BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/KS/AA/2020-21/8031-33)

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of:

Sr. No.	***Entity Name***	***PAN***
1	***Maitreya Plotters and Structures Pvt. Ltd.***	***AAFCM9358H***
2	***Varsha Madhusudan Satpalkar***	***ACEPS9276L***
3	***Janardan Arvind Parulekar***	***AKNPP6001B***

In the matter of

Maitreya Plotters and Structures Pvt. Ltd.

FACTS OF THE CASE

1. Based on a reference from various investors including a reference from Investors Consumers & Guidance Society (ICGS) against Maitreya group companies alleging that Maitreya Plotters and Structures Pvt. Ltd. (hereinafter referred to as '**MPSPL**'/'**Noticee 1**') was indulging in Collective Investment Scheme (**CIS**) activities without obtaining registration, SEBI initiated investigation in the matter. Pursuant to a preliminary investigation in the matter, Whole Time Member of SEBI (hereinafter referred to as '**WTM**') passed cerain orders against Maitreya group entities including an Order dated March 25, 2013

(hereinafter referred to as '**SEBI Order dated March 25, 2013**') against Maitreya Services Pvt. Ltd. (hereinafter referred to as '**MSPL**') as well as Ms. Varsha Madhusudan Satpalkar (hereinafter referred to as '**Noticee 2**') and Mr. Janardan Arvind Parulekar (hereinafter referred to as '**Noticee 3**') who were the directors of MSPL at the time. For the sake of convenience, Noticee 1, Noticee 2 and Noticee 3 have been collectively referred to as '**Noticees**' in this order.

2. Thereafter, an Interim Order dated August 30, 2013 (hereinafter referred to as '**SEBI Interim Order dated August 30, 2013**') was also passed against Noticee 1 and its directors viz. Noticees 2 & 3. In these interim orders, WTM established that MSPL and Noticee 1 were engaged in fund mobilizing activity from the public by launching CIS as defined under Section 11AA of the SEBI Act without obtaining a certificate of registration as required under the CIS Regulations and the SEBI Act.

3. It is noted that SEBI, vide SEBI Order dated March 25, 2013, directed MSPL and its directors viz. Noticees 2 & 3 as under:

   "a) Maitreya Services Pvt. Ltd. to wind up its existing collective investment schemes and refund the money collected by it under the schemes with returns which are due to the investors as per the terms of offer within a period of three months from the date of this order and submit a winding up and repayment report to SEBI in accordance with the CIS regulations...

   b) Maitreya Services Pvt. Ltd. and its directors, namely, Mrs. Varsha Madhusudan Satpalkar and Mr. Janardan Arvind Parulekar not to access the capital market and further restrain and prohibit them from buying, selling or otherwise dealing in the securities market till all its collective investment schemes are wound up and all the monies mobilised through them are refunded to the investors."

4. Subsequently, vide SEBI Interim Order dated August 30, 2013, SEBI directed Noticee 1 and its directors viz. Noticees 2 & 3-

   (a) not to collect any more money from investors including under the existing schemes;
   (b) not to launch any new schemes;
   (c) not to dispose of any of the properties or alienate any of the assets of the schemes;
   (d) not to divert any funds raised from public at large which are kept in bank account(s) and/or in the custody of MPSPL.

5. Thereafter, SEBI, vide Order dated September 12, 2014 (hereinafter referred to as '**SEBI confirmatory order dated September 12, 2014**'), confirmed the aforementioned directions issued vide SEBI Interim Order dated August 30, 2013 against the Noticees.

6. However, upon further investigation, SEBI observed that the Noticees continued to divert funds from the account of Noticee 1 despite a specific restriction being put upon them by way of SEBI Interim Order dated August 30, 2013. Further, it was also observed that Noticees 2 & 3 have continued to raise funds through Noticee 1 as well as another group company namely Maitreya Realtor & Construction Pvt. Ltd. (hereinafter referred to as '**MRCPL**') despite directions issued under SEBI Orders dated March 25, 2013 and Interim Order dated August 30, 2013, which were later confirmed vide SEBI confirmatory order dated September 12, 2014.

7. In view of the same, it is alleged that the Noticees have failed to comply with the directions in SEBI orders dated March 25, 2013, August 30, 2013 and September 12, 2014 (hereinafter collectively referred to as '**WTM Orders**'). In

view of this, adjudication proceedings have been initiated against the Noticees for non-compliance of the abovementioned orders.

APPOINTMENT OF ADJUDICATING OFFICER

8. The undersigned was appointed as the Adjudicating Officer, vide Order dated May 22, 2019 under Section 19 read with Section 15-I(1) of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to inquire into and adjudge under the provisions of Section 15HB of the SEBI Act the alleged non-compliance of WTM orders.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING:

9. A Show Cause Notice ref. SEBI/A&E/EAD-8/KS/VC/13990/2019 dated June 06, 2019 (hereinafter referred to as '**SCN'**) was issued to the Noticees under the provisions of Rule 4(1) of the Adjudication Rules, to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be imposed on them under Section 15HB of the SEBI Act for alleged non-compliance of WTM orders.
10. The details in respect of alleged violation by the Noticees are as given below:
    a. *It is observed that Noticee 1 is an unlisted private company incorporated on 18 April, 2009. The registered office of the company is at Maitreya Bhavan, Plot No. 34, Behind ICICI Bank, Pandit Din Dayal Nagar, Vasai, Navghar Road, Vasai, Maharashtra. Noticee 2 and Noticee 3 are the only directors of Noticee 1. It is also observed that Noticee 2 and Noticee 3 are*

also the only directors of two other companies named MSPL and MRCPL, which are the group companies of Maitreya Group.

b. *SEBI received a reference against Maitreya group companies from various investors including a reference from Investors Consumers & Guidance Society (ICGS) against Noticee 1 alleging that Noticee 1 was indulging in CIS activities without obtaining registration from SEBI. In view of the same, SEBI, pursuant to a preliminary investigation in the matter, passed ex-parte interim orders against the group entities including Interim Order dated March 25, 2013 against MSPL and its directors. Another Interim Order dated August 30, 2013 was also passed against MPSPL and its directors. In both these interim orders, SEBI established that MSPL and Noticee 1 were engaged in fund mobilizing activity from the public by launching "Collective Investment Scheme" as defined under Section 11AA of the SEBI Act without obtaining a certificate of registration as required under the CIS Regulations and the SEBI Act.*

c. *It is noted that SEBI, vide IO-1, directed MSPL and its directors viz. Noticee 2 and Noticee 3 as under:*

  "a) Maitreya Services Pvt. Ltd. to wind up its existing collective investment schemes and refund the money collected by it under the schemes with returns which are due to the investors as per the terms of offer within a period of three months from the date of this order and submit a winding up and repayment report to SEBI in accordance with the CIS regulations...

b) Maitreya Services Pvt. Ltd. and its directors, namely, Mrs. Varsha Madhusudan Satpalkar and Mr. Janardan Arvind Parulekar not to access the capital market and further restrain and prohibit them from buying, selling or otherwise dealing in the securities market till all its collective investment schemes are wound up and all the monies mobilised through them are refunded to the investors."

d. *Subsequently, vide IO-2, SEBI directed Noticee 1 and its directors viz. Noticee 2 and Noticee 3-*

- *not to collect any more money from investors including under the existing schemes;*
- *not to launch any new schemes;*
- *not to dispose of any of the properties or alienate any of the assets of the schemes;*
- *not to divert any funds raised from public at large which are kept in bank account(s) and/or in the custody of MPSPL.*

Therafter, SEBI, vide Order dated September 12, 2014, confirmed the aforementioned directions issued vide IO-2 against the Noticees.

e. *As per the information submitted by Noticee 1 vide letter dated March 14, 2014, in respect of the details of properties purchased by it, it is observed that it had also purchased plots / lands from MSPL, the details of which are given as under:*

S. No.	***Seller of Plot***	***Location of Plot***	***Area (Sq. meters)***	***Agreement Value (Amount paid to seller) (Rs.)***	***Date(s) of payment to seller***

1	*MSPL*	*Village Gundale, District Thane, Taluka Palghar, Maharashtra*	*23,999.80*	*67,30,940.00 (64,00,000.00)*	*03.09.12 to 10.10.12*
2	*MSPL*	*Village Gadde, District Vikramgad, Taluka Thane, Maharashtra*	*542,499.56*	*3,64,31,010.00 (3,50,00,000.00)*	*02.07.12 to 24.08.13*
3	*MSPL*	*Village Chandansar, District Vasai, Taluka Thane, Maharashtra*	*3,300.00*	*5,21,55,071.00 (5,00,00,000.00)*	*12.06.12*
4	*MSPL*	*Village Navghar, District Vasai, Taluka Thane, Maharashtra*	*420.75*	*4,73,66,42.00 (4,40,37,320.00)*	*N.A.*

f. On the basis of above details, SEBI noted that MSPL had transferred/sold off its properties to Noticee 1 despite the fact that debarment directions had been issued by SEBI in IO-1, in order to continue running its Collective Investment Schemes through Noticee 1. Further, SEBI observed from the examination of certain bank statements of Noticee 1 that there were fund transfers between MSPL and Noticee 1 even after March 25, 2013. Details of such transfers are given below:

S. No.	**Bank account of Noticee 1**	**Date of transfer / payment**	**Name of counterparty**	**Amount transferred by Noticee 1 (Rs.)**
1.	0230102000025027	03.06.2013	Maitreya Services Pvt. Ltd.	5,00,00,000.00
2.	0230102000025027	19.07.2013	Maitreya Services Pvt. Ltd.	4,95,00,000.00
3.	0230102000025027	22.07.2013	Maitreya Services Pvt. Ltd.	10,89,00,000.00
4.	0230102000025027	26.07.2013	Maitreya Services Pvt. Ltd.	5,94,00,000.00
5.	0230102000025027	29.07.2013	Maitreya Services Pvt. Ltd.	2,97,00,000.00
6.	0230102000025027	31.07.2013	Maitreya Services Pvt. Ltd.	4,95,00,000.00

g. From the above, SEBI observed that the directors of MSPL viz. Noticee 2 and Noticee 3 continued to raise funds through its group company MPSPL(Noticee 1), despite them being debarred by SEBI vide IO-1, and that the said funds were subsequently transferred to MSPL account.

h. It is further noted that Rashmi Ameya Developers Housing & Estate Realtors Pvt. Ltd., one of the entities from which MSPL had purchased land *for the purpose of its alleged CIS activities, has inter alia stated in its letter dated October 17, 2016 that a part of the consideration for purchase of land, to be paid by MSPL, had been paid on its behalf by Noticee 1. On the basis of this, SEBI has alleged that there was no segregation between the activities of MSPL and Noticee 1.*

i. *In view of the above, it is alleged that Noticee 2 and Noticee 3 continued to raise funds for their scheme(s) through Noticee 1, a Maitreya group company, despite SEBI passing IO-1 restricting them from doing so. Therefore, it is alleged that Noticee 2 and Noticee 3 acted in non-compliance with SEBI directions contained in IO-1.*

j. *Further, upon perusal of the bank accounts of Noticee 1, SEBI observed that Noticee 1 had made various payments/investments from its Axis Bank account even after IO-2 passed by SEBI, inter-alia directing it not to alienate / dispose of its assets. On perusal of certain bank accounts of MPSPL with Axis Bank and HDFC Bank, where the company was maintaining accounts, it was observed that there were various debit entries in the bank accounts to a large number of entities from August 2013 to March 2014 even though the interim order of SEBI had directed Noticee 1 not to divert its funds. Extracts of the bank accounts indicating such payments is enclosed at Annexure 6.*

k. *Upon enquiry, Noticee 1, vide its letter dated January 8, 2016, submitted that since the passing of SEBI interim order, the land development projects have been put on hold and since a large number of end customers had demanded their money back, Noticee 1 has refunded certain funds.*

l. Further, there were various entries in the bank account regarding investments in Fixed Deposits and Mutual Funds by the Company, and even payments were made even after IO-2 for acquisition of lands to certain entities, from whom Maitreya Group had purchased land before the passing of IO-2.

m. In view of this, it is alleged that the Noticee 1 and its directors viz. Noticee 2 & Noticee 3 continued to divert funds from the account of Noticee 1 despite a specific restriction being put upon them by way of IO-2. In view of this, it is alleged that the Noticees have violated the directions issued by SEBI by way of IO-2.

n. Further, SEBI received a complaint dated 02.01.2016 from one Ms. Rajeshree Tilakchand Ahire along with copies of receipts issued by MPSPL and MRCPL for amounts paid by her to the said entities. A perusal of the receipts indicated that the receipts have been issued by MRCPL during 2014 & 2015 with the same details as are available in the receipts issued by MPSPL up to August 30, 2013 (i.e. date of IO-2). The common details appearing in the receipts issued by MPSPL and MRCPL are as under:

> *Consumer ID MR002-0003027,*
> *Payment schedule: 23/6 YEAR*
> *Consideration amount: 144,000*
> *Periodicity of payment: MONTHLY*
> *Installment Amount: 2,000.00*
> *Date of handing over of Plot: 29/09/2015*
> *Code: 002-01-026846/*
> *002-02-003276*
> *Mrs. Sonali Nikam*

o. Upon further analysis of other complaints regarding the Maitreya Group Companies, similar observations were also made from the complaints of Ms. Bharti Raju Suryavanshi and Mr. Akshay Lali Borele, copies of which were provided by Sarkarwada Police Station vide letter dated 09.12.2016.

p. From the above, it is alleged that Noticee 2 and Noticee 3 have continued to raise funds through MRCPL despite directions issued under SEBI order August 30, 2013 , which were confirmed vide SEBI order dated September 12, 2014. In view of the same, it is alleged that Noticee 2 and Noticee 3 have failed to comply with the directions in SEBI orders dated August 30, 2013 and September 12, 2014.

q. The aforesaid alleged non-compliance, if proved, would make the Noticees liable for penalty under Section 15HB of the SEBI Act.

11. I note that the SCN was delivered to Noticee 1 by way of affixture at its last known address and a report of such affixture is available on file. However, Noticee 1 failed to submit any reply. Vide letters dated October 16, 2019 and November 07, 2019 respectively, Noticee 1 was given further opportunities to submit its reply to the SCN on or before October 25, 2019 and November 22, 2019 respectively. At the same time, in the interest of natural justice, two separate opportunities of personal hearing were provided to Noticee 1 on November 06, 2019 and November 26, 2019 by the said letters dated October 16, 2019 and November 07, 2019 respectively. The said letters were delivered by way of affixture at the last known address of Noticee-1 and the affixture report of the same is available on record.

12. Further, I also note that SCN had returned undelivered from the last known addresses of Noticees 2 & 3. Thereafter, attempts to deliver the SCN to the last known addresses of Noticees 2 & 3 by way of affixture also did not succeed. Thereafter, in terms of Rule 7(d) of Adjudication Rules, the SCN was served upon Noticees 2 & 3 by way of a public notice dated October 01, 2019 in Mumbai Editions of three different newspapers namely Hindustan Times, Maharashtra Times and Navbharat Times. Further, by the said notices, an opportunity of personal hearing was also provided to Noticees 2 & 3 on October 16, 2019. However, both Noticees 2 & 3 failed to submit any reply to the SCN. Further, Noticees 2 & 3 also failed to appear for personal hearing. Thereafter, a final opportunity of personal hearing was granted to Noticees 2 & 3 on December 16, 2019 by way of a public notice dated November 25, 2019 in Mumbai Editions of three different newspapers namely Hindustan Times, Maharashtra Times and Navbharat Times However, both Noticees 2 & 3 again failed to appear for personal hearing.

In this regard, it is pertinent to note the observations of Hon'ble Securities Appellate Tribunal (hereinafter referred to as '**SAT**') in the matter of Sanjay Kumar Tayal & Others vs. SEBI decided on February 11, 2014. Hon'ble SAT observed as follows:

"*…As rightly contended by Mr. Rustomjee, learned senior*

r counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices…"

CONSIDERATION OF ISSUES AND FINDINGS:

13. I have taken into consideration the facts and circumstances of the case and the material available on record. Despite opportunities for submitting replies and for attending hearings, the Noticees failed to submit any reply to the SCN nor attended the hearings, therefore I proceed further based on merits of the matter.

14. I note that the allegations levelled against the Noticees are that, by continuously raising funds and by diverting funds from the account of Noticee 1, the Noticees have failed to comply with the WTM orders. In this regard, the allegations may be divided as below:-

    i. By continuously raising money through MPSPL, Noticees 2 & 3 failed to comply with the directions issued to them vide SEBI Order dated March 25, 2013,

    ii. By dealing in securities markets through CIS activities, Noticees 2 & 3 have failed to comply with the directions issued to them vide SEBI Order dated March 25, 2013.

    iii. By diverting the funds to various entities and by making various investments, Noticees failed to comply with the directions issued to them vide SEBI Interim Order dated August 30, 2013, and

    iv. By continuously collecting money from investors through MRCPL, Noticees 2 & 3 failed to comply with the directions issued to them vide SEBI Interim Order dated August 30, 2013 and SEBI confirmatory order dated September 12, 2014.

    In view of the above, the issues for consideration before me are:-

a. Whether Noticees 2 & 3 have failed to comply with the directions issued by way of SEBI Order dated March 25, 2013?

b. Whether the Noticees have failed to comply with the directions issued by SEBI by way of SEBI Interim Order dated August 30, 2013 read with SEBI confirmatory order dated September 12, 2014?

c. If yes, whether the Noticees are liable for penalty?

d. What should be the quantum of penalty that should be imposed on the Noticees?

I note from the Investigation Report (**IR**) that, based on preliminary investigation, SEBI had passed orders viz. SEBI Order dated March 25, 2013, SEBI Interim Order dated August 30, 2013 and a confirmatory order dated September 12, 2014 in respect of its interim order dated August 30, 2013 wherein certain directions were passed against the Noticees as well as other Maitreya Group companies. Further, I also note that a final order dated January 31, 2019 has been passed in regard to SEBI Interim Order dated August 30, 2013.

With the above background, now I proceed to deal with the issues for my consideration as follows**:-**

a. Whether Noticees 2 & 3 have failed to comply with the directions issued by way of SEBI Order dated March 25, 2013?

15. From a perusal of SEBI Order dated March 25, 2013, I note that SEBI initiated investigation in the affairs of MSPL after receiving a letter dated September 21, 2010 from the Office of The Income Tax alleging contravention of the SEBI Act

and Regulations. By the said order, WTM held that the activities of MSPL were in contravention of the provisions of the SEBI Act and CIS Regulations.

16. Thereafter, I note that by the SEBI Order dated March 25, 2013 the following directions were issued against MSPL, Noticees 2 & 3 (as the directors of MSPL):

   a. *Maitreya Services Pvt. Ltd. to wind up its existing collective investment schemes and refund the money collected by it under the schemes with returns which are due to the investors as per the terms of offer within a period of three months from the date of this order and submit a winding up and repayment report to SEBI in accordance with the CIS regulations.*

   b. *Maitreya Services Pvt. Ltd. and its directors, namely, Mrs. Varsha Madhusudan Satpalkar and Mr. Janardan Arvind Parulekar not to access the capital market and further restrain and prohibit them from buying, selling or otherwise dealing in the securities market till all its collective investment schemes are wound up and all the monies mobilised through them are refunded to the investors;*

17. I note from the information submitted by Noticee 1 vide letter dated March 14, 2014, in respect of the details of properties purchased by it, that Noticee 1 had purchased plots/lands from MSPL, the details of which are given as under:

S. No.	Seller of Plot	Location of Plot	Area (Sq. meters)	Agreement Value (Amount paid to seller) (Rs.)	Date(s) of payment to seller
1	MSPL	Village Gundale, District Thane, Taluka Palghar, Maharashtra	23,999.80	67,30,940.00 (64,00,000.00)	03.09.12 to 10.10.12
2	MSPL	Village Gadde, District Vikramgad, Taluka Thane, Maharashtra	542,499.56	3,64,31,010.00 (3,50,00,000.00)	02.07.12 to 24.08.13

3	MSPL	Village Chandansar, District Vasai, Taluka Thane, Maharashtra	3,300.00	5,21,55,071.00 (5,00,00,000.00)	12.06.12
4	MSPL	Village Navghar, District Vasai, Taluka Thane, Maharashtra	420.75	4,73,66,42.00 (4,40,37,320.00)	N.A.

I note from S. No. 2 of the above table that the payment for purchase of plot of land was made after passing of SEBI Order dated March 25, 2013.

18. From the above it is alleged that MSPL had transferred/sold off its properties to Noticee 1 despite the fact that debarment directions had been issued to MSPL by SEBI in SEBI Order dated March 25, 2013, in order to continue running its Collective Investment Schemes through Noticee 1. Further, SEBI observed from the examination of certain bank statements of Noticee 1 that there were fund transfers between MSPL and Noticee 1 even after March 25, 2013. Details of such transfers as mentioned in the IR are given below:

Table 2

S. No.	**Bank account of Noticee 1**	**Date of transfer / payment**	**Name of counterparty**	**Amount transferred by Noticee 1 (Rs.)**
1.	0230102000025027	03.06.2013	Maitreya Services Pvt. Ltd.	5,00,00,000.00
2.	0230102000025027	19.07.2013	Maitreya Services Pvt. Ltd.	4,95,00,000.00
3.	0230102000025027	22.07.2013	Maitreya Services Pvt. Ltd.	10,89,00,000.00
4.	0230102000025027	26.07.2013	Maitreya Services Pvt. Ltd.	5,94,00,000.00
5.	0230102000025027	29.07.2013	Maitreya Services Pvt. Ltd.	2,97,00,000.00
6.	0230102000025027	31.07.2013	Maitreya Services Pvt. Ltd.	4,95,00,000.00

19. From the above, it is alleged that the directors of MSPL viz. Noticees 2 & 3 continued to raise funds through its group company MPSPL (Noticee 1), despite them being debarred by SEBI vide SEBI Order dated March 25, 2013, and that the said funds were subsequently transferred to MSPL account.

20. It is further noted that Rashmi Ameya Developers Housing & Estate Realtors Pvt. Ltd., one of the entities from which MSPL had purchased land, has *inter alia* stated in its letter dated October 17, 2016 that a part of the consideration for purchase of land, to be paid by MSPL, had been paid on its behalf by Noticee 1. On the basis of this, SEBI has alleged that there was no segregation between the activities of MSPL and Noticee 1.

21. In view of the above, it is alleged that Noticees 2 & 3 continued to raise funds for their CIS scheme(s) through Noticee 1, a Maitreya group company, despite SEBI passing SEBI Order dated March 25, 2013 restricting Noticees 2 & 3 from doing so. Subsequently, the said funds were transferred to MSPL account. Therefore, it is alleged that Noticees 2 & 3 acted in non-compliance with SEBI directions contained in SEBI Order dated March 25, 2013.

22. In this regard, I note from SEBI Order dated March 25, 2013 that MSPL was collecting money under a total of 41 schemes in return for allotment of plot along with any benefit that may accrue. The said schemes were held to be CIS and MSPL along with Noticees 2 & 3 were directed to wind up the same and refund the money raised from the investors along with the returns which are due to the investors as per the terms of offer within a period of three months from the date of SEBI Order Dated March 25, 2013 and submit a winding up and repayment report to SEBI in accordance with the CIS regulations.

23. The first part of the observation as discussed in the IR is that MSPL had sold certain land to MPSPL and raised money after SEBI Order dated March 25, 2013. In this regard, I note from the material available on record that MSPL was directed to wind up its CIS schemes, as discussed in SEBI Order dated March 25, 2013, and repay monies to the investors. I also observe from the IR that certain land parcels were sold by MSPL for certain consideration. Also, I note from the IR that certain funds were transferred to MSPL on various dates.

24. Upon a perusal of the restraint order that was in vogue at the time the land parcels were sold or funds transferred to MSPL, I note that MSPL and Noticees 2 and 3 were directed, *inter alia,* to wind up the CIS schemes and repay the investors. Though no reply on record, still I can understand that there is a possibility that the need for selling lands could be arising out of the directions given in SEBI Order dated March 25, 2013 to repay the investors; however, I note that there is nothing on record to evidence the observation that the CIS schemes of MSPL were continued to be run through MPSPL. Also, I note that, *per se,* there was no restriction imposed on MSPL or Noticees 2 & 3 from selling the land of MSPL. At the same time, I find no allegation of violation of SEBI Order dated March 25, 2013 by MPSPL. Therefore, on a combined reading of the above I find no violation of SEBI Order dated March 25, 2013 by Noticees 2 & 3 by selling land of MSPL to MPSPL has been established on records. I note that MSPL and MPSPL are two different legal entities and are entitled to run their businesses independently unless any violation is established with evidential records.

25. Having said so, I also note that SEBI Order dated March 25, 2013 also imposes another restraint, *inter alia,* on Noticees 2 & 3 and the restraint reads as follows:-

Maitreya Services Pvt. Ltd. and its directors, namely, Mrs. Varsha Madhusudan Satpalkar and Mr. Janardan Arvind Parulekar not to access the capital market and further restrain and prohibit them from buying, selling or otherwise dealing in the securities market till all its collective investment schemes are wound up and all the monies mobilised through them are refunded to the investors;

26. On a closer reading of the second restraint imposed vide SEBI Order dated March 25, 2013 on MSPL and Noticees 2 & 3, I am of the view that the intention behind such restriction is that Noticees 2 & 3 should not access the capital market in any form. However, from available records, I note that Noticees 2 & 3 were continuing to do CIS business as alleged in the IR under the name and style of MPSPL. Though MSPL and MPSPL are two distinct legal entities in the eyes of law, however, the directors who are natural persons have a continued obligation to comply with the directions given in SEBI Order dated March 25, 2013 even as a director of MPSPL. I further note that there is no restraint order on MPSPL vide SEBI Order dated March 25, 2013. In the above situation Noticees 2 & 3 ought to have disengaged themselves from associating and running the schemes of MPSPL as directors. However, from IR I note that Noticees 2 & 3 continued to engage in CIS activities which very much forms part of the securities market. For reference, I reproduce the relevant extract of the definition of the term “securities” as defined under Section 2(h)(ib) of Securities Contracts (Regulation) Act, 1956.

2(h) *“securities”— include*

(ib) *units or any other instrument issued by any collective investment scheme to the investors in such schemes;*

In view of the above I hold Noticees 2 & 3 to have violated the restraint orders contained in SEBI Order dated March 25, 2013 to the above extent.

b. Whether the Noticees have failed to comply with the directions issued by SEBI by way of SEBI Interim Order dated August 30, 2013 read with SEBI confirmatory order dated September 12, 2014?

27. I note from the IR that, subsequent to SEBI Order dated March 25, 2013, SEBI passed Interim Order dated August 30, 2013 in the matter of CIS schemes of MPSPL wherein the following directions were passed against the Noticees:

a. not to collect any more money from investors including under the existing schemes;

b. not to launch any new schemes;

c. not to dispose of any of the properties or alienate any of the assets of the schemes;

d. not to divert any funds raised from public at large which are kept in bank account(s) and/or in the custody of MPSPL.

Thereafter, SEBI, vide confirmatory order dated September 12, 2014, confirmed the aforementioned directions issued vide SEBI Interim Order dated August 30, 2013 against the Noticees.[1]

28. I note, *inter alia,* from the directions issued under SEBI Interim Order dated August 30, 2013 and reproduced above, that the Noticees were directed not to divert any funds raised from public for any purposes. Further, the Noticees were

[1] A final order dated January 31, 2019 has been passed by Hon'ble WTM in respect of IO-2. However, the same is not the subject matter of the present proceedings.

also prohibited from collecting any more money from investors and launching new schemes.

29. Despite the above directions, I note from the IR that there were fund transfers from the account(s) of MPSPL even after the date of SEBI Interim Order dated August 30, 2013. In this regard, I note that Noticee 1 had made various payments/investments from its Axis Bank account (A/c No. 0230102000025027) post SEBI Interim Order dated August 30, 2013. Some of the instances are as reproduced below:-

Table 3

Date	**Entity Name**	**Debit Balance (in Rs.)**
31-08-2013	Ramsingh Meena	35,00,000.00
31-08-2013	Marta Kripa Infrastructure	72,00,000.00
03-09-2013	Reliant Contractors & Developers	1,00,00,000.00
03-09-2013	DN Villa Properties	1,00,00,000.00
04-09-2013	Pradhi Real	1,00,00,000.00
04-09-2013	GM Contractor & Developers	1,00,00,000.00
04-09-2013	Celebrity Homes & Properties	1,00,00,000.00

In this regard, I note that, vide SEBI Interim Order dated August 30, 2013, the Noticees were directed not to dispose of any property and not to alienate any of the funds raised from the investors. The said directions were applicable to the Noticees w.e.f. August 30, 2013. However, as mentioned in the table above, I note from the IR that the Noticees continued to dispose of funds from the said account to various entities.

I further note from the above bank account with AXIS Bank that there are many other debit transactions till March 29, 2014 including certain transactions carrying narration as “Maitreya Fund Transfer”.

In this regard I find it relevant to refer to the observations contained in SEBI confirmatory order dated September 12, 2014 that Noticee 1, in its letter dated November 25, 2013, has admitted to have advanced money to certain entities for acquiring land. I note that some of the entities mentioned above viz. Ramsingh Meena, Marta Kripa Infrastructure etc. appear in the said list of entities to which Noticee 1 had admittedly transferred money for land acquisition. Therefore, I hold that Noticees had diverted money to the entities from which it had purchased land despite explicit prohibition contained in by SEBI Interim Order dated August 30, 2013.

30. Similarly, I also note that there is an allegation in the IR that there were diversion of funds by investing in fixed deposits and Mutual funds by Noticee 1. In this regard I note there are certain transactions related to investments made by Noticee 1 subsequent to the passing of SEBI Interim Order date August 30, 2013, a sample of which is as detailed below:

Table 4

Date	**Transaction Details**	**Amount (Rs.)**
20-12-2013	JP Morgan India Liquid Fund	3,00,00,000.00
20-12-2013	Ing Liquid Fund Collection A/C	2,00,00,000.00
20-12-2013	Peerless Liquid Fund Collection	2,00,00,000.00

20-12-2013	Axis Liquid Fund	3,00,00,000.00
20-12-2013	Baroda Pioneer Liquid Fund	5,00,00,000.00
08-10-2013	FD for 7 Mths	8,00,00,000.00
14-10-2013	FD for 35 Days	4,00,00,000.00
06-11-2013	FD for 91 Days	4,00,00,000.00

31. It is also observed that there were fund transfers in the name of various individuals from HDFC A/c No. 13878630000034 of MPSPL. In this regard, I note that Noticee 1, vide its letter dated January 8, 2016, submitted that since the passing of SEBI Interim Order dated August 30, 2013, the land development projects had been put on hold and since a large number of end customers had demanded their money back, Noticee 1 had refunded certain funds. In this regard, I note from the IR that SEBI has accepted the said transactions as repayment of money. In view of the observations contained in the IR, I am inclined to take a lenient view only in regard to the transfers to individuals.

32. In view of the above, I hold that Noticee 1 and its directors viz. Noticees 2 & 3 diverted funds from the account of Noticee 1 despite a specific restriction being put upon them by way of SEBI Interim Order dated August 30, 2013. Therefore, I hold that the Noticees have failed to comply with the directions issued under SEBI Interim Order dated August 30, 2013.

33. I also note that, vide SEBI Interim Order dated August 30, 2013, the Noticees were prohibited from collecting any more money or launching any new scheme. As noted earlier the said directions were confirmed by SEBI vide confirmatory order dated September 12, 2014. In this regard, I note from material available on record that there were several complaints from the investors viz. Ms. Rajeshree Tilakchand Ahire, Ms. Bharti Raju Suryavanshi, along with copies of

receipts issued by MPSPL and MRCPL for amounts paid by them to the said entities. I note from the IR that MRCPL is a group company of MPSPL. Also, I incidentally note from the website of Ministry of Corporate Affairs, Government of India (**MCA**) that Noticees 2 & 3 were the only directors of MRCPL.

34. Further on a perusal of the receipts received from some of the investors indicate that the receipts have been issued by MRCPL during 2014 & 2015 with the same details as are available in the receipts issued by MPSPL up to August 30, 2013 (i.e. date of SEBI Interim Order). The common details appearing in the receipts issued by MPSPL and MRCPL are as under:

MPSPL	**MRCPL**
Investor Name: Akshay Lalit Borele Registration No.- 006-2131583 Plan No. & Tenure- 30/6 Year Periodicity of Payment: Monthly Consideration Amount: Rs. 15840 Installment Amount: Rs. 220 Code: 006-01-780457 006-01-661482 Mr. Akshay Borele Receipt Date: 14-08-2013 Installment No.: 2 Possession of Developed Plot: 27-07-2019	Investor Name: Akshay Lalit Borele Registration No.- MR006-2131583 Payment Schedule- 30/6 Year Periodicity of Payment: Monthly Consideration Amount: Rs. 15840 Installment Amount: Rs. 220 Code: 006-01-780457 006-01-661482 Mr. Akshay Borele Receipt Date: 28-10-2014 Installment No.: 13/1 Possession of Developed Plot: 27-07-2019
Investor Name: Raju Chintaman Suryavanshi Registration No.- 006-0032856 Plan No. & Tenure- 23/6 Year Periodicity of Payment: Monthly	Investor Name: Raju Chintaman Suryavanshi Registration No.- MR006-0032856 Plan No. & Tenure- 23/6 Year Periodicity of Payment: Monthly Consideration Amount: Rs. 14400

Consideration Amount: Rs. 14400 Installment Amount: Rs. 200 Code: 006-01-024205 006-01-022530 Bhagyashri Ranmale Receipt Date: 24-04-2012 Installment No.: 26 Possession of Developed Plot: 08-03-2016	Installment Amount: Rs. 200 Code: 006-01-024205 006-01-022530 Bhagyashri Ranmale Receipt Date: 20-03-2014 Installment No.: 49/7 Possession of Developed Plot: 08-03-2016
Investor Name: Santosh Bapu Gurav Registration No.- 009-0000519 Plan No. & Tenure- 23/6 Year Periodicity of Payment: Monthly Consideration Amount: Rs. 14400 Installment Amount: Rs. 200 Code: 009-01-000305 Receipt Date: 15-02-2010 Installment No.: 1 Possession of Developed Plot: 15-02-2016	Investor Name: Santosh Bapu Gurav Registration No.- MR009-0000519 Plan No. & Tenure- 23/6 Year Periodicity of Payment: Monthly Consideration Amount: Rs. 14400 Installment Amount: Rs. 200 Code: 009-01-000305 010-01-000333 Santosh Gurav Receipt Date: 22-12-2015 Installment No.: 71/28 Possession of Developed Plot: 15-02-2016
Investor Name: Santosh Bapu Gurav Registration No.- 009-1700048 Plan No. & Tenure- 30/6 Year Periodicity of Payment: Monthly Consideration Amount: Rs. 126720 Installment Amount: Rs. 1760 Code: 009-01-000374 Receipt Date: 21-08-2012 Installment No.: 1 Possession of Developed Plot: 21-08-2018	Investor Name: Santosh Bapu Gurav Registration No.- MR009-1700048 Plan No. & Tenure- 30/6 Year Periodicity of Payment: Monthly Consideration Amount: Rs. 126720 Installment Amount: Rs. 1760 Code: 009-01-000374 009-01-000305 Mrs. Salil Gurav Receipt Date: 22-01-2016 Installment No.: 42/29

	Possession of Developed Plot: 21-08-2018

Upon further analysis of other complaints regarding the Maitreya Group Companies, similar observations were also made from the complaints of some of the investors, copies of which were provided by Sarkarwada Police Station vide letter dated December 09, 2016.

35. Therefore, in light of the above, I am of the view that, after passing of SEBI Interim Order dated August 30, 2013, the investors of MPSPL were transferred to MRCPL with the same details so as to continue with the same schemes and continued raising the funds from the said investors in clear contravention of the directions issued vide SEBI Interim Order dated August 30, 2013 and confirmed vide SEBI confirmatory order dated September 12, 2014.

36. In view of the above, I hold that Noticees 2 & 3, by continuing to raise funds from investors in the same schemes using MRCPL, have violated the directions of SEBI Interim Order dated August 30, 2013 and SEBI confirmatory order dated September 12, 2014.

37. In light of the above, I hold that the Noticees are liable for a penalty under Section 15HB of SEBI Act. The text of the said provision of law is being reproduced below:

<u>SEBI Act</u>

Penalty for contravention where no separate penalty has been provided.

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty liable to a penalty which may extend to one crore rupees.*

38. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Adjudication Rules require that while adjudging the quantum of penalty, the adjudicating officer shall have due regard to the following factors namely; -

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

39. With regard to the mitigating factors, I note that the material available on records has not quantified the amount of disproportionate gain or unfair advantage made by the Noticees and the loss suffered by the investors as a result of the default committed by the Noticees. I am of the opinion that Noticees 2 & 3 repeatedly violated the directions issued by SEBI thereby seriously compromising the regulatory framework, which is detrimental to the interest of the investors in the securities market. The interest of the investors and the orderly development of the securities market requires that perpetrators of such activities should be suitably penalized. I note that Noticees 2 & 3 were the group directors of various companies in Maitreya group and as such have an increased responsibility to comply with the directions of the Regulator.

ORDER

40. After taking into consideration the facts and circumstances of the case, material/facts on record and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I

of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose the following penalties on the Noticees under Section 15HB of the SEBI Act for their non-compliance of SEBI Order dated March 25, 2013/SEBI Interim Order dated August 30, 2013 and SEBI confirmatory order dated September 12, 2014 as discussed in this order:-

<table>
<tr><th>Name of the Noticee</th><th>Violation</th><th>Penalty</th></tr>
<tr><td>Maitreya Plotters and Structures Pvt. Ltd.</td><td>Non-compliance of SEBI Interim order dated August 30, 2013</td><td>Rs.15,00,000/-
(Rupees Fifteen Lakh Only)</td></tr>
<tr><td>Ms. Varsha Madhusudan Satpalkar</td><td rowspan="2">Non-compliance of SEBI order dated March 25, 2013 & Interim Order dated August 30, 2013 and SEBI Confirmatory order dated September 12, 2014</td><td rowspan="2">Rs. 25,00,000/-
(Rupees Twenty Five Lakh Only)</td></tr>
<tr><td>Mr. Janardan Arvind Parulekar</td></tr>
</table>

The above penalties are payable jointly/ and severally by the Noticees. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees.

41. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW.

42. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A

of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

43. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees viz. Maitreya Plotters and Structures Private Limited, Varsha Madhusudan Satpalkar, Janardan Arvind Parulekar and also to the Securities and Exchange Board of India.

Place: Mumbai	**K SARAVANAN**
Date: June 29, 2020	**CHIEF GENERAL MANAGER**
	AND ADJUDICATING OFFICER