

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF PRIME PLANTATIONS PRIVATE LIMITED AND OTHERS

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	Prime Plantations Private Limited	AACCP1731G
2.	Adhunik Plantations Private Limited	AACCA8921D
3.	Twentieth Century Plantation Private Limited	AAACT1328F
4.	Ms. Vinod Kumar Saraf	ALRPS6933L
5.	Sharadchandra Bhagirath Jaju	ABRPJ2860M
6.	Motilal Saraf	AMPPS3565H
7.	Mahendra Banawarilal Bagaria	AABPB0291P
8.	Uma Mahendra Bagaria	AAJPB7782K
9.	Rekha Jaju	AACPJ3734A
10.	Kusum Saraf	ALWPS8256M
11.	Gopaldas Bhagirath Jajoo	ACPPJ2990K
12.	Rita Sharadchandra Jaju	AADPJ4918K
13.	Prema Gopaldas Jajoo	AHZPJ8751B

(The above entities are individually referred to by their corresponding names/ numbers and collectively referred to as "Noticees")

**PURSUANT TO THE ORDER DATED DECEMBER 14, 2021 PASSED BY THE
HON'BLE SECURITIES APPELLATE TRIBUNAL**

1. The genesis of the present proceedings can be traced to certain complaints received by Securities and Exchange Board of India ("SEBI") from certain individuals, who *inter alia* had alleged that three companies viz., Prime Plantations Private Limited (hereinafter referred to as "PPPL"), Adhunik Plantations Private Limited (hereinafter referred to as "ACPL") and Twentieth Century Plantation Private Limited (hereinafter referred to as "TCPL") (hereinafter collectively referred to as "**the Companies**"), have collected monies from them with the promise to give specific returns on their investments.
2. The examination of the said complaints led to issuance of a show cause notice dated November 28, 2019 (hereinafter referred to as "SCN") to the *Noticees*. The proceedings that emanated from the said SCN culminated into passing of an order dated March 19, 2021, wherein a slew of directions were issued against the *Noticees*, which are being reproduced herein for quick reference:
 - a *The Noticee nos. 1, 2 and 3 shall within a month from the date of issue of this order, cause to effect a newspaper publication in one national daily in English and in Hindi each, and in a local daily with wide circulation in each of the States wherein the investors reside, mentioning in bold letters the name of the Scheme i.e., 'Green Chip Scheme' in the said News Papers and inviting complaints/claims from any investor in respect of the said Green Chip Scheme. The newspaper publications shall also contain an advisory, informing the investors to forward a copy of their complaints/claims, with the superscription "Complaints/Claims in the Matter of Prime Plantations Private Limited/ Adhunik Plantations Private Limited/ Twentieth Century Plantation Private Limited", to SEBI at the following address:*

***The Division Chief, IMD-CIS Division
SEBI, SEBI Bhawan, Plot no. C-4A, G Block
Bandra Kurla Complex,
Bandra East Mumbai-400051
E-mail :cis@sebi.gov.in***
 - b *A period of 30 days from the date of the advertisement shall be provided to contributors/investors for submitting any claim/complaint as stated aforesaid.*
 - c *An interest bearing escrow account shall be opened by the Noticee Companies in a nationalised public sector bank and the entire outstanding amount payable to the investors under the above stated Scheme shall be transferred/deposited to this escrow account within 30 days from the date of this order.*
 - d *The Noticee nos. 1, 2 and 3 shall wind-up their Green Chip Scheme and refund the money collected by them under the Scheme to the contributors/investors which are due to them strictly as per the terms of offer*

of the Scheme.

- e *All the monetary refunds to the contributors/investors shall be made through 'Bank Demand Draft' or 'Pay Order' (both of which shall be crossed as "Non-Transferable") or through any other appropriate banking channels such as NEFT or RTGS with appropriate audit trail.*
- f *The present incumbent Directors (Noticees nos. 4 to 7) shall ensure that the aforesaid directions are complied with.*
- g *The Noticee nos. 1, 2 and 3 and the present incumbent Directors (Noticees nos. 4 to 7) shall submit to SEBI a final Winding Up and Repayment Report (WRR) in the prescribed format for the purpose along with information on the claims so received, the details of the contributors/investors who have been so refunded and statement of escrow account duly supported by list of all contributors/investors, their contact details, details of investments and corresponding refunds made to such investors, the supporting bank account statements of all the three Noticee Companies, indicating refunds so made to the investors and the receipts taken from the investors acknowledging such refunds, along with a consolidated statement of such repayments having been made, duly certified by two Independent Chartered Accountants, within a period of six (06) months from the date of this Order.*
- h *The Noticees 1 to 7 are restrained from accessing the securities market including by issuing prospectus, offer document or advertisement soliciting money from the public and are further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, from the date of this order, till the expiry of 04 years from the date of completion of the refunds to the investors, as directed above.*
- i *The Noticee nos. 1 to 7 (Companies and the present Directors) shall not divert any funds raised from public at large and shall not alienate or dispose of or sell any of the assets of the Noticee nos. 1, 2 and 3, except for the purpose of making refund to its investors as directed above.*
- j *The Noticees 8 to 13 are restrained from accessing the securities market including by issuing prospectus, offer document or advertisement soliciting money from the public and are further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, for a period of two years from the date of this order.*

3. Being aggrieved by the aforesaid order of SEBI, the Noticees preferred a common appeal (Appeal no. 459 of 2021) before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as the "**Hon'ble SAT**"), wherein the Hon'ble SAT vide its order dated July 07, 2021, stayed the restraint imposed by virtue of the aforesaid order dated March 19, 2021 passed by SEBI.

4. After considering the submissions made by the Noticees (Appellants therein), more

particularly considering the fact that the *Notices* have taken various steps in compliance with SEBI's directions viz., issuance of a public notice in the newspaper inviting claims from the investors; opening of an Escrow account and depositing of INR 3.80 Lakh in the said account; filing of winding up and repayment report with SEBI etc., the Hon'ble Tribunal have disposed of the said Appeal with the following directions:

"8. Considering the aforesaid, we are of the view that in the given circumstances the ten directions given in the impugned order is harsh and arbitrary and does not commensurate with the alleged offence. Considering the aforesaid, we set aside the impugned order and remit the matter to the WTM to decide the matter afresh after considering the compliances made by the appellant. Fresh order may be passed by the WTM after hearing the appellant within six weeks from today. The appeal is allowed. We direct the appellant to transfer a sum of Rs.3.80 lakhs to SEBI within two weeks from today. The WTM will take this amount into consideration while passing the fresh order."

5. In compliance with the aforesaid directions passed by the Hon'ble SAT, a personal hearing in the matter was fixed for January 04, 2022. However, the Counsel for the *Notices* vide his email dated December 31, 2021, sought adjournment on the ground that he has been tested positive with Covid-19. Accordingly, the hearing in the matter was rescheduled to January 14, 2022. On the said date, the Counsel for the *Notices* appeared before me through Video Conferencing and made submissions. Apart from adopting the submissions made on behalf of the *Notices* in the earlier round of proceedings, the Counsel has laid emphasis on the fact that the *Notices* have taken various steps in compliance with the directions so issued to them *inter alia*, calling for lodging of claims by way of public notice, however, none of the investors of the Green Chip Scheme has come forward with their claim so that the amount due to them could be refunded. It has been submitted that contributions from the investors were collected during the years 1992 to 1998 and no fresh investment was invited from the public after March 1998. Further, the *Noticee Companies* had already initiated the process of refund as the scheme was not working properly and pursuant to notification of laws including the SEBI (Collective Investment Scheme) Regulations, 1999, the registration, operation and continuation of the scheme was not viable. Hence, the process of winding up of the scheme was initiated with refunds to the investors but the said process of refund continued till 2017. In the process, majority of the investors had already been refunded, even before passing of the order by SEBI, however, an amount of INR 3.80 Lakh payable to 19 investors has still been left for refund. The said amount is still due for payment mostly on account of the investors being untraceable and in few cases, cheques issued towards refund were returned. It has also been contended before me that some of the individuals who have made complaints to SEBI have sought exorbitant returns, as high as 26000%, which are neither justified nor borne out of the terms of the scheme and not feasible to consider such demand. Lastly, it has been submitted that the *Noticee Companies* have taken all *bonafide* steps to put quietus to the investments raised in the aforesaid scheme, therefore, the present proceedings may be disposed of without any directions

and in support thereof, reliance has been placed on the order passed by SEBI in the matter of *Popular Agro Farms Private Limited* (Order dated February 23, 2018).

6. Before I advert to the merits of the present proceedings, I find it apt to note down certain factual aspects pertaining to the present matter, which largely remained undisputed throughout the course of proceedings:

- i. The *Noticee Companies* (*Noticee nos. 1 to 3*) have mobilised investments under the scheme named as “Green Chip Scheme”. The said funds were mobilised from the period of 1992-1998. The funds were raised from the family, friends and relatives of the shareholders of the *Noticee Companies*.
- ii. The said scheme was not registered under the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “**SEBI Act, 1992**”).
- iii. The scheme contains the essential elements of collective investment scheme (“**CIS**”) in terms of Section 11AA (2) of the SEBI Act, 1992.
- iv. The said scheme was not wound up, as was mandated pursuant to the notification of the SEBI (Collective Investment Schemes) Regulation, 1999.
- v. The amounts of investments raised in the said scheme have not been refunded to all the investors and few of the investors have made complaints to SEBI.
- vi. Though the mobilisation had commenced in the year 1992 however, the process of refund continued till the year 2017.
- vii. Steps have been taken by the *Noticees* in compliance with the directions passed vide the order dated March 19, 2021, inviting claims from the investors, in order to make refunds.
- viii. No refund was made to investors as no claim has been lodged by any investors, till date.

7. Insofar as the directions passed vide order dated March 19, 2021 are concerned, a careful perusal of the said directions would indicate that the first seven directions [as quoted at para no. 2 (a) to (g) above] were in the nature of seeking definite acts on the parts of the respective *Noticees*. The details of such actions have already been recorded under para 4 above and thus are not being repeated herein. Further, the rest three directions (out of the ten directions) so passed were in essence, restraining the *Noticees* from accessing the securities market, dealing in securities and also restraining the *Noticees* from alienating/diverting the funds so raised under the said scheme.

8. It is noted from the order dated December 14, 2021 of the Hon’ble SAT that having heard the parties and after considering the steps taken by the *Noticee Companies* in compliance with the directions issued by SEBI’s order dated March 19, 2021, the Hon’ble Tribunal has

found that in the facts of the matter, the said directions are harsh and arbitrary and accordingly have remitted the matter to decide after considering the compliances made by the *Notices* herein.

9. A summary of the past events that have unfolded till date in the proceedings would indicate that few investors of the *Noticee Companies* had made complaints to SEBI seeking redressal of their grievance of non-payment of amounts due to them. The regulatory proceedings that were conducted based on such complaints resulted in directions being passed against the *Noticee Companies* to repay the investors of the scheme their dues, as per the terms and conditions of the scheme. As the mobilisation period was quite old, the *Noticee Companies* were advised to issue public notices inviting claims from the subscribers to their collective investment scheme. The investors were also requested/advised in the said public notices to keep SEBI informed about their claims being made before the *Noticee Companies*. However, I can observe that despite issuance of the requisite public notice, no claims were received by the *Noticee Companies* nor has any intimation/complaint been received by SEBI. In this regard, the Hon'ble Tribunal have also recorded that the *Noticee Companies* have taken a decision to wind up the scheme and in pursuance of the said decision, an amount of INR 21,59,000 out of INR 27,06,000 was already refunded to the investors till April, 2017 and at present, only an amount of INR 3.80 Lakh is due for refunds to the investors. Further, in compliance with the directions passed by the Hon'ble SAT, the said amount of INR 3.80 Lakh has been transmitted to SEBI by the *Noticee Companies*,

10. After carefully considering all the aforesaid events, I observe that undeniably, the *Notices* have taken steps as directed by SEBI's order dated March 19, 2021. At the same time, I observe that the said compliance made by the *Notices* shall not overshadow the fact that the monies/investments were indeed mobilised by the *Notices Companies* under their collective investment scheme, for which no registration was obtained and therefore, the *Notices* have a bounden principal obligation to make refunds of such investment amounts, in terms of the scheme conditions. The said observation also gains strength from the fact that the *Notices* claim to have already refunded to a majority of the investors out of their own volition, even before the directions to refund were passed by SEBI. It is also of pertinence to mention here that the *Notices* had initially claimed that funds were mostly raised from friends and family members of the shareholders of the *Noticee Companies* and the scheme was never publicised before masses. Though, in compliance with SEBI's direction 'in letter', a public notice was issued inviting claims from the subscribers; however, strangely enough, no additional steps were made to physically reach out to the investors so as to comply with the directions of SEBI in its 'spirit' as well, more so when the subscribers were supposed to be amongst the friends and relatives of the shareholders of the *Noticee Companies*. The said facts were also confronted in the course of hearing on January 14, 2022 and it has been fairly submitted that no additional steps were taken

to trace out the untraceable investors, resultantly, in totality of the circumstances, some investors still remain unpaid.

11. Nonetheless, the fact of the matter is that the *Noticee Companies* have taken steps in compliance with the directions of SEBI and, have issued a public advertisement inviting claim from the investors, however, the refund to all the investors could not be made successfully, as no claim was received from the investors after the advertisement of public notice. Consequently, despite having taken steps in due compliance with the directions issued to them, the *Noticees* are still required to undergo debarment and restraint as directed in terms of the order dated March 19, 2021, which the Hon'ble Tribunal have found harsh and arbitrary.

12. Under the circumstances and considering the peculiar facts of the matter including the fact that the *Noticees* have already undergone restraint from dealing with securities by virtue of the order dated March 19, 2021, I am of the considered view that the ends of justice would meet if the present proceedings are disposed of with the following directions:

- I. The period of 30 days as was directed under the order dated March 19, 2021 to lodge claim/complaint, is extended and shall remain open for a period of six (06) months from the date of this order.
- II. *Noticee Companies* shall take all possible steps to trace the investors of Green Chip Scheme to make refund as per the terms of offer. The said refunds shall be made by Demand Drafts/Pay Order (both of which shall be crossed as "Non-transferrable") or through any other appropriate banking channel such as NEFT/RTGS/IMPS etc., with appropriate audit trail.
- III. The amount due to the investors shall remain deposited for the period of six (06) months in the interest bearing escrow account opened by the *Noticee Companies* to be utilised for payment towards the claim of investors.
- IV. Any amount remaining balance out of the aforesaid amount after refunding the investors **or** after taking all possible steps to refund even after six (06) months from the date of the present order, shall be transferred to Investor Protection and Education Fund ("**IPEF**") established under the SEBI (Investor Protection and Education Fund) Regulations, 2009.
- V. The present incumbent Directors (*Noticees nos. 4 to 6*) shall ensure that the aforesaid directions are complied with.
- VI. The *Noticee nos. 4 to 6* shall intimate/file a report within 15 days of each refund made to any of the investors to SEBI.
- VII. The *Noticee nos. 4 to 6* shall also file a final Winding Up and Repayment Report (WRR) in the prescribed format containing the details of the contributors/investors who have been so refunded and statement of escrow account duly supported by list of all contributors/investors, their contact details, details of investments and corresponding refunds made to such investors, the supporting bank account statements of all the three *Noticee Companies*, indicating refunds so

made to the investors and the receipts taken from the investors acknowledging such refunds, along with a consolidated statement of such repayments having been made, duly certified by two Independent Chartered Accountants, within a period of two (02) months from making refunds to all the investors or transferring of funds to IPEF, **whichever is earlier.**

13. The amount of INR 3.80 Lakh as deposited with SEBI would be remitted to the *Noticee Companies* at the earliest.

14. The aforesaid directions are without prejudice to the rights of the investors to pursue any remedy against the *Notices* under appropriate law.

15. The Order shall come into force with the immediate effect.

16. A copy of this order shall be forwarded to all the *Notices*, all the recognized Stock Exchange, Depositories and Registrar and Transfer Agents for ensuring compliance with the above directions.

DATE: JANUARY 24th, 2022

PLACE: MUMBAI

-Sd-

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA