

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA  
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

FINAL ORDER

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

In the matter of Emerging India Infra Limited

*In re: Collective Investment Schemes Norms*

In respect of:

S. No.	Name of the Entity	PAN	CIN/DIN
1.	Emerging India Infra Limited	AACCE2572N	U45209CH2009PLC031826
2.	Shri Gurpreet Singh Sidhu	DEKPS0764C	02783457
3.	Shri Gurlal Singh	ELFPS2056N	02992706
4.	Shri Harminder Singh	AYPPS8429Q	02992650
5.	Shri Ashok Kumar	ARGPK0045E	02525771
6.	Shri Sunil Singh	Not available: Address: S/o Shri Randeep Singh, VPO Taja Patti, Tehsil Abohar, District Ferozepur, Punjab.	02787520
7.	Shri Prashant Sharma	AZIPS9617A	02992706

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1. Emerging India Infra Limited (hereinafter referred to as “**EIIL**”/ “**the Company**”) is a company incorporated on October 23, 2009 with CIN: U45209CH2009PLC031826. Its registered office is at SCO 46-47, Sector 9D, Near Matka Chowk, Madhya Marg, Chandigarh-160009.
  2. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received
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*Order in the matter of Emerging India Infra Limited*

complaints from some persons against EIIL alleging illegal mobilization of funds and undertook an enquiry to ascertain whether EIIL had launched collective investment schemes without obtaining a certificate of registration from SEBI.

3. On enquiry, SEBI *prima facie* found that EIIL engaged in fund mobilizing activities from the public, which is in the nature of a Collective Investment Scheme. Therefore, SEBI, vide an *interim ex-parte* Order dated June 26, 2015 (hereinafter referred to as “**interim order**”) passed certain directions against EIIL and its Directors, viz. Shri Gurpreet Singh Sidhu, Shri Gurlal Singh, Shri Harminder Singh, Shri Ashok Kumar, Shri Sunil Singh and Shri Prashant Sharma (hereinafter collectively referred to as ‘**Noticees**’).
4. *Prima facie findings/allegations*: In the said interim order, the following *prima facie* findings were recorded.
  - a) The scheme/plan offered by EIIL by way of “*sale of plots*” for inviting investments from the public was in the nature of ‘*collective investment scheme*’ as defined in Section 11AA of the SEBI Act. Such fund mobilizing activity by EIIL is without obtaining certificate of registration from SEBI and thus contravened the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations.
  - b) The aforesaid illegal mobilization of funds from the public, *prima facie* amounted to fraudulent practice in terms of Regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003.
5. In view of the *prima facie* findings on the violations, the following directions were issued in the said interim order dated June 26, 2015 with immediate effect-

*Emerging India Infra Limited (CIN: U45209CH2009PLC031826 ) and its Directors viz., Shri Gurpreet Singh Sidhu (DIN-02783457), Shri Gurlal Singh (DIN-02992706), Shri Harminder Singh (DIN-02992650) Shri Ashok Kumar (DIN-02525771), Shri Sunil Singh (DIN-02787520) and Shri Prashant Sharma (DIN-02992706) -*

- *not to collect any fresh money from investors under the existing schemes;*
- *not to launch any new schemes or plans;*
- *not to float any new companies/firm to raise fresh moneys;*
- *to immediately submit the full inventory of the assets including land acquired through money raised by EIII;*
- *not to dispose of or alienate any of the properties/ assets acquired directly or indirectly through money raised by EIII;*
- *not to divert any funds raised from public at large which are kept in bank account(s) and/ or in the custody of EIII;*
- *to furnish all the information/details sought by SEBI vide letter dated April 28, 2014 within 15 days from the date of receipt of this order, including,*
  - i. Details of amounts mobilized,*
  - ii. Details of amounts repaid till date,*
  - iii. Scheme wise list of investors and their contact numbers and addresses including,*
    - *the list of investors to whom land has been allotted and got registered and*
    - *list of investors who have been repaid.*
  - iv. Details of commission paid on amounts mobilised above,*
  - v. Details of agents along with their addresses, etc.,*
  - vi. Audited Accounts for the last financial years i.e. FY 2012-13, 2013-14, and 2014-15;*
  - vii. PAN of the aforementioned Directors.*

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

7. Vide the said interim order, EIII, its abovementioned Directors were given the opportunity to file their replies, within 21 days from the date of receipt of the said interim order. The

order further stated that the concerned persons may also indicate whether they desired to avail themselves an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.

8. ***Service of interim order.*** The copy of the said interim order was sent to the Noticees vide letters dated July 04, 2015. The same was served to the Company and Mr. Gurpreet Singh Sidhu. The copy of the interim was once again sent through registered post with acknowledgment to the remaining Noticees vide letters dated May 19, 2017. The same has been served to one of the Noticees viz., Mr. Harminder Singh and acknowledgment received. Thereafter, vide another letter dated June 23, 2017, the remaining Noticees were served through hand delivery.
9. ***Replies:*** The Company through its director Shri Gurpreet Singh Sidhu, vide letter dated July 14, 2015 denied that it is carrying out unauthorized Collective Investment Scheme and also denied all the findings of the SEBI order. The company also stated that the order was passed without giving them an opportunity of hearing. The company further stated that the funds were mobilized only from selected persons. The company requested for a copy of the complaint as well as information submitted by the complainant. The company sought time to file its detailed reply and also requested SEBI to withdraw its order as well as grant them an opportunity of hearing.
10. Thereafter, the Company vide letter dated August 14, 2015 stated that it has never mobilized funds to the tune of Rs. 100 crores. The schemes mentioned in the SEBI order was not offered by the Company. These schemes may have been prepared by ex-director Shri Prashant Sharma. The Company will comply with the directions mentioned in the SEBI order. The Company also stated that its main business is to deal in real estate, project development and that of builders. The Company requested SEBI to allow its representatives to appear before SEBI and answer any query of SEBI.
11. An opportunity of personal hearing was granted to the Noticees on October 31, 2017 which was subsequently rescheduled to October 24, 2017. Subsequently, vide letter dated October 04, 2017, the personal hearing was rescheduled to November 02, 2017 through video

conference at Northern Regional Office, SEBI. The said hearing notices were delivered by way of Speed Post with Acknowledgment to all the Noticees.

12. **Hearing and submissions:** Shri Mast Ram, Authorised Representative along with Shri Gurpreet Singh Sidhu (“ARs) appeared before me and made the following submissions-

- i. The Company was incorporated as a public Limited company in 2009 and thereafter converted into Private Limited Company in the year 2010. The main business of the Company was to deal in Real Estates, leasing, developing land and selling to the public.*
- ii. The authorized capital of the Company was one Crore and subscribed capital was five lakhs. The Company has never collected any deposits from the general public nor pooled any money under the schemes mentioned in the SEBI order. The capital was raised from the promoters, Directors and their relatives and close friends. There is no public investment involved in the company.*
- iii. The SEBI order was passed based on an anonymous complaint alleging mobilization of more than Rs.300 crores by the company. Whereas, the total projects of the company which was developed by them never cost more than Rs. 4 Crores. Most of the projects are quoted by Emerging group companies mainly Emerging India Housing Limited.*
- iv. Shri Prashant Sharma, one of the Directors of the Company who was responsible for the marketing of the Company projects, collected money and responsible and in charge for the entire scheme.*
- v. The Company is defunct now and it has properties worth Rs. 4 Crores.*
- vi. The Company has met the obligations of several complainants who approached them with complaints.*
- vii. They have not received copy of complaints received by SEBI till date.*

The ARs were advised to submit the following details:

- i. Submit documentary evidence to prove that Shri Prashant Sharma was doing the business and documents relating to fraud committed by Shri Prashant Sharma;*
- ii. Submit copy of the FIR lodged against Shri Prashant Sharma;*
- iii. Copy of Settlement agreement with Shri Prashant Sharma (MoU);*
- iv. All copies of communication with RBI;*
- v. Balance Sheet of the Company since incorporation;*
- vi. Bank statements of the Company;*

- vii. Court Order in the matter of case filed by Shri Prashant Sharma against the Company and its directors;
- viii. Details of Inter Corporate Deposits mentioned in the Balance Sheet of the Company;
- ix. Original title deeds of the land given to the investors;
- x. Documentary proof such as receipts on the basis of which payout has been effected by the Company to its investors.

12.1 The Company vide letter dated January 18, 2018 received on February 01, 2018 submitted the following documents:

- i. Copy of sale deed dated October 20, 2010 in respect of land measuring 16 2/3 Marlas situated at Desumajra, Mohali, Punjab.
- ii. Copy of FIR dated March 11, 2013 bearing no. 54 registered by Chandigarh Police against Shri Prashant Sharma.
- iii. Copy of FIR dated May 06, 2014 bearing no. 83 registered by Chandigarh Police against Shri Prashant Sharma.
- iv. Copy of FIR dated November 12, 2013 bearing no. 467 registered by Punjab Police against Shri Prashant Sharma.
- v. Copy of FIR dated July 30, 2013 bearing no. 150 registered by Punjab Police against Shri Prashant Sharma.
- vi. Copy of FIR dated July 16, 2013 bearing no. 137 registered by Punjab Police by Shri Prashant Sharma against Shri Gurpreet Singh Sid.
- vii. Copy of FIR dated May 11, 2013 bearing no. 101 registered by Punjab Police against Shri Prashant Sharma.
- viii. Copy of FIR dated May 25, 2013 bearing no. 109 registered by Chandigarh Police against Shri Prashant Sharma.
- ix. Copy of brochures of the company, which the company is claiming to be printed and circulated by Shri Prashant Sharma and obtained by them from RoC.
- x. Copies of audited balance sheets and profit and loss account for the financial years 2013-14 to 2016-17.
- xi. Copy of letter dated December 31, 2013 bearing no. ECIR/CDZO/12/2013/4430

sent by the Enforcement Directorate, Chandigarh to the Chairman of Chandigarh Housing Board w.r.t. investigation under PMLA Act, 2002 against Shri Prashant Sharma and others.

- xii. Copy of letter dated January 01, 2014 bearing no. ECIR/CDZO/12/2013/01 sent by the Enforcement Directorate, Chandigarh to the Registering and Licensing Authority, Chandigarh w.r.t. investigation under PMLA Act, 2002 against Shri Prashant Sharma and others.
- xiii. Copy of letter dated December 31, 2013 bearing no. ECIR/CDZO/11/2013/4420 sent by the Enforcement Directorate, Chandigarh to the Manager/Officer-in-Charge of Punjab National Bank, Sector 9D, Chandigarh w.r.t. investigation under PMLA Act, 2002 against Shri Prashant Sharma and others.
- xiv. Copy of letter sent by the Enforcement Directorate, Chandigarh to the Manager/Officer-in-Charge of Oriental bank of Commerce, Sector 8C, Chandigarh w.r.t. investigation under PMLA Act, 2002 against Shri Prashant Sharma and others.
- xv. Copy of a letter dated December 31, 2013 bearing no. ECIR/CDZO/12/2013/4431 sent by the Enforcement Directorate, Chandigarh to the Sub-Registrar, Dera Bassi, Distt:- SAS Nagar, Punjab w.r.t. investigation under PMLA Act, 2002 against Shri Prashant Sharma and others.
- xvi. Copy of letter dated December 31, 2013 bearing no. ECIR/CDZO/12/2013/4429 sent by the Enforcement Directorate, Chandigarh to the Chief Administrator of HUDA, Panchkula w.r.t. investigation under PMLA Act, 2002 against Shri Prashant Sharma and others.
- xvii. Copy of cheque dated November 20, 2013 amounting to Rs. 1,95,00,000/- drawn in favour of Shri Prashant Sharma, which the company is claiming to be signed by Shri Prashant Sharma himself by forging the signature of Shri Gurpreet Singh Sidhu.

12.2 Vide the said letter the Company has also submitted that they could not submit their reply within the time granted due to non-receipt of copies of orders and court case and respective files which were to be retrieved from the records of various courts.

12.3 Though the company stated that they have enclosed copy of challan of FIR bearing no. 150

registered by Chandigarh Police against Shri Prashant Sharma as Annexure A/3, copy of challan dated May 25, 2013 of FIR bearing no. 109 registered by Chandigarh Police against Shri Prashant Sharma as Annexure A/4 and copy of order passed by the Hon'ble High Court of Punjab & Haryana against Shri Prashant Sharma as Annexure A/5, the said documents were not enclosed by the company. An e-mail dated February 06, 2018 was sent to the company to provide the said enclosures. However, the company did not respond to the e-mail.

12.4 The Company, vide their replies as well as during the course hearing sought copy of investor complaints received in the present case. Vide letter dated June 18, 2018, SEBI forwarded the investor complaints received in the instant case. Vide the said letter, the Noticee was granted an opportunity to file additional written submissions along with supporting documents within 30 days from the receipt of the letter. Further, the Noticee was also given an opportunity to indicate whether it desired to avail an opportunity of personal hearing with respect to the same. However, no reply has been received from the Noticee till date.

12.5 No reply has been received from the remaining Noticees till date.

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

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

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



14. I have perused the interim order dated June 26, 2015 for the allegation of *launching and running a collective investment scheme*. I have also perused the documents/ information obtained from the MCA 21 Portal, investor complaints along with documents submitted therein, documents submitted by the Company along with reply and their oral submissions during the hearing and written submissions and supporting documents, and other documents available on record. I note that the Company has disputed the allegation of launching of the said collective investment scheme.

15. The following are *inter alia*, noted from the examination of material available on record-

a) From the copy of the brochure furnished by one of the Complainants, the following are noted:

i. EIIL offered the following schemes/plans to its investors viz., farmers, retired persons, salaried class and professionals:

- Regular Payment Plans for 36 months (3 years); 72 months (6 years); 120 months(10 years) and
- Single Payment Plan for 3 to 10 years and Children Plan for 18 years.
- Single Payment Plan for benefit of Next Generation (Children Plan).
- Monthly Payout System.

ii. EIIL promised ‘good yield, growth and safety’ to its investors and assured them that the amounts invested in their real estate schemes are safe.

b) The details of schemes/plans offered to the investors are reproduced hereunder for reference:

**Regular Payment Plan for 36 months (3years)**

In Rs.

S. No	Mode of Payment				Consideration value	Payout on maturity	Plot Sq/ft	Help in case of accidental death
	Yearly	Half Yearly	Quarterly	Monthly				
1	3,333	1700	875	292	10,000	12,182	200	10,000
2	6,667	3400	1750	584	20,000	24,364	400	20,000

3	10,000	5100	2625	875	30,000	36,546	600	30,000
4	16,667	8500	4375	1458	50,000	60,909	1000	50,000
5	33,333	17000	8750	2917	1,00,000	1,21,819	2000	1,00,000
6	83,333	42500	21875	7291	2,50,000	3,04,547	5000	2,00,000
7	1,66,667	85,000	43,750	14,583	5,00,000	6,09,093	10,000	2,00,000

- c) Through the said plans EIIL publicized that the amount received from the investor under this plan will be invested in the land for value addition and the investors of the Plan will be allotted a plot @Rs. 50/- per Sq.ft. from the land purchased. The instalments are accepted on yearly, half yearly, quarterly or monthly instalments from the investors. EIIL also promised that upon maturity, the investor can either opt for a payout amount or a plot of land.
- d) Single Payment Plan offered by EIIL is reproduced below:

Yield Amount	1 year	2years	9years	10years	Plot Sq. Ft	Help in case of accidental death In Rs.
	10%	11%	12.50%	13%		
5,000	5500	6161	14433	16973	100	5000
10,000	11000	12321	28865	33946	200	10000
20,000	22000	24642	57730	67891	400	20000
50,000	55000	61605	144325	169728	1000	50000
100,000	110000	123210	288651	339457	2000	100000
2,50,000	275000	308025	721627	848642	5000	200000
5,00,000	550000	616050	1443254	1697284	10000	200000
1000000	1100000	1232100	2886508	3394567	20000	200000

- e) The Single payment plan offered by EIIL gives an opportunity of minimum investment of Rs.5,000/- for one year or more. The same is intended for persons having investible funds in their hands. The company has promised to give plot or the redemption value as mentioned in the above table along with benefit of help in case of accidental death.

- f) EIIL also offered a Single Payment Plan for benefit of Next Generation (Children Plan) as a long-term plan for higher returns and encourages the investors to subscribe to this in order to meet the future requirements of education and marriage of their children and for business. EIIL also mentioned in the brochure about the estimated realizable value at the time of maturity is ten times of the certificate amount. For instance, an investor who invests Rs.5,000/- for 18 years, after the maturity period, they are entitled to Rs. 50,000/-.
- g) Further, EIIL offered a Monthly Payout System wherein an investor is entitled to receive a monthly payment as return for his investment. The plan has two terms viz., six years and ten years. The amount is in multiples of ₹5,000/- with minimum of ₹50,000/- . The said plan is intended for investors looking for a regular source of income. The details of the plan as mentioned in the brochure is reproduced below:

S. No	Consideration Value	Monthly Payout for 72 months	Monthly payout for 120 months	Guaranteed on Maturity	Plot Sq. Ft	Help in case of death
1	50,000	438	500	50,000	1000	50,000
2	1,00,000	875	1000	1,00,000	2000	1,00,000
3	2,00,000	1750	2000	2,00,000	4000	2,00,000
4	5,00,000	4375	5000	5,00,000	10000	2,00,000
5	10,00,000	8750	10000	10,00,000	20000	2,00,000
6	50,00,000	43750	50000	50,00,000	100000	2,00,000
7	1,00,00,000	87500	1,00,000	1,00,00,000	200000	2,00,000

16. I note from the interim order that EIIL had mobilised at least an amount of Rs.11.27 Crores from at least 2554 investors under its various schemes during the financial year 2010-2011 (Issue date of various Plans (SP [Single Payment Plans] and RP [Regular Payment Plans]) mentioned in the list was from April 06, 2010 to November 03, 2010). The same has been collated from the Customer list furnished by one of the erstwhile Directors of the Company.

Therefore, it is possible that the actual number of investors and amount mobilized could be more than the above indicated figures.

17. I note that the Company has disputed the allegation of launching and running the abovementioned schemes. I also take into consideration, the submission of the Company that pursuant to the interim order they have met the obligations of several complainants who approached them with their complaints. It is also submitted that the Company is defunct now and they have resolved to comply with the directions in the interim order.
18. The Company further contended that Shri Prashant Sharma (ex-Director of the Company) was responsible for and in charge of money mobilization and the marketing of the entire scheme. In this regard, the Company was advised to submit the documentary evidence to prove that Shri Prashant Sharma was doing the business and documents relating to the alleged fraud committed by Shri Prashant Sharma. In response, the Company vide letter dated January 18, 2018 submitted various documents such as FIRs filed against Shri Prashant Sharma for misappropriation of funds of the Company, cheating, etc. (detailed list is enumerated in paragraph 12.1 above) which are not repeated for the sake of brevity. It is also noted from one of the FIRs lodged by a Complainant that Shri Prashant Sharma approached the Complainant to invest 30 lacs in the projects of their Company. In note that the said complaint was filed against Shri Prashant Sharma as a director of Empire India Holding Ltd. Further, I note that the Company has submitted FIR dated July 30, 2013 bearing no. 150 registered by Punjab Police against Shri Prashant Sharma for misappropriation/ siphoning off cash received towards sale of company property and alleged that consideration received from sale of flats were deposited in the account of Vijay Kumar (father of sharma) and Sharma issued receipts without authorization of MD. I note that that the said complaint was in respect of another group Company viz., Emerging India Housing Ltd. From the perusal of documents submitted by EIIL, I note that the difference or disputes between the Company, present directors and Shri Prashant Sharma pertains to the period 2013-2014 which is subsequent to the period of fund mobilization. Even assuming that Shri Prashant Sharma was marketing the schemes and mobilising the funds, schemes were circulated through its brochures in the name of the Company and issued receipts in the name of the Company and

no documentary evidence was submitted by the Company to prove that the money was collected by Shri Prashant Sharma in his personal capacity. It is also pertinent to mention here that the Noticee Company was advised to submit bank statements of the Company to substantiate their claim that the money was collected by Shri Prashant Sharma in his personal capacity and not by the Company. However, the Noticee Company failed to produce the same, hence, I am constrained to draw an adverse inference that the funds were mobilised by the company itself and not by Shri Prashant Sharma in his personal capacity. Further, I also note from the reply dated July 14, 2015, submitted by the Company wherein they have stated that the schemes mentioned in the interim order were prepared only and mainly for maintaining the transparency even though the funds were mobilized from selective and identified persons. This appears to be contradictory to the submission that they were not aware of the launching and running of the aforementioned schemes. Therefore, I conclude that the arrangement/scheme as alleged in the interim order has been launched and was running by EIII.

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

19. On perusal of the material available on record, I now proceed to consider whether the four conditions mentioned in section 11AA (2) of SEBI Act are satisfied in the instant arrangement. Section 11AA of SEBI Act reads as follows:

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

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

- (ii) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized solely for the purposes of the scheme or arrangement;*
- (iii) the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable from such scheme or arrangement;*
- (iv) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;*
- (v) the investors do not have day to day control over the management and operation of the scheme or arrangement.*

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

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

- i. made or offered by a co-operative society*
  - ii. under which deposits are accepted by non-banking financial companies*
  - iii. being a contract of insurance*
  - iv. providing for any scheme, Pension Scheme or the Insurance Scheme framed under the Employees Provident Fund*
  - v. under which deposits are accepted under section 58A of the Companies Act, 1956*
  - vi. under which deposits are accepted by a company declared as a Nidhi or a mutual benefit society*
  - vii. falling within the meaning of Chit business as defined in clause (d) of section 2 of the Chit Fund Act, 1982(40 of 1982);*
  - viii. under which contributions made are in the nature of subscription to a mutual fund;*
  - ix. such other scheme or arrangement which the Central Government may, in consultation with the Board, notify,*
- shall not be a collective investment scheme."*

20. Perusal of the above section shows that any arrangement or scheme to be considered as collective investment scheme has to satisfy the four conditions mentioned in section 11AA

(2) of SEBI Act and the same should not fall within any of the exceptions mentioned in section 11AA (3) of SEBI Act.

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

I note that EIII had solicited money from customers towards schemes of 'sale of plots'. It is noted from the brochures submitted by the Company and the investors that EIII offered various schemes such as "Regular Payment Plans of different maturities, Single Payment Plans, Monthly Payout Plans, Children Plans, etc. Under these plans, EIII accepts monthly, quarterly, half yearly and yearly instalments to investors against plots of various sizes. The features of the said plans have already been detailed above. Under the various schemes/plans, EIII promised that on maturity the investor is entitled to "payout amount" or a plot of land. It is also stated by the company that the amount received from investors is invested in land and the investors are allotted a plot @ Rs.50/- per sq. ft. I note that allotment is tentative since the investor may be allotted the plot which can be located in any part of the country and offers to allot the plot close to 200 KMs near the investor's residence. Hence, it is concluded that the investors are not given an identifiable/demarcated plot/land with Khasra Number or Killa Number or any other means required to identify the land for their investment in the schemes offered by EIII. It is noted from the customers list furnished by one of the erstwhile Director that EIII had mobilised at least Rs.11.27 Crores from at least 2,554 investors under its various schemes during the financial year 2010-2011. These facts show that the 'contributions, or payments made by the investors, are pooled and utilised by EIII for the purposes of the scheme or arrangement', the scheme being to accept contributions/ payments for expected sum payable. Hence, the instant "scheme"/plan satisfies the first condition stipulated in Section 11AA (2) (i) of the SEBI Act.

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

EIIL mobilised funds from the general public through its different plans such as Regular Payment Plans of different maturities, Single Payment Plans, Monthly Payout Plans, Children Plans etc. I note from the contents of the brochure that EIIL offers an amount as "payouts on maturity" for the investments in the plans or a plot of land. It is noted from the *Plan for Regular payment for 36 months* that EIIL offered plot size of 200 sq.ft. for a consideration of Rs. 10, 000 and with an option make the said payment in yearly, half yearly, quarterly or monthly for a period of 3 years. It is also noted from the scheme that, on expiry of the term of 3 years, the investor is also entitled to a "*payout maturity amount*" of ₹12,182/-. It is noted from the '*Terms and Conditions*' of the Plans that the payment of maturity amount will be made within fifteen days. These facts show that the contribution/investment is made by the investors in the scheme with a view to receive/earn profit/return or property. In view of the same, I conclude that the second condition, which stipulates that the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property as stipulated in Section 11AA (2) (ii) of the SEBI Act is also fulfilled.

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

I have already noted that EIIL has collected money through its various schemes which were publicized through its brochure. The investors are also entitled to receive an amount as "payouts on maturity" upon their investments on maturity or a plot of land. Further, from the Frequently Asked Questions (FAQ) in the brochure of EIIL it is noted that money invested in the company is in turn invested in real estate business and also in other activities of the group like road and civil construction, herbal farming, engineering and medical education, immigration and visa services. This shows that the company receives funds from public and manages the funds by investing in different business such as real estate, etc., and offers returns or property to the investors. Further, it is also



mentioned in the FAQ that “the investor may be allotted the plot which can be located in any part of the country. However, the Company tries to allot the plot to the investor within the state he/she resides and tries that it is within a radius of 200 KMs”. This shows that the allotment of plot to an investor who had invested in the schemes of EIIL is not distinctly identifiable and it will not be practically possible for the investors to control or supervise the property. Further, I observe from the brochure inviting subscription for the plans offered by EIIL that it does not have any feature, which states that the money collected under the plans can be managed by the investor themselves or they have any say or control as to how and where the money has to be invested by the company. This leads to the conclusion that EIIL has complete control over the schemes and the funds collected from the investors and the investors do not have any say in the operation of the schemes/ arrangement. It is therefore, clear that the instant schemes/plans satisfy the conditions stipulated in Section 11AA (2)(iii) & (iv) of the SEBI Act.

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

3) *Notwithstanding anything contained in sub-section (2), any scheme or arrangement*

- (i) made or offered by a co-operative society registered under the co-operative societies Act, 1912(2 of 1912) or a society being a society registered or deemed to be registered under any law relating to cooperative societies for the time being in force in any state;*
- (ii) under which deposits are accepted by non-banking financial companies as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934(2 of 1934);*
- (iii) being a contract of insurance to which the Insurance Act, 1938(4 of 1938), applies;*
- (iv) providing for any scheme, Pension Scheme or the Insurance Scheme framed under the Employees Provident Fund and Miscellaneous Provisions Act, 1952(19 of 1952);*
- (v) under which deposits are accepted under section 58A of the Companies Act, 1956(1 of 1956);*
- (vi) under which deposits are accepted by a company declared as a Nidhi or a mutual benefit society under section 620A of the Companies Act, 1956(1 of 1956);*

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

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

*shall not be a collective investment scheme*

In the instant matter, I note that EIIL has not claimed any of the aforesaid exclusions and thus the abovementioned exclusions under 11AA (3) of SEBI Act are not applicable to EIIL.

22. In view of satisfaction of all the four conditions and non-applicability of exclusions, I find that the instant arrangement /schemes falls within the definition of collective investment schemes. As all the four conditions specified under section 11AA(2) of the SEBI Act are satisfied in this case, the schemes/ plans promoted, launched, carried on and operated by the Noticees are in the nature of CIS in terms of section 11AA(1). In this regard, it would be relevant to place reliance on the observations of the Hon'ble Supreme Court, made in the matter of PGF Limited & Ors. Vs. Union of India & Anrs. (Civil Appeal No. 6572 of 2004):

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

*38. Since it was noticed in the early 90s that there was mushroom growth of attractive schemes or arrangements, which persuaded the above vulnerable group getting attracted towards such schemes and arrangements, which weakness was encashed by the promoters of such schemes and arrangements who lure them to part with their savings by falling as a prey to the sweet coated words of such frauds, the Parliament thought it fit to introduce Section 11AA in the Act in order to ensure that any such scheme put to public*

*notice is not intended to defraud such gullible investors and also to monitor the operation of such schemes and arrangements based on the regulations framed under Section 11AA of the Act. ....*

...

*It is needless to state that as per the agreement between the customer and the PGF Limited, it is the responsibility of the PGF Limited to carry out the developmental activity in the land and thereby the PGF Limited undertook to manage the scheme/arrangement on behalf of the customers. Having regard to the location of the lands sold in units to the customers, which are located in different states while the customers are stated to be from different parts of the country it is well-nigh possible for the customers to have day to day control over the management and operation of the scheme/arrangement. In these circumstances, the conclusion of the Division Bench in holding that the nature of activity of the PGF Limited under the guise of sale and development of agricultural land did fall under the definition of collective investment scheme under Section 2(ba) read along with Section 11AA of the SEBI Act was perfectly justified and hence, we do not find any flaw in the said conclusion.*

... ..

*53. We, therefore, hold that Section 11AA of the SEBI Act is constitutionally valid. We also hold that the activity of the PGF Limited, namely, the sale and development of agricultural land squarely falls within the definition of collective investment scheme under Section 2(ba) read along with Section 11AA (ii) of the SEBI Act ..."*

23. In view of the aforementioned observations of the Hon'ble Supreme Court of India in the PGFL case and in view of the abovementioned findings on features of the schemes/plans offered by EIIL, I find that the activity of fund mobilization by EIIL with a resultant promise of returns in terms of money and property clearly falls within the ambit of collective investment schemes as defined in Section 11AA of the SEBI Act.

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

24. Before dealing with the issue of who are all liable for the aforesaid violations, I would like to

deal with the contentions and submissions of the Noticees. I note that the Company and its present directors contended that the entire schemes were launched and funds were mobilized by Shri Prashant Sharma and they were not aware of the same. In this regard, Noticees were advised to submit documentary proof with respect to the same. I note that the said Noticees failed to furnish any relevant proof to substantiate their claim. The Company submitted several documents showing FIRs lodged against Shri Prashant Sharma. From the perusal of the same I note that all the documents were pertaining to their disputes during the year 2013-2014. The funds were mobilized during the financial year 2010-2011. I note that Shri Gurpreet Singh Sidhu is a director from the date of inception till present date. I note that non-involvement in the day to day affairs of the Company would not absolve the directors from their obligation to repay the amount collected from the investors. Hence, I am not inclined to accept their contention.

25. From the documents available on record/MCA records, I find that the present Directors in EIII are Shri Gurpreet Singh Sidhu and Shri Gurlal Singh. I also note that, Shri Ashok Kumar, Shri Sunil Singh, Shri Prashant Sharma and Shri Harminder Singh who were earlier Directors in EIII, have since resigned. The details of the appointment and resignation of the directors are as following:

<b>Name of the Directors</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>
Shri Gurpreet Singh Sidhu	October 23, 2009	Continuing
Shri Gurlal Singh	December 01, 2012	Continuing
Shri Sunil Singh	October 23, 2009	March 17, 2010
Shri Ashok Kumar	October 23, 2009	March 24, 2010
Shri Harminder Singh	March 17, 2010	April 01, 2015
Shri Prashant Sharma	March 17, 2010	December 01, 2012

26. Section 12 (1B) of SEBI Act stipulates that no person shall sponsor or cause to be sponsored or carry on or caused to be carried on any venture capital funds or collective investment schemes unless he obtains a certificate of registration from the Board in accordance with the regulations. The stipulation is on every person who sponsors or causes to sponsor the

collective investment scheme. It may be seen in a typical sponsoring of collective investment scheme, the company though in the eye of the law, sponsors the schemes, the same is caused to be sponsored by the directors who are involved in the sponsoring of the scheme. In view of this, the prohibition not to launch the unregistered CIS is on the Company as well as the directors independently. Even otherwise after the introduction of reg. 4(2) (t) of CIS Regulations, the unregistered collective investment activity is considered as fraud under FUTP Regulations. It is a settled principle of law, that in case of fraud the corporate veil of the company can be lifted to see the real perpetrators of fraud. Since the Company is caused to sponsor the unregistered CIS schemes, which includes collection of contributions as part of the scheme, by the directors on behalf of the Company, it would be appropriate that the corporate veil in this regard be pierced to see the real perpetrators. The SEBI Act along with the CIS Regulations, provide for various remedies in the interest of investor protection. Section 11B of the SEBI Act being one of the pivotal measure for the purpose of investor protection under which remedial tool of refund is envisaged. CIS Regulations provides for two different set of measures under Regulation 65(c) and Regulation 65(d) of the CIS Regulations. Under Regulation 65(d) of CIS Regulations, SEBI has powers to direct the disposal of the assets of the collective investment scheme in a manner as may be specified in the directions which can be by way of winding up of the scheme. Under Regulation 65(d) of CIS Regulations, SEBI has powers to require the person concerned to refund any money or the assets to the concerned investors along with the requisite interest or otherwise, collected under the collective investment scheme. SEBI Act also has prescribed the other set of measures under section 11B of the SEBI Act. Therefore, SEBI in exercise of its mandate under Regulations 65 of the CIS Regulations read with Section 11B of the SEBI Act can take various investor protection measures in case of unregistered collective investment advisory activities. The said measures can include winding up of the schemes and direction to refund the money collected. While the Schemes can be directed to be wound up for repayment of the contributions of the investors, it does not absolve the obligation of the directors who collected the money on behalf of the company by causing the company to launch unregistered collective investment schemes from repayment. Therefore, the directors who collected the

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

27. In the instant case, I have already found that the scheme/plan offered by EIIL is a '*collective investment scheme*'. It is also observed that such fund mobilizing activity by EIIL was without obtaining a certificate of registration from SEBI, contravening the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations. I note that EIIL has mobilised at least an amount of Rs. 11.27 crores from at least 2,554 investors during the financial year 2010-11. From the material available on record and the details of the appointment and resignation of the directors of EIIL as reproduced above, it is noted that Shri Gurpreet Singh Sidhu, Shri Harminder Singh and Shri Prashant Sharma were directors of the Company during the period of fund mobilization under its schemes, hence I am of the view that they are liable to make refund to the investors under the various schemes launched by EIIL.
28. In addition to the refund liability mentioned above, I also note that Shri Gurpreet Singh Sidhu was a director of the Company since inception and continuing as director till date. I also note that Shri Harminder Singh and Shri Prashant Sharma resigned from the Company with effect from April 01, 2015 and December 01, 2012 respectively. I am of the view that Shri Gurpreet Singh, Shri Prashant Sharma and Shri Harminder Singh were also responsible for all the deeds/acts of the Company during the period of their directorship, even though Shri Prashant Sharma and Shri Harminder Singh have since resigned, and they were obligated not to cause EIIL to undertake fund mobilizing activity without obtaining a certificate of registration from SEBI and thus contravening the provisions of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations. In view of the failure to discharge the said responsibility, the aforesaid directors are also liable to be issued appropriate directions and to be debarred for

an appropriate period of time

29. Further, I note from the details of the appointment and resignation of the directors of EIII that Shri Gurlal Singh joined the Company in 2012 and continuing as a director in the Company. A person cannot assume the role of a director in a company in a casual manner. The position of a 'director' in a public company comes along with 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. Any director cannot therefore wriggle out from liability. A director who is part of a company's board shall be responsible and liable for all acts carried out by a company. 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 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. "*

30. Though Shri Gurlal Singh was not a director during the fund mobilization by the Company, in view of the non-payment of money collected by virtue of collective investments, the scheme is still continuing with the money collected by the Company, I note that Shri Gurlal Singh is obligated to ensure refund of the money collected by the Company. In view of the failure to discharge the said responsibility, the aforesaid director is also liable to be issued appropriate directions and to be debarred for an appropriate period of time.
31. I note that Shri Sunil Singh and Shri Ashok Kumar were directors of the Company during the financial year 2009-2010 and resigned on March 17, 2010 and March 24, 2010 respectively. I note that the aforesaid directors resigned prior to the mobilization of funds by the Noticee Company. There is no material available on record to show that the said directors were

involved at the time of launching of the scheme. In view of the same, the allegation of money mobilization as a director or causing to carry on any collective investment scheme of EIL against Shri Sunil Singh and Shri Ashok Kumar appears to be unsustainable and thus the benefit of doubt is extended to these directors and no directions are issued against them. However, I note that the present proceedings only render findings, inter alia, on the basis of investor complaints mentioned in the interim order, hence I am of the view that in case any further material/complaint during their tenure of directorship comes to the Notice of SEBI, it shall initiate recovery proceedings against Shri Sunil Singh and Shri Ashok Kumar as directors liable to pay to the investors.

32. In respect of the allegation of violation of reg. 4(2)(t) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 (FUTP Regulations, 2003), it may be noted the FUTP Regulations was amended with effect from Sept 06, 2013 and clause (t) to reg. 4(2) was inserted which reads as follows:-

#### **4. Prohibition of manipulative, fraudulent and unfair trade practices**

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

*(a)...*

***"(t) illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person."***

33. Subsequent to introduction of Regulation 4(2) (t) of FUTP Regulations, 2003, illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person, are deemed to be fraudulent. The company carrying on unregistered collective investment schemes and all those persons who are directors as on and after the date of introduction of Regulation 4(2) (t) of FUTP Regulations, 2003 on September 06, 2013 will be liable for action, for violation of Regulation 4(2) (t) of FUTP Regulations, 2003. In the instant case, though EIL launched the scheme



during 2010-2011, in view of the non-payment of money collected by virtue of collective investments, the scheme is considered to be continuing with the money collected by the Company. Therefore, the activity of the Noticees viz., EIIL, Shri Gurpreet Singh Sidhu, Shri Gurlal Singh and Shri Harminder Singh fall within the second leg of 4(2) (t) of the FUTP Regulations, 2003. Considering the fact that Shri Gurpreet Singh Sidhu, Shri Gurlal Singh and Shri Harminder Singh were directors of EIIL as on the date of introduction of reg. 4(2) (t) of FUTP Regulations, 2003 on September 06, 2013 and no prior registration was obtained by EIIL in respect of the aforesaid activities in the nature of 'collective investment scheme', EIIL and Shri Gurpreet Singh Sidhu, Shri Gurlal Singh and Shri Harminder Singh were illegally carrying on collective investment scheme and these directors were causing EIIL to carry on any collective investment scheme which amounts to a fraudulent practice in terms of Regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003. In view of the violations of Regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003 by EIIL, Shri Gurpreet Singh Sidhu, Shri Gurlal Singh and Shri Harminder Singh are also liable to be debarred for an additional period of time.

34. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 and Sections 11(1), 11B and 11(4) thereof and Regulation 65 of the SEBI (Collective Investment Schemes) Regulations, 1999, hereby issue the following directions:

- (i) EIIL shall wind up the existing Collective Investment Schemes and refund the money collected by the said company under the schemes with returns which are due to investors as per the terms of offer within a period of three months from the date of this Order. The refund shall be made through 'Bank Demand Draft' or 'Pay Order' both of which should be crossed as "Non-Transferable" or through any other appropriate Banking channels, with clear identification of beneficiaries and supporting bank documents.
- (ii) The present directors of EIIL namely Shri Gurpreet Singh Sidhu and Shri Gurlal Singh shall ensure that directions under sub para (i) is complied with.

- (iii) Upon completion of the refund as directed above at sub para (i), within further period of seven days, EIL and its present directors namely Shri Gurpreet Singh Sidhu and Shri Gurlal Singh shall submit a winding up and repayment report (“WRR”), jointly or severally to SEBI in accordance with the CIS regulations. The WRR shall be supported by the proof of the trail of funds claimed to be refunded, bank account statements indicating refund to the investors and receipt from the investors acknowledging such refunds along with a certification of such repayment from two independent peer reviewed Chartered Accountants who are in the panel of any public authority or public institution.
- (iv) In case of failure of EIL to repay the investors as per directions at para (i), Shri Gurpreet Singh Sidhu, Shri Harminder Singh and Shri Prashant Sharma (all in their personal liability to make the refund) jointly and severally with EIL, shall refund the money collected by the said company during their respective period of directorship under the schemes with returns which are due to investors as per the terms of offer within a further period of two months. The refund shall be made through ‘Bank Demand Draft’ or ‘Pay Order’ both of which should be crossed as “Non-Transferable” or through any other appropriate Banking channels, with clear identification of beneficiaries and supporting bank documents.
- (v) Upon completion of the refund as directed above in sub para (iv), Shri Gurpreet Singh Sidhu, Shri Harminder Singh, and Shri Prashant Sharma shall file a report of such completion of payment with SEBI, within further period of seven days, certified by two independent peer reviewed Chartered Accountants who are in the panel of any public authority or public institution. For the purpose of this Order, a peer reviewed Chartered Accountant shall mean a Chartered Accountant, who has been categorized so by the Institute of Chartered Accountants of India (“ICAI”) holding such certificate.
- (vi) In event of failure by EIL, Shri Gurpreet Singh Sidhu, Shri Harminder Singh, and Shri Prashant Sharma to comply with the directions as sub para (i) and (iv) above, SEBI shall initiate recovery proceedings under the SEBI Act against EIL, Shri Gurpreet Singh Sidhu, Shri Harminder Singh, and Shri Prashant Sharma.

- (vii) EIII, Shri Gurpreet Singh Sidhu, Shri Harminder Singh, and Shri Prashant Sharma shall not alienate or dispose of or sell any of their assets except for the purpose of making refunds to its investors as directed above.
- (viii) EIII, Shri Gurpreet Singh Sidhu, Shri Harminder Singh, and Shri Prashant Sharma and Shri Gurlal Singh shall abstain from collecting any money from the investors in respect of the schemes identified as a Collective Investment Scheme in this Order.
- (ix) EIII, Shri Harminder Singh and Shri Gurpreet Singh Sidhu shall with immediate effect be restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, till the directions for refund/repayment to the investors are complied with, as directed at pre paras to the satisfaction of SEBI and WRR/ Report of completion of payment with SEBI is submitted to SEBI and the said prohibition shall continue for a further period of **six** years from the date of completion of the refund, as directed above.
- (x) Shri Prashant Sharma shall with immediate effect be restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, till the directions for refund/repayment to the investors are complied with, as directed at pre paras to the satisfaction of SEBI and WRR/ Report of completion of payment with SEBI is submitted to SEBI and the said prohibition shall continue for a further period of **four** years from the date of completion of the refund, as directed above.
- (xi) Shri Gurlal Singh is restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, for a period of **six** years from the date of this Order.
- (xii) Shri Gurpreet Singh Sidhu, Shri Gurlal Singh, Shri Prashant Sharma, Shri Harminder Singh shall be restrained from holding positions as directors or key managerial personnel of any listed company and any intermediary registered with SEBI and they shall be 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, for a period equal to the period of their debarment from the date of this order.

(xiii) The directions issued against Shri Ashok Kumar and Shri Sunil Singh stand revoked.

35. This order shall come into force with immediate effect.

36. Since the present proceedings only render findings, inter alia, on the basis of investor complaints mentioned in the interim order, if any further material is available that funds were collected by company during the tenure of Shri Ashok Kumar and Shri Sunil Singh, SEBI shall initiate recovery proceedings against them as directors liable to pay to the investors.

37. Copy of this Order shall be forwarded to the stock exchanges and depositories for necessary action.

38. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs/ concerned Registrar of Companies, for their information and necessary action with respect to the directions/ restraint imposed above against the Company and the individuals.

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

**DATE: October 25, 2018**

**PLACE: Mumbai**

**MADHABI PURI BUCH**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**