2024 and December 05, 2024 and the material available on record. I note that the issue for consideration is;

- (I) Whether the Noticee Company (RIIL) had issued the RPS to 13662 investors in violation of the provisions of Sections 56(1), 56(3), 60, 64, 70(1), 73, 80 read with Section 67 of the Companies Act, 1956?**
- (II) If yes, who would be liable for the violations so committed by the Noticee Company?**

18. I find that in order to appreciate the charges levelled against the Noticees, it would be apposite to refer to the above-stated relevant provisions of the Companies Act, 1956 which have a bearing on the allegations made against the Noticees. These relevant provisions are reproduced hereunder for facility of reference:

### **Companies Act, 1956**

#### **56. MATTERS TO BE STATED AND REPORTS TO BE SET OUT IN PROSPECTUS**

*(1) Every prospectus issued -*

*(a) by or on behalf of a company, or*

*(b) by or on behalf of any person who is or has been engaged or interested in the formation of a company, shall state the matters specified in Part I of Schedule II and set out the reports specified in Part II of that Schedule; and the said Parts I and II shall have effect subject to the provisions contained in Part III of that Schedule.*

*(3) No one shall issue any form of application for shares in or debentures of a company, unless the form is accompanied by a memorandum containing such salient features of a prospectus as may be prescribed which complies with the requirements of this section:*

**Provided** that a copy of the prospectus shall, on a request being made by any person before the closing of the subscription list, be furnished to him:

**Provided further** that this sub-section shall not apply if it is shown that the form of application was issued either -

(a) in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures; or  
(b) in relation to shares or debentures which were not offered to the public.  
If any person acts in contravention of the provisions of this sub-section, he shall be punishable with fine which may extend to fifty thousand rupees.

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.....  
.....

## **60. REGISTRATION OF PROSPECTUS**

(1) No prospectus shall be issued by or on behalf of a company or in relation to an intended company unless, on or before the date of its publication, there has been delivered to the Registrar for registration a copy thereof signed by every person who is named therein as a director or proposed director of the company or by his agent authorised in writing, and having endorsed thereon or attached thereto -

(a) any consent to the issue of the prospectus required by section 58 from any person as an expert; and

(b) in the case of a prospectus issued generally, also -

(i) a copy of every contract required by clause 16 of Schedule II to be specified in the prospectus, or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof; and

(ii) where the persons making any report required by Part II of that Schedule have made therein, or have, without giving the reasons, indicated therein, any such adjustments as are mentioned in clause 32 of that Schedule, a written statement signed by those persons setting out the adjustments and giving the reasons therefor.

(2) Every prospectus to which sub-section (1) applies shall, on the face of it, -

(a) state that a copy has been delivered for registration as required by this section; and

(b) specify any documents required by this section to be endorsed on or attached to the copy so delivered, or refer to statements included in the prospectus which specify those documents.

(3) The Registrar shall not register a prospectus unless the requirements of sections 55, 56, 57 and 58 and sub sections (1) and (2) of this section have been complied with and the prospectus is accompanied by the consent in writing of the person, if any, named therein as the auditor, legal adviser, attorney, solicitor, banker or broker of the company or intended company, to act in that capacity.

(4) No prospectus shall be issued more than ninety days after the date on which a copy thereof is delivered for registration; and if a prospectus is so issued, it shall be deemed to be a prospectus a copy of which has not been delivered under this section to the Registrar.



*(5) If a prospectus is issued without a copy thereof being delivered under this section to the Registrar or without the copy so delivered having endorsed thereon or attached thereto the required consent or documents, the company, and every person who is knowingly a party to the issue of the prospectus, shall be punishable with fine which may extend to fifty thousand rupees. sign the prospectus depending on the circumstances of each case.*

#### **64. DOCUMENTS CONTAINING OFFER OF SHARES OR DEBENTURES FOR SALE TO BE DEEMED PROSPECTUS**

*(1) Where a company allots or agrees to allot any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public, any document by which the offer for sale to the public is made shall, for all purposes, be deemed to be a prospectus issued by the company ; and all enactments and rules of law as to the contents of prospectuses and as to liability in respect of statements in and omissions from prospectuses, or otherwise relating to prospectuses, shall apply with the modifications specified in sub-sections (3), (4) and (5), and have effect accordingly, as if the shares or debentures had been offered to the public for subscription and as if persons accepting the offer in respect of any shares or debentures were subscribers for those shares or debentures, but without prejudice to the liability, if any, of the persons by whom the offer is made in respect of misstatements contained in the document or otherwise in respect thereof.*

*(2) For the purposes of this Act, it shall, unless the contrary is proved, be evidence that an allotment of, or an agreement to allot, shares or debentures was made with a view to the shares or debentures being offered for sale to the public if it is shown -*

*(a) that an offer of the shares or debentures or of any of them for sale to the public was made within six months after the allotment or agreement to allot; or*

*(b) that at the date when the offer was made, the whole consideration to be received by the company in respect of the shares or debentures had not been received by it.*

*(3) Section 56 as applied by this section shall have effect as if it required a prospectus to state in addition to the matters required by that section to be stated in a prospectus-*

*(a) the net amount of the consideration received or to be received by the company in respect of the shares or debentures to which the offer relates; and*

*(b) the place and time at which the contract under which the said shares or debentures have been or are to be allotted may be inspected.*

*(4) Section 60 as applied by this section shall have effect as if the persons making the offer were persons named in a prospectus as directors of a company.*

*(5) Where a person making an offer to which this section relates is a company or a firm, it shall be sufficient if the document referred to in sub-section (1) is signed on behalf of the company or firm by two directors of the company or by not less than one-*

half of the partners in the firm, as the case may be; and any such director or partner may sign by his agent authorised in writing.

#### **67. CONSTRUCTION OF REFERENCES TO OFFERING SHARES OR DEBENTURES TO THE PUBLIC, ETC**

(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 the non-banking financial companies or public financial institutions specified in section 4A of the Companies Act, 1956 (1 of 1956).

(3A) Notwithstanding anything contained in sub-section (3), the Securities and Exchange Board of India shall, in consultation with the Reserve Bank of India, by notification in the Official Gazette, specify the guidelines in respect of offer or invitation made to the public by a public financial institution specified under section 4A or non-banking financial company referred to in clause (f) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934).

(4) Without prejudice to the generality of sub-section (3), a provision in a company's articles prohibiting invitations to the public to subscribe for shares or debentures shall not be taken as prohibiting the making to members or debenture holders of an invitation which can properly be regarded in the manner set forth in that sub-section.

*(5) The provisions of this Act relating to private companies shall be construed in accordance with the provisions contained in sub- sections (1) to (4).*

**70. PROHIBITION OF ALLOTMENT IN CERTAIN CASES UNLESS STATEMENT IN LIEU OF PROSPECTUS DELIVERED TO REGISTRAR**

*(1) A company having a share capital, which does not issue a prospectus on or with reference to its formation, or which has issued such a prospectus but has not proceeded to allot any of the shares offered to the public for subscription, shall not allot any of its shares or debentures unless at least three days before the first allotment of either shares or debentures, there has been delivered to the Registrar for registration a statement in lieu of prospectus signed by every person who is named therein as a director or proposed director of the company or by his agent authorised in writing, in the form and containing the particulars set out in Part I of Schedule III and, in the cases mentioned in Part II of that Schedule, setting out the reports specified therein, and the said Parts I and II shall have effect subject to the provisions contained in Part III of that Schedule.*

.....

**73. ALLOTMENT OF SHARES AND DEBENTURES TO BE DEALT IN ON STOCK EXCHANGE**

*(1) Every company intending to offer shares or debentures to the public for subscription by the issue of a prospectus shall, before such issue, make an application to one or more recognised stock exchanges for permission for the shares or debentures intending to be so offered to be dealt with in the stock exchange or each such stock exchange.*

*(1A) Where a prospectus, whether issued generally or not, states that an application under sub-section (1) has been made for permission for the shares or debentures offered thereby to be dealt in one or more recognised stock exchanges, such prospectus shall state the name of the stock exchange or, as the case may be, each such stock exchange, and any allotment made on an application in pursuance of such prospectus shall, whenever made, be void, if the permission has not been granted by the stock exchange or each such stock exchange, as the case may be, before the expiry of ten weeks from the date of the closing of the subscription lists:*

*Provided that where an appeal against the decision of any recognised stock exchange refusing permission for the shares or debentures to be dealt in on that stock exchange has been preferred under section 22 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), such allotment shall not be void until the dismissal of the appeal.*

*(2) Where the permission has not been applied under sub-section (1), or, such permission having been applied for, has not been granted as aforesaid, the company shall forthwith repay without interest all moneys received from applicants in pursuance*

*of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the company and every director of the company who is an officer in default shall, on and from the expiry of the eighth day, 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, as may be prescribed, having regard to the length of the period of delay in making the repayment of such money.*

*Proviso omitted by the Companies (Amendment) Act, 1988 with effect from 15-6-1988.*

*(2A) Where permission has been granted by the recognised stock exchange or stock exchanges for dealing in any shares or debentures in such stock exchange or each such stock exchange and the moneys received from applicants for shares or debentures are in excess of the aggregate of the application moneys relating to the shares or debentures in respect of which allotments have been made, the company shall repay the moneys to the extent of such excess forthwith without interest and if such money is not repaid within eight days, from the day the company becomes liable to pay it, 1[the company and every director of the company who is an officer in default shall, on and from the expiry of the eighth day, 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, as may be prescribed, having regard to the length of the period of delay in making the repayment of such money.*

*Proviso omitted by the Companies (Amendment) Act, 1988 with effect from 15-6-1988.*

*(2B) If default is made in complying with the provisions of sub-section (2A), the company and every officer of the company who is in default shall be punishable with fine which may extend to fifty thousand rupees, and where repayment is not made within six months from the expiry of the eighth day, also with imprisonment for a term which may extend to one year.*

*(3) All moneys received as aforesaid shall be kept in a separate bank account maintained with a Scheduled Bank until the permission has been granted, or where an appeal has been preferred against the refusal to grant such permission, until the disposal of the appeal, and the money standing in such separate account shall, where the permission has not been applied for as aforesaid or has not been granted, be repaid within the time and in the manner specified in subsection(2); and if default is made in complying with this sub-section, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to fifty thousand rupees.*

*(3A) Moneys standing to the credit of the separate bank account referred to in sub-section (3) shall not be utilised for any purpose other than the following purposes, namely:*

*(a) adjustment against allotment of shares, where the shares have been permitted to be dealt in on the stock*

exchange or each stock exchange specified in the prospectus; or

(b) repayment of moneys received from applicants in pursuance of the prospectus, where shares have not been permitted to be dealt in on the stock exchange or each stock exchange specified in the prospectus, as the case may be, or, where the company is for any other reason unable to make the allotment of share.

(4) Any condition purporting to require or bind any applicant for shares or debentures to waive compliance with any of the requirements of this section shall be void.

(5) For the purposes of this section, it shall be deemed that permission has not been granted if the application for permission, where made, has not been disposed of within the time specified in sub-section (1).

(6) This section shall have effect -

(a) in relation to any shares or debentures agreed to be taken by a person underwriting an offer thereof by a prospectus, as if he had applied therefor in pursuance of the prospectus; and

(b) in relation to a prospectus offering shares for sale, with the following modifications, namely, -

(i) references to sale shall be substituted for references to allotment;

(ii) the persons by whom the offer is made, and not the company, shall be liable under sub-section (2) to repay money received from applicants, and references to the company's liability under that sub-section shall be construed accordingly; and

(iii) for the reference in sub-section (3) to the company and every officer of the company who is in default, there shall be substituted a reference to any person by or through whom the offer is made and who is knowingly guilty of, or wilfully authorises or permits, the default.

(7) No prospectus shall state that application has been made for permission for the shares or debentures offered thereby to be dealt in on any stock exchange, unless it is a recognised stock exchange

## **80. POWER TO ISSUE REDEEMABLE PREFERENCE SHARES**

(1) Subject to the provisions of this section, a company limited by shares may, if so authorised by its articles, issue preference shares which are, or at the option of the company are to be liable, to be redeemed:

Provided that -

(a) no such shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;

(b) no such shares shall be redeemed unless they are fully paid;

(c) the premium, if any, payable on redemption shall have been provided for out of the profits of the company or out of the company's security premium account, before the shares are redeemed;

*(d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the capital redemption reserve account, a sum equal to the nominal amount of the shares redeemed; and the provisions of this Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve account were paid-up share capital of the company.*

*(2) Subject to the provisions of this section, the redemption of preference shares thereunder may be effected on such terms and in such manner as may be provided by the articles of the company.*

*(3) The redemption of preference shares under this section by a company shall not be taken as reducing the amount of its authorised share capital.*

*(4) Where in pursuance of this section, a company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued ; and accordingly the share capital of the company shall not, for the purpose of calculating the fees payable under section 611, be deemed to be increased by the issue of shares in pursuance of this sub-section :Provided that, where new shares are issued before the redemption of the old shares, the new shares shall not, so far as relates to stamp duty, be deemed to have been issued in pursuance of this sub-section unless the old shares are redeemed within one month after the issue of the new shares.*

*(5) The capital redemption reserve account may, notwithstanding anything in this section, be applied by the company, in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.*

*(5A) Notwithstanding anything contained in this Act, no company limited by shares shall, after the commencement of the Companies (Amendment) Act, 1996, issue any preference share which is irredeemable or is redeemable after the expiry of a period of twenty years from the date of its issue.*

*(6) If a company fails to comply with the provisions of this section, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to ten thousand rupees.*

#### **5. MEANING OF "OFFICER WHO IS IN DEFAULT"**

*For the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any punishment or penalty, whether by way of imprisonment, fine or otherwise, the expression "officer who is in default" means all the following officers of the company, namely:*

- (a) the managing director or managing directors;*
- (b) the whole-time director or whole-time directors;*
- (c) the manager;*



(d) the secretary;

(e) any person in accordance with whose directions or instructions the Board of directors of the company is accustomed to act;

(f) any person charged by the Board with the responsibility of complying with that provision:

**Provided** that the person so charged has given his consent in this behalf to the Board;

(g) where any company does not have any of the officers specified in clauses (a) to (c), any director or directors who may be specified by the Board in this behalf or where no director is so specified, all the directors:

**Provided** that where the Board exercises any power under clause (f) or clause (g), it shall, within thirty days of the exercise of such powers, file with the Registrar a return in the prescribed form.

### **Companies Act, 2013**

#### **465. REPEAL OF CERTAIN ENACTMENTS AND SAVINGS-**

(1) The Companies Act, 1956 (1 of 1956) and the Registration of Companies (Sikkim) Act, 1961 (Sikkim Act 8 of 1961) (hereafter in this section referred to as the repealed enactments) shall stand repealed:

**Provided** that the provisions of Part IX A of the Companies Act, 1956 (1 of 1956) shall be applicable *mutatis mutandis* to a Producer Company in a manner as if the Companies Act, 1956 has not been repealed until a special Act is enacted for Producer Companies:

**Provided further** that until a date is notified by the Central Government under subsection (1) of Section 434 for transfer of all matters, proceedings or cases to the Tribunal, the provisions of the Companies Act, 1956 (1 of 1956) in regard to the jurisdiction, powers, authority and functions of the Board of Company Law Administration and court shall continue to apply as if the Companies Act, 1956 has not been repealed:

**Provided also** that provisions of the Companies Act, 1956 (1 of 1956) referred in the notification issued under section 67 of the Limited Liability Partnership Act, 2008 (6 of 2009) shall, until the relevant notification under such section applying relevant corresponding provisions of this Act to limited liability partnerships is issued, continue to apply as if the Companies Act, 1956 has not been repealed.

(2) Notwithstanding the repeal under sub-section (1) of the repealed enactments,—

(a) anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act;

*(b) subject to the provisions of clause (a), any order, rule, notification, regulation, appointment, conveyance, mortgage, deed, document or agreement made, fee directed, resolution passed, direction given, proceeding taken, instrument executed or issued, or thing done under or in pursuance of any repealed enactment shall, if in force at the commencement of this Act, continue to be in force, and shall have effect as if made, directed, passed, given, taken, executed, issued or done under or in pursuance of this Act;*

*(c) any principle or rule of law, or established jurisdiction, form or course of pleading, practice or procedure or existing usage, custom, privilege, restriction or exemption shall not be affected, notwithstanding that the same respectively may have been in any manner affirmed or recognised or derived by, in, or from, the repealed enactments;*

*(d) any person appointed to any office under or by virtue of any repealed enactment shall be deemed to have been appointed to that office under or by virtue of this Act;*

*(e) any jurisdiction, custom, liability, right, title, privilege, restriction, exemption, usage, practice, procedure or other matter or thing not in existence or in force shall not be revised or restored; (f) the offices existing on the commencement of this Act for the registration of companies shall continue as if they have been established under the provisions of this Act;*

*(g) the incorporation of companies registered under the repealed enactments shall continue to be valid and the provisions of this Act shall apply to such companies as if they were registered under this Act;*

*(h) all registers and all funds constituted and established under the repealed enactments shall be deemed to be registers and funds constituted or established under the corresponding provisions of this Act;*

*(i) any prosecution instituted under the repealed enactments and pending immediately before the commencement of this Act before any Court shall, subject to the provisions of this Act, continue to be heard and disposed of by the said Court;*

*(j) any inspection, investigation or inquiry ordered to be done under the Companies Act, 1956 (1 of 1956) shall continue to be proceeded with as if such inspection, investigation or inquiry has been ordered under the corresponding provisions of this Act; and*

*(k) any matter filed with the Registrar, Regional Director or the Central Government under the Companies Act, 1956 (1 of 1956) before the commencement of this Act and not fully addressed at that time shall be concluded by the Registrar, Regional Director or the Central Government, as the case may be, in terms of that Act, despite its repeal.*

*(3) The mention of particular matters in sub-section (2) shall not be held to prejudice the general application of section 6 of the General Clauses Act, 1897 (10 of 1897) with regard to the effect of repeal of the repealed enactments as if the Registration of Companies (Sikkim) Act, 1961 (Sikkim Act 8 of 1961) were also a Central Act.*



***ISSUE I: Whether the Noticee Company (RIIL) had issued the RPS to 13662 investors in violation of the provisions of Sections 56(1), 56(3), 60, 64, 70(1), 73, 80 read with Section 67 of the Companies Act, 1956?***

19. Before proceeding further with the issue, I note that Section 55A of the Companies Act, 1956 empowers SEBI with the powers to regulate and take action in matters related to issue and transfer of securities. Section 55A of the Companies Act, 1956 reads as under:

***“55A. POWERS OF SECURITIES AND EXCHANGE BOARD OF INDIA***

*The provisions contained in sections 55 to 58, 59 to 81 (including sections 68A, 77A and 80A), 108, 109, 110, 112, 113, 116, 117, 118, 119, 120, 121, 122, 206, 206A and 207, so far as they relate to issue and transfer of securities and non-payment of dividend shall, -*

*(a) in case of listed public companies;*

*(b) in case of those public companies which intend to get their securities listed on any recognised stock exchange in India, be administered by the Securities and Exchange Board of India; and*

*(c) in any other case, be administered by the Central Government.*

*Explanation. - For the removal of doubts, it is hereby declared that all powers relating to all other matters including the matters relating to prospectus, statement in lieu of prospectus, return of allotment, issue of shares and redemption of irredeemable preference shares shall be exercised by the Central Government, the Tribunal or the Registrar of Companies, as the case may be.”*

20. Therefore, on a combined reading of the abovementioned provisions under the Companies Act, 1956, it is seen that SEBI has been entrusted with all the powers to regulate and take action in the matters relating to issue and transfer of securities.

21. In the instant case, I note that it is an admitted fact that the Noticee Company (RIIL) had issued 87,82,880 RPS to 7117 investors in F.Y. 2010-11 and further, had issued 81,05,856 RPS to 6545 investors in the F.Y. 2011-12. Thus, the Noticee Company had issued RPS to a total of 13,662 allottees in F.Ys. 2010-11 and 2011-12. Section 67(3) of the Companies Act, 1956 states that no offer or invitation shall be treated as made to the public if the offer or invitation can properly be regarded, in all 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:

22. However, it is noted that the proviso to Section 67(3) of the Companies Act, 1956 was inserted by the Companies (Amendment) Act, 2000 w.e.f. December 13, 2000. The said first proviso to Section 67(3) clearly states that nothing contained in this sub-section shall be applicable in case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more. The said proviso inserted in the Companies Act, 1956 in December 2000 specifically gives a carve out that private placement as allowed under Section 67(3) would be restricted upto forty-nine persons only (The change of 200 came vide Rule 14 of Companies prospectus and allotment of securities rules 2014 w.e.f 1/4/2014). Therefore, it can be said that once an offer and issue has been made to fifty persons or more, the said issue will be treated as an issue to public attracting the provisions of Section 73(1) of the Companies Act, 1956 and an application for listing becomes mandatory. The Supreme Court, while deciding the case of **Sahara India Real Estate Corporation Limited & Ors Vs. Securities and Exchange Board of India & Anr (Civil Appeal No. 9813 of 2011 with Civil Appeal No. 9833 of 2011)**, interpreted Section 67(3) of the Companies Act, 1956 as under:

*“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. A public company can escape from the rigor of provisions, if the offer is made by companies mentioned under Section 67(3A), i.e. by public financial institutions specified under Section 4A or by non-banking financial companies referred to in Section 45I(f) of the Reserve Bank of India Act, 1934.”*

**23.** The Hon'ble Securities Appellate Tribunal (SAT) in the matter of ***Tourbo Infotech and Industries Limited & Anr. Vs. SEBI (decided on July 19, 2004)***, while deciding as to whether the debentures were offered to the public or whether it was a private placement, observed as under:

*“12. Section 67 of the Companies Act gives an indication of the difference between private placement and public issue. Section 67(3) is clear and categorical. Section 67(3) reads as follows:*

*“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.”*

*The first proviso to section 67(3) inserted by the Companies (Amendment) Act, 2000 with effect from 13.12.2000 sets at rest the question by stating that if an invitation to subscription is made to 50 or more persons, it ceases to be a private placement. The first proviso reads as follows:*

*“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.”*

*This proviso was not in force when the two debenture issues were made by the company. The first issue was on 1st of September 1999 and the second issue was on June 1, 2000. The allotments were completed by July 2000. Therefore, the proviso, which came into force on 13.12.2000 holding that any issue made to 50 or more persons will be deemed to be public issue, was not in force.” [Emphasis supplied]*

**24.** I find that, in the present case, the Noticee Company and its directors viz. Noticee Nos. 2, 3 and 7, in their common reply dated June 17, 2024 have stated that the said issue was a private placement and that they have not violated the provisions of the applicable laws. However, in their reply dated December 04, 2024, the said Noticees, while referring to the Supreme Court judgment in the case of *Sahara India Real Estate Corporation Limited & Ors Vs. Securities and Exchange Board of India & Anr* have admitted that the said issue of RPS was a public issue and have submitted that the clarity on the interpretation came only in August 2012 when the abovementioned

judgement was passed by the Hon'ble Supreme Court and therefore, before that they were under a presumption that the issue was in accordance and in lines with the applicable laws. Here, it is pertinent to note that the principle of '*ignorantia juris non excusat*' or '*ignorantia legis neminem excusat*' or '*ignorance of law is no excuse*' becomes applicable. Further, even before the clarification on the interpretation of Section 67(3) of the Companies Act, 1956, there were court cases which clarified the position after the amendment to Section 67 of the Companies Act, 1956 by the Companies (Amendment) Act, 2000 with effect from December 13, 2000. The position is, therefore, clear as to what constitutes a 'public' issue. After December 13, 2000, any offer of securities to more than 50 persons was to be treated as a 'public issue' under the Companies Act. In this case, admittedly, the issue has been made after December 13, 2000 and the number of investors run into thousands. Hence, there is no ambiguity as to whether the Noticee Company had issued the RPS to the public. Therefore, I find that the submissions of the Noticees that they were under a belief that the applicable laws at the relevant point in time were complied with is without any merit.

25. I further note that, in their defence, the Noticees have stated that as the Noticee Company had issued the RPS to 49 persons on each day and made the RPS available for subscription only to persons who received the offer or invitation through private placement, it was presumed by them that the said issuance of RPS was not in violation of Section 67(3) of the Companies Act, 1956. Here, I would like to place reliance on the decision of the Hon'ble SAT in the case of ***Neesa Technologies Limited vs. SEBI (Appeal No. 311 of 2016) decided on April 28, 2017*** which states 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 be comply with the provisions of Section 56 of the 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.*" As mentioned in preceding paragraph no. 22, the number of investors to whom the RPS were issued in a financial year was way more than 50 investors and therefore, I

find that the *modus operandi* adopted by the Noticee Company appears to be a design to circumvent the regulatory framework by issuing the RPS to 49 persons in one tranche on a single day which otherwise, as per the understanding of the Noticee Company, would be deemed to be a public issue of securities in terms of Section 67(3) of the Companies Act, 1956. In view of the same, the said contention of the Noticees cannot be considered and lacks merit and it is established beyond doubt that the said issue of RPS by the Company RIIL to 13662 allottees was a public issue.

**26.** 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 the 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. There is no material to show that RIIL has issued prospectus containing the disclosures mentioned in Section 56(1) of the Companies Act, 1956 or issued application forms accompanying the abridged prospectus. In view of above, I find that RIIL has not complied with Sections 56(1) and 56(3) of the Companies Act, 1956.

**27.** Section 2(36) of the Companies Act read with Section 60 thereof, mandates a company to register its prospectus with the Registrar of Company (RoC), before making a public offer / issuing the prospectus. As per 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 and issuance of RPS in the F.Ys. 2010-11 and 2011-12 were deemed public issue of securities, RIIL was required to register a prospectus with the RoC under Section 60 of the Companies Act, 1956. I find that there is no material on record to indicate that RIIL had registered a prospectus with the RoC, in respect of the offer of RPS. Therefore, I find that RIIL has not complied with the provisions of Section 60 of the Companies Act, 1956.

**28.** Further, the offer of RPS being a public issue of securities, such securities also have to be listed on a recognised 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 recognised 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 sought for or not granted, the company is required to forthwith repay with interest all moneys received from the applicants. I do not find any material on record to indicate that RIIL had made an application seeking listing permission from stock exchange. Further, from the replies filed by the Noticees, it is clear that RIIL has not refunded the entire amounts collected by way of issuance of the RPS on account of such failure. Therefore, I find that RIIL has also not complied with the provisions of Section 73 of the Companies Act, 1956.

**29.** As mentioned in preceding paragraph no. 20 and 21, the public companies, whether listed or unlisted, when they issue and transfer securities, the jurisdiction of SEBI is governed by 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 the *Sahara Case (supra)* has 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 recognised stock exchange in India.”*

*“SEBI can exercise its jurisdiction under Sections 11(1), 11(4), 11A(1)(b) and 11B of the SEBI Act and Regulation 107 of the 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 recognised stock exchange.”*

**30.** It is pertinent to note that the Companies Act, 1956, has been repealed by the Companies Act 2013 and anything done or any action taken or purported to have been done or taken under the Companies Act, 1956 is deemed to have been done or taken under the corresponding provisions of the Companies Act, 2013 by virtue of

Section 465(2) of the Companies Act, 2013 and is, therefore, saved regardless of the repeal of the Companies Act, 1956.

31. In view of the above findings, I conclude that RIIL by issuing the RPS in the F.Y. 2010-11 and 2011-12 to 13,662 allottees, which is more than 49 persons, has contravened the provisions of Section 56, Section 60 read with Section 2(36), Section 67(3) and Section 73 of the Companies Act, 1956 read with Section 465(2) of the Companies Act, 2013.

**ISSUE II: If yes, who would be liable for the violations so committed by the Noticee Company?**

32. I find from the foregoing that as the violations of the provisions of the Companies Act, 1956 by RIIL are established beyond doubt, the Company is clearly liable for the violations of the said provisions of law. Having said that, although a company is a juristic person, I find that the directors of RIIL are responsible for the commissions and omissions of the company, as they were the persons in charge of the company's affairs. Here, I would rely on the observations of the Hon'ble Supreme Court in the matter of **Shri N. Narayanan Vs. SEBI [(2013) 12 SCC 152]** decided on April 26, 2013, wherein the Hon'ble Apex Court observed as under:

*".....Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence."*

33. In the instant case, I note that the details of the Promoters/Directors as provided by RIIL and gathered from MCA records are as under:

Sr. No.	Name	PAN	DIN	Designation	Date Appointment	Date Cessation
1.	Nitesh Kumar Singh	BACPS9359B	00882687	Managing Director	28/07/2010	-
2.	Shantanu Singh	BMOPS1899G	03148809	Director	28/07/2010 05/10/2013	NA -
3.	Ameet Singh	BWIPS3911H	02885973	Director	05/11/2010	03/07/2018
4.	Avdesh Kumar Singh	AKQPS6527G	00301404	Director	05/11/2010	05/10/2013

5.	Chandra Vikram Singh	AYBPS9084M	02807942	Director	05/04/2011	26/12/2012
6.	Ajay Singh	EBAPS3617G	07658144	Director	03/07/2018	-

**34.** Sections 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, in the instant matter the Noticees who were directors are to be held liable for the violations of Sections 56(1), 56(3) and 60 of the Companies Act, 1956.

**35.** I note that the funds were raised by the Company RIIL by way of issuance of RPS during the F.Y. 2010-11 and 2011-12. Section 73(3) of the Companies Act, 1956 requires the Company to keep all the money collected by it in a separate account till the permission is granted by the stock exchange. And where the permission has not been applied for or has not been granted, the money collected be repaid within the time and in the manner specified in sub-section (2). I further note that any default in the compliance of the repayment within eight days after the date when the company becomes liable to repay would result in fine for the company and every officer of the company who is in default. With regard to the 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 is 15%.

**36.** I, therefore, note that the responsibility is cast upon the directors and the company for adherence with the obligations under Section 73(2) of the Companies Act, 1956. In this regard, reference is drawn to Section 5 of the Companies Act, 1956 which clearly states that an officer of the company who is in default shall be liable to any punishment



or penalty, whether by way of imprisonment, fine or otherwise and that the term 'officer who is in default' would mean all the following officers of the company, namely:

- (a) *the managing director/s,*
- (b) *the whole time director/s,*
- (c) *the manager,*
- (d) *the secretary,*
- (e) *any person in accordance with whose directions or instructions the Board of directors of the company is accustomed to act,*
- (f) *any person charged by the Board with the responsibility of complying with that provision: Provided that the person so charged has given his consent in this behalf to the Board;*
- (g) *where any company does not have any of the officers specified in clauses (a) to (c), any director or directors who may be specified by the Board in this behalf or where no director is so specified, all the directors: Provided that where the Board exercises any power under clause (f) or clause (g), it shall, within thirty days of the exercise of such powers, file with the Registrar a return in the prescribed form.*

37. In this regard, I note that the Hon'ble SAT in the matter of ***Pritha Baug Vs. SEBI*** decided on February 14, 2019 observed that,

*"12.....Unless and until a finding is given that the appellant is an officer in default, the mandate provided under Section 73(2) cannot be invoked against the appellant. In the instant case, the appellant has annexed documents to indicate that the company had a managing director, namely, Mr. Indranath Daw and, therefore, as per the provisions of Section 5 the managing director would be an officer in default. We also find that there is no finding given by the WTM that the appellant was the managing director or whole time director or was a person charged by the Board with the responsibility of compliance with the provisions of the Companies Act and, consequently, could not be made responsible for refunding the amount under Section 73(2).*

*13. Reliance on the judgment of this Court by the respondent in the case of Manoj Agarwal vs. SEBI in Appeal No 66 of 2016 decided on July 14, 2017 is not applicable and is distinguishable. The Tribunal in the case of Manoj Agarwal found that there was no material to show that any of the officers set out in clauses (a) to (c) of Section 5 or any specified director of the said company was entrusted to discharge the application contained in Section 73 of the*

*Companies Act. In the instant case, there is sufficient material on record to show that there was a managing director and in the absence of any finding that the appellant was entrusted to discharge the application contained in Section 73 of the Companies Act, the direction to refund the amount alongwith interest from the appellant is wholly illegal....”*

**38.** I note that in the present case, Noticee No. 02 has been appointed as the Managing Director of the Company on July 28, 2010. As already established in the preceding paragraphs, the Company RIIL had issued the RPS to 13662 investors in the F.Ys. 2010-11 and 2011-12. I note that during the issuance of the RPS and the fund mobilization, Noticee No. 2 viz. Mr. Nitesh Kumar Singh was the Managing Director of the Company. Further, on perusal of the MCA website, it is noted that as per the MCA records, currently as well, Mr. Nitesh Kumar Singh is shown as the Managing Director of RIIL. Further, as mentioned in the examination report, as per the Annual Returns for F.Y. 2010-11 and 2011-12, Mr. Nitesh Kumar Singh was named as the Managing Director of RIIL. Copy of the Board Resolution dated June 10, 2011 showing appointment of Mr. Nitesh Kumar Singh as Managing Director is also available on record. Thus, placing reliance on Section 5 (a) of the Companies Act, 1956 and the observations made by the Hon'ble SAT in the case of *Pritha Baug* (Supra), I find that the Noticee No. 02 being the Managing Director of RIIL is the 'officer in default' for the issuance of the RPS during the Financial year 2010-11 and 2011-12 and is hence liable to make refund alongwith interest at the rate of 15% per annum under Section 73(2) of the Companies Act, 1956 read with Rule 4D of the Companies (Central Government's) General Rules and Forms, 1956.

**39.** Further, from the material available on record and the details of appointment and resignation / cessation of directors of RIIL as can be seen in paragraph 33 above and from the reply dated November 16, 2024, I note that Noticee No. 7 was appointed as the director of the Company subsequent to the issuance and allotment of RPS i.e. he was not a director of the company during the period of issuance and allotment of RPS. Further, it is noted that Noticee no 4 is currently not the director of RIIL and has resigned on July 03, 2018. Further, it is noted that though Noticee No. 5 in his reply dated December 05, 2024 has submitted that he has formally resigned as a director

from the company on December 26, 2012, on perusal of the material available on record and gathered from MCA records, he is noted to have resigned on October 05, 2013. Furthermore, as observed from the reply of Noticee No. 6 dated December 04, 2024 along with MCA records gathered, it is observed that Noticee No. 6 has resigned as director of the Company on December 26, 2012. However, the said Noticees i.e. Noticee Nos. 4, 5 and 6 were directors of RIIL during the issuance and allotment of RPS.

**40.** The directors of RIIL had the responsibility to ensure that refund of money was made to the investors as prescribed in law. A person cannot assume the role of a director in a casual manner. The position of a 'director' in a public company / listed company along with the responsibilities and compliances under law associated with such position which have to be fulfilled by such director or face the consequences for any violation or default thereof.

**41.** With respect to the breach of law and duty by a director of a company, I refer to and rely on the following observations made by the Hon'ble High Court of Madras in ***Madhavan Nambiar vs. Registrar of Companies (2002)108 Comp Cas 1 (Mad)***:

*"13.... A director either full time or part time, either elected or appointed or nominated is bound to discharge the functions of a director and should have taken all the diligent steps and taken care in the affairs of the company.*

*14. In the matter of proceedings for negligence, default, breach of duty, misfeasance or breach of trust or violation of the statutory provisions of the Act and the rules, there is no difference or distinction between the whole-time or part time director or nominated or co-opted director and the liability for such acts or commission or omission is equal. So also the treatment for such violations as stipulated in the Companies Act, 1956."*

**42.** A director who is part of the company's board shall be responsible and liable for all acts carried out by a company. Accordingly, Noticees 3 to 7 were responsible for all the deeds / acts of the Company including ensuring compliance of the refund during the period of their respective directorship. In view of the same, I note that even though there is an appointed Managing Director, liability of a director is a continuing liability

in terms of Section 73(2) of the Companies Act, 1956 and therefore, Noticee Nos. 4 to 6, who were the directors during the fund raising period are also liable to be debarred from the securities market for appropriate period of time for the violations committed by the Company during the period under consideration. Further, Noticee No. 3 being the director during the relevant time of fund raising and also currently continuing to be director of RIIL is also liable for debarment for an appropriate period of time for the violations of the provisions of the Companies Act, 1956 by the Company. Similarly, I further note that Noticee No. 7 who has been appointed as a director on July 03, 2018 i.e. subsequent to the issuance and allotment of RPS by the Company, would also be liable for debarment from the securities market for an appropriate period of time.

**43.** I find it pertinent to mention that SEBI, upon observing that the Noticee Company had issued RPS to 13662 investors in the F.Ys. 2010-11 and 2011-12 had written to the Noticee Company vide letter dated March 20, 2019 and September 30, 2019 advising the Company to furnish the details / information with regards to the issuance of RPS. Thereafter, upon receiving a reply from Noticee No. 3 i.e. the Director of RIIL on October 28, 2019, October 30, 2019 and February 05, 2020, SEBI had issued a letter dated February 11, 2022 to RIIL and its directors giving them an opportunity to avoid penal action by giving an option to the investors to surrender their securities and given them refund in accordance with the procedure detailed in SEBI Circular dated December 31, 2015 bearing no. CIR/CFD/DIL3/18/2015. Further, letters dated March 25, 2022, with the same content, were again sent to RIIL and its directors for compliance. Again, vide letter dated April 08, 2022, SEBI had directed RIIL and its directors to grant an option to the investors to surrender their securities and give them refund in accordance with the SEBI Circular.

**44.** However, Mr. Shantanu Singh on behalf of RIIL, vide letter dated April 08, 2022, while replying to the aforementioned SEBI letters (Before Manager, NRO during examination of the matter), stated that they are making all efforts to refund the money to the investors, however, due to the pandemic and other ancillary issues, some more time was requested to conclude the refund. I note that the Noticee Company and its

directors had sought 3 years' time to conclude the refund. In order to ascertain the status of the refund, SEBI, vide letter dated May 12, 2023 to RIIL and its directors, sought the status of the refund made to the investors viz. total number of investors to whom refund is made, mode of refund supported by bank account details of the company, etc. In response to the same, RIIL, vide letter dated July 21, 2023, while committing to comply with the refund process within the timelines mentioned in their letter dated April 08, 2022, did not provide any details of refund made by the Company to the investors till that date. Thereafter, SEBI, had again, vide letter dated September 07, 2023, sought details of the investors, status of refund, proof of refund, etc. from RIIL and its directors. A timeline of 14 days from the date of the letter was provided to RIIL and its directors to submit their reply. An email in this regard was also sent to Noticee No. 3 (Mr. Shantanu Singh), one of the directors of the Company on September 15, 2023. However, it is noted that no reply was received by SEBI in this regard.

**45.** The Noticee Company along with its directors has stated that they had not received the letter issued by SEBI dated March 20, 2019 and September 30, 2019. However, as per the available records, the said letters were duly delivered to the Company. Further, despite committing to provide the refund details, it is seen that the Noticees had failed to provide any details of refund which resulted in initiation of the present proceedings against them. Thus, it can be seen that RIIL along with its directors had taken the letters and emails issued by SEBI in a casual manner and did not bother to submit any details as sought by the regulator.

**46.** I further note from the replies filed by RIIL and its directors i.e. Noticee Nos. 2, 3 and 7 that they have already initiated the refund process and have already refunded an amount of Rs. 62 Lakhs to 280 investors. However, in support of the same, the Noticees have provided just a list of Shareholders' name along with the Folio Numbers and amount paid to the said 280 shareholders without any details such as the date of payment, documentary proof like receipt / acknowledgement from the investor of receipt of the payment and / or any entries in the bank account statement showing debit to the names enlisted as shareholders, certificate from the chartered account,

etc. In the absence of such documentary evidence, the said submission of the Noticee Company cannot be taken into consideration. Further, I also note from the submissions and annexures to the reply dated December 04, 2024 that a payment plan has been provided by the Noticees to show that the Company, in compliance with the regulatory requirements, is going to refund the amounts to 780 shareholders in due course and has further prayed 2 to 3 years' time for making the refund to the investors of the RPS.

**47.** Here, it is pertinent to note that in terms of Section 73(2) of the Companies Act, 1956, if the permission for listing has not been applied by the company or after applying has not been granted by the stock exchange, the company and every Director of the company who is an officer in default shall repay the said amount collected by way of public issue to the investors within eight days. If any such money is not repaid within eight days after the company becomes liable to repay it, the company and every director who is an officer in default shall, on and from the expiry of the eighth day after the date 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, as may be prescribed, having regard to the length of the period of delay in making the repayment of such money. Thus, the said provision of law makes it very clear that the repayments are to be done within a period of eight days and delay in the same attracts interest. I note that the Company RIIL had issued the RPS in the F.Y. 2010-11 and 2011-12 and had not adhered with the provisions of public issue thereby violation the provisions of the Companies Act, 1956 including Section 73(2) of the Companies Act, 1956. Considering that the investors have not been refunded the amounts collected by way of issuance and allotment of RPS till date, I am of the view that a direction to refund the monies along with interest at the rate of 15% is warranted to meet the ends of justice.

**48.** In view of 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 the Noticee Company along with Noticee No. 2 i.e. Mr. Nitesh Kumar Singh, being the Managing Director of RIIL, 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 become liable to be debarred for an appropriate period of time in the interest of justice.

## **ORDER AND DIRECTIONS**

**49.**In view of the aforesaid observations and findings, I, in exercise of the powers conferred under Section 19 of the SEBI Act,1992 read with Sections 11B and 11(4) of the SEBI Act, hereby issue the following directions:

**49.1**The Noticee No. 1 i.e. Re India InfraTech Limited and Noticee No. 2 i.e. Mr. Nitesh Kumar Singh, Managing Director RIIL, shall forthwith refund to the investors, the monies collected by the Company through the issuance of RPS in FYs 2010-11 and 2011-12 including the application money collected from investors, till date, 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.

**49.2**The Noticee No. 2 i.e. Mr. Nitesh Kumar Singh shall issue a 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 person such as names, addresses and contact details, within 15 days of coming into force of this direction.

**49.3**The repayments and interest payments to investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments.

**49.4**The Noticee No. 2 i.e. Mr. Nitesh Kumar Singh is prevented from selling the assets, properties and holding of mutual funds/ shares / securities held by him 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 nationalised bank. Such proceeds shall be utilised for the sole purpose of making refunds to the investors till full refund as directed above is made. Further, the banks are directed to allow debit only for the purpose of making refunds to the

investors of the issuance of NCDs, as directed in this order, from the bank accounts of the Noticee.

- 49.5** After completing the aforesaid refunds, the Noticee viz. Mr. Nitesh Kumar Singh, shall file a report of such completion with SEBI addressed to the “Division Chief, Collective Investment Scheme (SEC), Northern Regional Office, SEBI, NBCC Complex, Office Tower-1, 8th Floor, Plate B, East Kidwai Nagar, New Delhi - 110023”, within a period of 15 days, after completion of three months from the coming into force of the directions at Paras 49.1 and 49.2 above, duly certified by an independent Chartered Accountant and the direction at Para 49.4 above shall cease to operate upon filing of such report on completion of refunds to the investors.
- 49.6** In case of failure of the Noticee viz. Mr. Nitesh Kumar Singh to comply with the aforesaid directions in para nos. 49.1 and 49.5, SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws.
- 49.7** The Noticee Nos. 1 and 2 viz. Re India InfraTech Limited and Mr. Nitesh Kumar Singh are directed not to, directly or indirectly, access the securities market, by issuing prospectus, offer document and are restrained from accessing the securities market, issuing prospectus, offer document or advertisement soliciting money from the public, directly or indirectly and are restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two (2) years from the date of this order or till the expiry of two (2) years from the date of completion of refunds to the investors as directed in Para no. 49.1 above, whichever is later.
- 49.8** Noticee No. 2 is also restrained from associating himself 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 two (2) years from the date of this order or till the expiry of two (2) years from the date of completion of refunds to the investors as directed in Para 49.1 above, whichever is later.



**49.9** The Noticee Nos. 3, 4, 5, 6 and 7 viz. Mr. Shantanu Singh, Mr. Ameet Singh, Mr. Awdesh Kumar Singh, Mr. Chandra Vikram Singh and Mr. Ajay Singh are directed not to, directly or indirectly, access the securities market, by issuing prospectus, offer document and are restrained from accessing the securities market, issuing prospectus, offer document or advertisement soliciting money from the public, directly or indirectly and are restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of three (3) months from the date of this order or till the expiry of three (3) months from the date of completion of refunds to the investors as directed in Para No. 49.1 above, whichever is later.

**50.** It is hereby clarified that if the Noticee Nos. 3, 4, 5, 6 and 7 viz. Mr. Shantanu Singh, Mr. Ameet Singh, Mr. Awdesh Kumar Singh, Mr. Chandra Vikram Singh and Mr. Ajay Singh have any open position in any exchange traded derivative contracts, as on the date of this order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The Noticees are permitted to settle the pay in and pay out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

**51.** The direction for refund, as given in Para no. 49.1 above, does not preclude the investors to pursue the other legal remedies available to them under any other law, against the Noticee for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

**52.** This order shall come into force with immediate effect.

**53.** A copy of this order shall be sent to all the Noticees, recognized Stock Exchanges, banks, depositories and Registrar and Transfer Agents of mutual funds to ensure that the directions given above are strictly complied with.

54. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs / concerned Registrar of Companies for information and necessary action.

**Date: February 24, 2025**  
**Place: Mumbai**

**DR. ANITHA ANOOP**  
**CHIEF GENERAL MANAGER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**