

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992 in the matter of ARSS Infrastructure Projects Limited (PAN: AADCA4203D).

Background of case

1. Securities and Exchange Board of India (hereinafter referred to as **“SEBI”**) was in receipt of a letter no. F. No. 03/73/2017-CL-II dated June 9, 2017 from the Ministry of Corporate Affairs (hereinafter referred to as **“MCA”**) vide which MCA has annexed a list of 331 shell companies for initiating necessary action as per SEBI laws and regulations. MCA has also annexed the letter of Serious Fraud Investigation Office (hereinafter referred to as **“SFIO”**) dated May 23, 2017 which contained the data base of shell companies along with their inputs.
2. SEBI as a market regulator is vested with the duty under section 11(1) of the SEBI Act, 1992 (hereinafter referred to as **“SEBI Act”**) of protecting the interests of the investors in securities and to promote the development of and regulations of securities markets by appropriate measures as deemed fit.
3. SEBI was of the view that companies identified as shell companies by SFIO and MCA, were potentially involved in
 - (a) Misrepresentation, including of its financials and its business and possible violation of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (hereinafter referred to as **“LODR Regulations”**) and/or;
 - (b) Misusing the books of accounts/funds of the company including facilitation of accommodation entries to the detriment of minority shareholders and therefore reneging on the fiduciary responsibility cast on the board, controlling shareholders and

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key management person (KMP)

4. SEBI was also of the view that investors should be alerted on the possible enforcement action by various authorities which may lead to potentially significant impact on the price of the stock.
5. Therefore, in the interest of investors, SEBI took the pre-emptive interim measures under section 11(1) of SEBI Act, 1992, in respect of listed shell companies including **ARSS Infrastructure Projects Limited** (hereinafter referred to as “**AIPL**” / “**the Company**”), vide its letter dated August 7, 2017, based on the view stated at paragraph 3 and 4 above. SEBI placed trading restrictions on promoters/directors so that they do not exit the company at the cost of innocent shareholders. In view of the said objective, SEBI vide the said letter dated August 7, 2017 also placed the scrip in the trade to trade category with limitation on the frequency of trade and imposed a limitation on the buyer by way of 200% deposit on the trade value, so as to alert them on trading in the scrip. The said measures were initiated by SEBI pending final determination after verification of credentials and fundamentals by the exchanges, including by way of audit and forensic audit if necessary. The measures also envisaged, on the final determination, delisting of companies from the Stock Exchange, if warranted. By virtue of these measures, trading in the scrip was not suspended but allowed under strict monitoring so that investors could take informed investment decisions till SEBI and Stock Exchanges complete their detailed examination of such companies.
6. Pursuant to the same, BSE Limited (hereinafter referred to as “**BSE**”) vide notice dated August 7, 2017, and National Stock Exchange of India Limited (hereinafter referred to as “**NSE**”) vide notice dated August 7, 2017, to all its market participants initiated actions envisaged in the SEBI letter dated August 7, 2017 in respect of all the listed securities as identified by MCA and communicated by SEBI, with effect from August 8, 2017.
7. On August 09, 2017, SEBI further advised the Stock Exchanges to submit a report after seeking auditor's certificate, from all such listed companies, providing the status of certain aspects of the company like company's compliance requirement with Companies Act, 1956

whether company is a going concern and its business model, status of compliance with listing requirements, etc.

8. In addition to the above information, SEBI vide letter dated August 31, 2017 sought the following information from AIPL:
 - i. *“Details of contracts received and sub-contracted from/to Pearl Agrotech Corp Ltd (PACL), Pearl Green Forests Limited (PGF), M/s Rajesh Projects (India) Pvt. Ltd., M/s Aerens Goldsouk International Ltd and M/s Mahaveer Infra Engineering (P) ltd. Nature of association with the above entities. Workings of the Company in estimating the value of the contract/sub-contract, supported by documentary evidence. With respect to the sub-contracts, details of the role of the Company vis-à-vis the sub-contracted parties. The workings of the Company in accepting the sub-contract and supporting documentary evidence. The profit earned out of the said projects.*
 - ii. *With respect to the above contracts, you are also requested to provide the details of completion of contracts along with the work completion certificate for the same.*
 - iii. *Details of employees on the rolls of the company, their respective roles, remuneration received qualifications and experience for the job. For ease of furnishing the information, broad categories of roles: Blue collar, Junior Management, Middle Management, Senior Management may be given in a consolidated manner.”*
9. In the meanwhile, aggrieved by the aforesaid letters/Notice dated August 07, 2017 issued by SEBI and BSE, AIPL filed an Appeal No.212 of 2017 before the Hon’ble Securities Appellate Tribunal (hereinafter referred to as “**SAT**”). The Hon’ble SAT vide Order dated September 11, 2017 directed the following:

“...we direct SEBI to consider the appeal itself as a representation made by the appellant and dispose of the same on merits. Counsel for the appellant states that the information sought by SEBI vide letter dated August 31, 2017 would be furnished by the appellant to SEBI by tomorrow i.e. September 12, 2017. Subject to the appellant furnishing above information by September 12, 2017, we direct SEBI to dispose of the above representation within a period of two weeks from today.”
10. The Hon’ble SAT vide Order dated August 10, 2017 in the matter of *J. Kumar Infra Projects Limited vs. SEBI* held that the measures taken by SEBI vide its letter dated August 07, 2017 was in the nature of quasi-judicial order and the same has been passed without investigation.

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In this regard, it is pertinent to mention that without prejudice to the powers enumerated in section 11(1) of SEBI Act, SEBI has been granted power under section 11(4) and 11B of SEBI Act, 1992 to pass order in the interests of investors or securities market by taking any of the measures enumerated therein either pending investigation or inquiry or on completion of such investigation or inquiry. The inquiry under section 11B of the SEBI Act can also be caused to be made by SEBI.

Hearing and Reply:

11. Pursuant to the decision of Hon'ble SAT that the communication of SEBI dated August 7, 2017 is in the nature of quasi-judicial order, SEBI vide communication dated September 14, 2017, granted an opportunity of hearing to AIPL on September 15, 2017. Mr. Kunal Katariya, Counsel and Mr. Saurabh Misra Advocate along with Mr. R.R.Singh, Assistant V.P., Mr. Pattanaik, CFO of AIPL, Authorized Representatives (collectively referred to as “ARs”) appeared for AIPL and made *inter alia* the following oral submissions:
 - i. The Company is ongoing entity with approximately 780 employees;
 - ii. It is not a shell company and working for the last 17 years;
 - iii. It has been a listed company since 2010 and has public shareholding of almost 81%.
12. AIPL was also advised to submit the following additional information by September 20, 2017:
 1. *Details of contracts received and sub-contracted from/to Pearl Agrotech Corp Ltd (PACL), Pearl Green Forests Limited (PGF), M/s Rajesh Projects (India) Pvt. Ltd., M/s Aerens Goldsouk International Ltd and M/s Mahaveer Infra Engineering (P) ltd. Nature of association with the above entities. Workings of the Company in estimating the value of the contract/sub-contract, supported by documentary evidence. With respect to the sub-contracts, details of the role of the Company vis-à-vis the sub-contracted parties. The workings of the Company in accepting the sub-contract and supporting documentary evidence.*
 2. *Reconciliation of revenue (Net Sales/Income from Operation) over those years from above contracts - village/Khasra no. wise for the works done.*
 3. *In audited report on quarterly financial results and year to date results of the company ended 31st March, 2017, the auditor inter-alia specified that “In absence of relevant records, contract-wise*

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surplus/loss has neither been ascertained nor recognized in compliance with the requirements of para 34 and 35 of AS-7 (Construction Contracts) issued by the Institute of Chartered Accounts of India”. Furnish the explanation for the same and confirm if the non-compliance has been subsequently remediated.

- 4. Completion certificate from the counter parties for the all the contracts mentioned above.*
- 5. The company vide its letter dated 12th September, 2017 while replying to point no.2 of SEBI's letter dt.31st August, 2017 has referred Annexure C. Furnish which projects are these (mentioned in annexure C), breakup and backup documents for the earmarked site.*
- 6. The company's Bank statement(s) for FY 2016-17.*
- 7. In FY 2016-17, the company has written-down the debtors by Rs.93.06 crores. Furnish the full list of debtors, nature of contracts, back up documents and provide details as to whether those entities/companies were related to AIPL or any directors/promoters if any.*
- 8. No interest has been accounted for on loan outstanding of Rs.1,471.00 crore to profit and loss account for the quarter ended 31 March, 2017 resulting in understatement of loss to the extent. Furnish the full list of lenders of loan documents along with explanation.*
- 9. Short term loans and advances (as at 31 March, 2017) has increased to Rs.461.31 crore. Furnish the full details along with full backup documentation / documentary evidence, link with business, schedule of payment of principal and interest i.e. payment terms, whether paid in time or not and association with promoter/director of the company, if any.*
- 10. Non-current investments (as at 31 March, 2017) Rs.42.56 crore. Furnish the full details along with full backup documentation / documentary evidence, link with business and association with promoter/director of the company, if any.*
- 11. The company has also been asked to submit an Affidavit from-*
 - a. Mr.S.K. Pattanaik(CFO) stating*
 - i. Whether he has at any time been questioned by Income Tax Department or any Govt./Regulatory authorities. In the course of questioning, whether he has made any statement including but not limited to the dealings of the AIPL with Pearl Agrotech Corp Ltd (PACL), Pearl Green Forests Limited (PGF), M/s Rajesh Projects (India) Pvt. Ltd., M/s Aerens Goldsouk International Ltd and M/s Mahaveer Infra Engineering (P) Ltd. and if yes, what such statement was.*

- ii. *With regard to AIPL's contracts/transactions with the aforementioned companies (including sub contract) from whom Mr. S K Pattanaik was taking instructions (if any).*
 - b. *Mr Sunil Agarwal (Chairman)* stating:*
 - i. *Whether at any time he was aware of the statements made by Mr. S K Pattanaik to Income Tax/Govt./Regulatory authorities. If yes, what action he took subsequent to knowledge of the same.*
 - ii. *In terms of discussions & negotiations with the aforementioned companies (including sub contracts), whether he participated directly/indirectly in such interactions and negotiations and who else was participating with him.*
- * (Subhash Agarwal is the actual Chairman, however, while sending letter it was mentioned as Sunil Agarwal)

SEBI vide email dated September 16, 2017 has also advised AIPL to furnish the aforesaid information by September 20, 2017.

13. In response, AIPL vide its letters dated September 12, 2017 and September 20, 2017 submitted *inter alia* the following details/information:
- i. As regards reply to Query 1 AIPL submitted the following:
 - a) Work order dated April 05, 2007 between Pearl Agrotech Corp Ltd (hereinafter referred to as “**PACL**”) and AIPL for agricultural land leveling work for village Devgarh, Teh. Dabra, Distt. Gwalior, M.P.; Ledger account of PACL for the financial years 2007-08 to 2010-11;
 - b) Work order cum agreement dated June 1, 2010 between PACL and AIPL along with details of agricultural land at M.P. mentioning 276 sites labelled as villages having area totaling to 84,84000 Cum.;
 - c) Work order cum agreement between Rajesh Projects (India) Pvt. Ltd and AIPL dated December 1, 2010 mentioning 12 sites labelled as villages having area totaling to 19.63 lakh Cum.; Ledger account of Rajesh Projects (India) Pvt. Ltd. for the financial year 2010-11;
 - d) Work order cum agreement between Aerens Goldsouk International Ltd and AIPL dated January 05, 2011 mentioning 657 sites labelled as villages having area totaling to 30.97 lakh Cum.; Ledger account of Aerens Goldsouk International Ltd. for the

financial year 2010-11;

- e) Work order cum agreement between Mahaveer Infra Engineering (P) Ltd and AIPL dated August 04, 2010 mentioning 47 sites labelled as villages having area totaling to 8.64 lakh Cum.; Ledger account of Mahaveer Infra Engineering (P) Ltd for the financial year 2010-11;
- ii. As regards reply to Query 2, AIPL stated that it has not kept the details and hence presently not available;
- iii. As regards reply to Query 3, AIPL stated that the details are not available contract wise with the company. They undertake that henceforth, they shall take all due care in compliance with the qualification;
- iv. As regards reply to Query 4, AIPL stated that Company has not obtained completion certificates for the aforesaid projects;
- v. As regards reply to Query 5, AIPL submitted the work orders and other orders/agreements are not presently available with the company;
- vi. As regards reply to Query 6, AIPL submitted Bank statement(s) for the FY 2016-17.
- vii. As regards reply to Query 7, AIPL submitted the list of debtors for whom it has written down the debt, amount, nature of contract and their relationship with the company.
- viii. As regards reply to Query 8, AIPL submitted that the Company has not considered the interest on loan outstanding as all their accounts have become NPAs. Subsequently, they have given proposals of one time settlement to lenders, which is under consideration and negotiations are going on. Hence, they have not charged any interest on P&L account. They have enclosed the interest calculation for the same.
- ix. As regards reply to Query 9, AIPL submitted the list/breakup of the Short term Loans and advances along with narrative details of the respective parties.
- x. As regards reply to Query 10, AIPL submitted the unquoted investments in subsidiaries, companies under same management and Joint ventures amounting to Rs. 42.4 crores and remaining Rs. 0.14 crore in national saving certificates, its amount and the remarks for the same;
- xi. As regards reply to Query 11, AIPL submitted the Affidavit of Mr.S.K. Pattanaik, vide which he has submitted *inter alia* as under:
 - i. He has received a notice u/s 91 of Cr. PC from CBI vide its notice no

RC.BD1/2014/E/0004 to appear at HO in New Delhi on March 17, 2015 and he produced documents in relation to the transactions carried out by PACL and PGF.

- ii. He also stated that the contracts from PACL and PGF were subcontracted by AIPL at profit margin of 1.5% to 2%.
- iii. He was also summoned vide summons from Office of Commissioner Central Exice, Customs and Service Tax, Bhubaneshwar to appear before Superintendent (Preventive) (Investigative Officer) with the direction to submit documents and give his statement. He stated that since Shri Bishnu Caharan Maharana, Manager (Taxation) was dealing with the taxation matters, he authorised him to appear before the Superintendent (Preventive) to submit required documents and to give clarification.
- iv. He also stated that with regard to AIPL's contracts/transactions with the aforementioned companies (including sub contract) he was taking instructions from Mr. Subhash Agarwal, the Chairman of AIPL.
- xii. As regards reply to Query 12, AIPL submitted the Affidavit of Mr Subhash Agarwal (Chairman), vide which he has submitted *inter alia as under:*

He was aware of the statements made by Mr. S K Pattanaik, CFO of AIPL, on March 17, 2015 to CBI, Head office, New Delhi in respect of notice served to him u/s 91 of Cr. PC by CBI vide its notice no. RC.BD1/2014/E/0004.

With regard to AIPL's contracts/transactions with the aforementioned companies (including subcontract), he participated directly in such interactions and negotiations.

- xiii. Apart from the abovementioned details/information, AIPL has also furnished the following:

- Form 26 AS of Income Tax for the FY 2016-17
- List of sub-contractors without backup documents which mentions few companies like "Khushal Infotech Pvt Ltd", "Sai Baba Marketing", "Rio de denim".
- The details of employees on its rolls and details of PF contribution made by the company for January 2017 to June 2017.
- Fire certificate mentioning that there was a fire accident at Plot no 38, Sector A, Zone D, Mancheswar Industrial estate, Bhubaneshwar, Khurda on 29.10.2013 at 23:40 hrs and AIPL was affected by the fire.

Consideration:

14. On perusal of the materials available on record, the following *prima facie*/ potential issues arise for consideration:

- i. *Whether there is prima facie evidence of misrepresentation including of its financials and/or its business and possible violation of LODR Regulations by the company.*
- ii. *Whether there is prima facie evidence to show that the company is misusing the books of account/funds including facilitation of accommodation entries to the detriment of minority shareholders and therefore the board, controlling shareholders and KMP are reneging on the fiduciary responsibility cast on them.*
- iii. *In view of the determination on the above issues, pursuant to SAT Appeal and the order of SAT in the said appeal, whether, in view of the representation of the Company, the action envisaged in SEBI letter dated August 7, 2017 needs reconsideration.*

15. On the basis of documents available on record, my observations on above issues are as under:

Issue No. 1. Whether there is *prima facie* evidence of misrepresentation including of its financials and/or its business and possible of violation of LODR Regulations by the company.

Issue No. 2. Whether there is *prima facie* evidence to show that the company is misusing the books of account/funds including facilitation of accommodation entries to the detriment of minority shareholders and therefore the board, controlling shareholders and KMP are reneging on the fiduciary responsibility cast on them.

16. (a) Based on the replies given by the company in response to SEBI's queries, *prima facie* observations are as under:

- i. From the details furnished by AIPL with respect to contracts received and sub-contracted from/to PACL, Pearl Green Forests Limited (hereinafter referred to as "PGFL"), M/s Rajesh Projects (India) Pvt. Ltd., M/s Aerens Goldsouk International Ltd and M/s Mahaveer Infra Engineering (P) Ltd, the following are noted:
 - As regards the nature of association with the abovementioned entities AIPL submitted that they maintained an Arm's length business association.

- In the case of Work order dated 05/04/2007 between PACL India and AIPL for agricultural land leveling work for village Devgarh, Teh. Dabra, Distt. Gwalior, MP, which mentions completion period till March 2008, specific survey number/khata number/ khasra number/plot details were not provided by AIPL.
- Though an Auditors certificate dated August 31, 2010 is furnished, it did not contain specific contract details such as starting date and ending date of contract. Contract's status as on the auditor's certificate date i.e. August 31, 2010.
- Similarly, in the case of work orders between AIPL and PGFL, M/s Rajesh Projects (India) Pvt. Ltd., M/s Aerens Goldsouk International Ltd and M/s Mahaveer Infra Engineering (P) Ltd, etc., specific survey number/khata number/khasra number/plot details, nor any visit reports by the officials, were not provided by AIPL.
- AIPL did not submit the details of completion of contracts along with the work completion certificate of any of its aforesaid contracts/sub-contracts. AIPL stated that *"it has not obtained the completion certificate for the aforesaid projects."*
- AIPL has also failed to furnish the details to ascertain the aforesaid contract and its value estimation.
- As regards workings of the Company in estimating the value of the contract/sub-contract, supported by documentary evidence, it is noted that the Company has submitted that *"Depending on the scope and scale of the work, the company through its officers make estimates and assessments, on the basis of the terms of contracts received."*
- AIPL has also mentioned that "it normally does not receive the work on sub-contract basis. Company gives the work on sub-contract on piece meal basis". AIPL has submitted a list of sub-contractors without backup documents which mentions few companies like "Khushal Infotech Pvt Ltd", "Sai Baba Marketing", "Rio de denim". From the perusal of the nature of business of these companies, it do not appear to be involved in the business of land leveling work or earth work for development of agriculture land.
- AIPL mentioned "the profit earned out of the said projects as approximately 1% - 2% of contract value", however, project wise profitability is not ascertainable.

- ii. AIPL has also submitted a fire certificate with respect to the fire accident at Plot no 38, Sector A, Zone D, Mancheswar Industrial estate, Bhubaneswar, Khurda on 29.10.2013. Though AIPL claims to be affected by the fire, it is noted that from the Annual Report 2013-14, that AIPL did not mention about any of its records being destroyed.

Considering the fact that AIPL was unable to furnish the completion certificate for any of the contracts, it provided only the village names in the contract and no actual plot details/Khasra number and its auditor certificate was not mentioning the contract name and contract start date/status and end date nor any visit reports, I am of the view that there is scope for suspicion as to whether the company has actually executed the projects or not.

- iii. It is also pertinent to mention that AIPL mentioned about two contracts from PACL worth Rs 163.47 crores in year 2007 and 2010. In this context it is to be noted that SEBI carried out investigation in the matter of PACL and during the course of investigation, it was found that PACL had mobilized funds from its customers to the tune of Rs.49,100 crores till June 15, 2014. Further, recovery proceedings and adjudication proceedings have been initiated against the company and its directors.

As regards the works undertaken by AIPL with PACL, it is noted that AIPL did not submit the completion certificate for these contracts nor any supporting documentary evidence of actual work carried out. Further AIPL did not provide any working done by the Company for accepting the contracts from PACL, PGFL, M/s Rajesh Projects (India) Pvt. Ltd., M/s Aerens Goldsouk International Ltd and M/s Mahaveer Infra Engineering (P) Ltd. nor for subcontracting the same to other entities.

- iv. In view of the above, the following are *prima facie* noted :

- AIPL was unable to furnish the completion certificate for any of the aforesaid contracts;
- AIPL did not maintain/provide the contract wise revenue reconciliation for the years in which the aforementioned projects were undertaken;
- AIPL's contracts did not have mention of plot number/survey number/khata number/khasra number/visit reports in the work order/agreement worth crores generating suspicion on whether the contract was actually undertaken or not and

whether therefore, the revenue of the company was overstated by many hundreds of crores.

- (b) On one hand company was defaulting on its loans having interest worth approximately Rs. 119.68 crores and on the other hand it was giving short term loans and advances of Rs .461.31 crores. Despite seeking backup documentation for the short term loans and advances and link to the business, if any, AIPL did not submit any documentation for the same. Further, AIPL has written off Rs. 56.37 crores worth of sundry debtors belonging to its own subsidiary and joint ventures. Despite seeking backup documentation for the write off of sundry debtors, AIPL did not submit any documentation. These transactions, default of aforesaid loans and the fact that company did not give split up of Rs.325.49 crores (70%) of Claims receivables raises a strong suspicion on the misuse of funds of the company.
- (c) The auditor has observed the understatement of loss because AIPL has failed to provide for the interest on loans of approximately of Rs.1,471 crores which is required to be provided in the profit and loss statement.

17. In view of the above discussion, I find that:-

- (a) there is *prima facie* evidence of misrepresentation of business/financials as well as suspicion of misuse of funds/ the books of accounts of the company. The directors & KMPs have therefore *prima facie* failed to discharge their fiduciary responsibility. The company is also liable for the *prima facie* violations observed and it is imperative that in the interest of investors, the financials of the company be independently audited to establish their genuineness.
- (b) In view of the above discussion, there is reasonable ground to believe that the Company has failed to provide documentary proof of execution of contracts undertaken from PACL, PGFL, M/s Rajesh Projects (India) Pvt. Ltd., M/s Aerens Goldsouk International Ltd and M/s Mahaveer Infra Engineering (P) Ltd. Further, the company, contrary to the requirement under AS-7, failed to provide contract

wise surplus/loss continuously from FY-2013-14. Given this background, there is reasonable ground to believe that company is possibly misusing its books of accounts by *prima facie*, creating entries of revenue in respect of the contracts for the illegal gains as commission for such entries in the books of the company.

Issue No. 3. In view of the determination on the above issues, pursuant to SAT Appeal and the order of SAT in the said appeal, whether, in view of the representation of the Company, the action envisaged in SEBI letter dated August 7, 2017 needs reconsideration.

18. In view of the *prima facie* evidence on the misrepresentation by the company and strong suspicion of misuse of funds / books of account of the company, the persons who are in control of the company and the directors of the company are *prima facie* liable for action by SEBI and should not be permitted to exit the company at the cost of innocent shareholders.
19. The findings in this order have been rendered on the basis of the *prima facie* evidence available at this stage. Detailed examination/forensic audit needs to be undertaken to unearth the entire extent of violations.
20. Pending, enquiry/ audit, it is appropriate to revert the scrip to the status as it stood prior to issuance of letter dated August 7, 2017 by SEBI with applicable price band.
21. In view of the above, I am of the view that following urgent interim actions are required to be taken, pending further enquiry/audit.

Interim Order:

22. In the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 11, 11(4), 11A and 11B read with Section 19 of the Securities and Exchange Board of India Act, 1992, hereby, modify, subject to paragraph 22(iv) of this order, the actions envisaged in SEBI's letter dated August 07, 2017 and the consequential actions taken by Stock Exchanges in respect of ARSS Infrastructure Projects Limited (PAN: AADCA4203D) as under:
 - i. The trading in securities of AIPL shall be reverted to the status as it stood prior to

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issuance of letter dated August 7, 2017 by SEBI.

- ii. Exchange shall appoint an independent forensic *auditor inter alia* to further verify:
 - a. Misrepresentation including of financials and/or business of AIPL, if any;
 - b. Misuse of the funds/books of accounts of the company, if any.
 - c. Whether AIPL has actually executed the contracts claimed to have been undertaken by AIPL from PACL, PGFL, M/s Rajesh Projects (India) Pvt. Ltd., M/s Aerens Goldsouk International Ltd and M/s Mahaveer Infra Engineering (P) Ltd. and if not executed, the extent of value of artificially inflated revenue of AIPL in view of such non execution and the illegal gain if any, earned by AIPL as commission from these contracts.
 - iii. The promoters and directors in AIPL are permitted only to buy the securities of AIPL. The shares held by the promoters and directors in AIPL shall not be allowed to be transferred for sale, by depositories.
 - iv. The other actions envisaged in SEBI's letter dated August 07, 2017 in paragraph 1 (d), as may be applicable, and the consequential action taken by Stock Exchanges shall continue to have effect against ARSS Infrastructure Projects Limited.
23. The '*directors*' for the purpose of direction mentioned at paragraph 22 (iii) above shall mean and include:
- a. the persons who are acting as directors on the date of this order, or
 - b. the persons who were acting as directors of this company as on August 07, 2017, who cease to be director by way of disqualification by any other authority, or by way of resignation or by any other means, on or after August 07, 2017.
24. Accordingly, the representation of ARSS Infrastructure Projects Limited is disposed of.
25. The above directions shall take effect immediately and shall be in force until further Orders.
26. The *prima facie* observations contained in this Order are made on the basis of the *prima facie* material available on record. In this context, ARSS Infrastructure Projects Limited is advised to file its reply/objections to this interim order. The Company, within 30 days from the date of receipt of this Order, may file its reply, if any, to this Order and may also indicate in the

reply whether it desires to avail an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard, if any. In the event of ARSS Infrastructure Projects Limited failing to file such reply within the said 30 days, the preliminary findings of this Order and *ad-interim* directions at paragraph 22 above shall stand confirmed automatically, without any further orders.

27. Copy of this Order shall be forwarded to the recognised stock exchanges & depositories for information and necessary action.
28. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs and Serious Fraud Investigation Office for their information.

DATE: SEPTEMBER 25, 2017

PLACE: MUMBAI

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA