WTM/ AB /EFD-1/DRA-3/39/2019-20

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: SHRI ANANTA BARUA, WHOLE TIME MEMBER

ORDER

Under Sections 11(1), 11B and 11(4) of the Securities and Exchange Board of India Act, 1992, read with Regulation 65 of SEBI (Collective Investment Schemes) Regulations, 1999, in the matter of Peers Allied Corporation Ltd.

In respect of: -

Sr. No.	Name of the Noticee	PAN
1	Peers Allied Corporation Limited	AAECP5032C

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1. SEBI had passed a final order in the matter of Peers Allied Corporation Ltd. (hereinafter referred to as **'Peers Allied'/'the Noticee'**) on March 14, 2016 *inter alia* directing Peers Allied and its directors to wind-up its existing CIS and to refund the amounts collected by Peers Allied from the investors. Being aggrieved by the said order, Peers Allied preferred an appeal before Hon'ble SAT (Appeal no. 106 of 2016). Hon'ble SAT vide its order dated August 30, 2017 ('**SAT Order'**) *inter alia* disposed of the said appeal with the following direction:

    2. *"Counsel for the appellant states that the appellant without prejudice to its contention that the schemes floated by the appellant-company do not constitute CIS, has already refunded substantial amount to the investors out of the total amount of Rs.14.03 crore collected from the investors and that the appellant is ready and willing to pay the balance amount (Rs.4.84 crore approx. as on 30/6/2017) to the investors.*

    3. *Counsel for SEBI states that the amounts alleged to have been paid by the appellant-company to the investors are yet to be verified by SEBI.*

4. *In these circumstances, since the appellant-company is willing to comply with the order of SEBI, we dispose of the appeal by directing the appellant-company to make a representation to SEBI within a period of three weeks from today setting out the details of the amounts refunded and the mode and manner in which the balance amount due to the investors would be refunded.*

5. *If the appellant-company makes a representation within three weeks from today, then, SEBI shall consider the same and pass appropriate order thereon as expeditiously as possible."*

6. *Ad-interim relief already granted to continue till SEBI passes an order on the representation that may be filed by the appellant-company within a period of three weeks from today. If no such representation is made by the appellant-company to SEBI, interim stay shall come to an end after three weeks from today."*

2. In view of the above directions of Hon'ble SAT, the limited question before me is to consider the representations made by Peers Allied pursuant to the aforesaid directions of Hon'ble SAT and examine whether Peers Allied has made the refund to the investors as directed by SEBI in the final order dated March 14, 2016.

3. I note that pursuant to the directions in the SAT Order, Peers Allied made its first representation dated September 18, 2017 to SEBI. In the said representation it was stated that an amount of Rs. 4.84 Crore was outstanding to be paid to the investors as on 30/06/2017 and Rs. 9.19 Crore has already been repaid. The said representation did not include any supporting bank statements to verify the claims made by the Noticee. I also note that the certificate of Chartered Accountant attached as Annexure E to the said representation was not annexed in original (only photocopy) and the same was not issued by a peer reviewed Chartered Accountant as directed in the final order of SEBI dated March 14, 2016. Furthermore, the said certificate only certified the balance outstanding to investors

as on June 30, 2017, but failed to certify the amounts that have been refunded by Peers Allied to the investors.

4. An opportunity of personal hearing was granted to the Noticee on February 25, 2019. However, the Noticee sought an adjournment, pursuant to which another opportunity of hearing was given to it on March 20, 2019. However, the Noticee sought another adjournment on the ground that, the Chartered Accountant engaged by it was busy with March ending work. Hence, the hearing was adjourned to April 8, 2019. On this scheduled date of hearing, the Noticee, represented by Adv. Prakash Shah, was heard. In the said hearing, the deficiencies in the representation made by the Noticee were pointed out to the representative of Peers Allied. At the end of the hearing, the Noticee was called upon, to furnish credible and complete details of refund made to the investors. Specifically, the Noticee was directed to submit details viz. list of investors, amount invested by each investor with date of such investment, amount of refund made to each investor with date of refund (with bifurcation of principal and interest thereon), bank statement showing each entry of refund made to the investors and Certificates from two independent peer reviewed Chartered Accountants certifying the refunds made by the Noticee. Peer Allied was granted time till May 24, 2019 to submit the aforesaid details and documents, and accordingly, the hearing was adjourned to June 4, 2019. The Noticee sought for further time to submit the aforesaid details/documents on the ground that the data was voluminous and there was delay at their end to collate the same and requested for an adjournment of the scheduled hearing. Accordingly, the hearing was adjourned to June 11, 2019.

5. Vide its additional representation dated June 7, 2019, the Noticee stated that out of the total outstanding amount of ₹14.03 crores as on 01/04/2013, only an amount of ₹3.48 crores is outstanding as on 01/04/2019. The Noticee vide the said additional representation had also sought for additional time to submit certain additional documents. I note that the Noticee failed to appear at the personal hearing scheduled for June 11, 2019. After perusing the additional representation dated June 7, 2019, SEBI wrote a letter dated July 10, 2019 to Peers Allied, conveying the fact that the data that was provided by Peers Allied was incomplete, incoherent and insufficient. The said letter, had identified the deficiencies in the

representations made by Peers Allied and thus called upon it, to provide the following data/documents on or before 31/07/2019:

a. Authenticated copy of bank statements bearing the seal of the bank.
b. A comprehensive statement that would *inter alia* clearly indicate the amount of refund made to each investor supported by cross-reference to the corresponding entry in the bank statement. The comprehensive statement would clearly indicate the amount of refund made to each investor supported by cross reference to the corresponding entry in the bank statement.
c. Certificate from two independent Chartered Accountants, certifying the refunds made to each investor of all the schemes floated by Peers Allied.
d. Acknowledgment receipts signed by each investor to whom refund is claimed to have been made.
e. Bank Statements for refunds made post 31/03/2016.

6. The Noticee was also granted a last and final opportunity of hearing on August 2, 2019, vide the said SEBI letter dated 10/07/2019. The Noticee filed additional representation dated 31/07/2019. Vide the said representation, The Noticee had sought further time to furnish two certificates from independent Chartered Accountants and time to submit additional data.

7. At the personal hearing held on August 2, 2019, the Noticee and its ex-director Shri. Durga Prasad Dubey, requested for further time to submit the certificates from two independent Chartered Accountants, on the ground that the CA's required more time to verify the data which was voluminous. Shri Durga Prasad Dubey, had tendered an undertaking that the certificates from two independent Chartered Accountants, certifying the refunds made to the investors, shall be furnished by the Noticee, by August 30, 2019. Accordingly, further time was granted to the Noticee, till August 30, 2019 to furnish the aforesaid certificates. On September 05, 2019, the Noticee made another additional representation dated August 30, 2019 wherein it had *inter alia* furnished a list of investors/customers settled till 31/07/2019 and list of outstanding investors till 31/07/2019. However, for the certificates from two Chartered Accountants, the Noticee had requested for more

time of 15 days, to furnish the same. On September 19, 2019, the Noticee, vide letter dated September 17, 2019, furnished two certificates dated 14/09/2019 from two Chartered Accountants viz. M/s. Sanjeev Bhargava & Associates and M/s. Joy Mukherjee & Associates.

8. The Noticee, vide an additional written submission dated 17/10/2019 had prayed for consideration of its reply, which it had tendered in the Adjudication Proceedings pending against it, as additional written submissions in the present proceedings. I note that said Adjudication Proceedings have been initiated against the Noticee for running Collective Investment Schemes without obtaining registration from SEBI. I note that in this additional written submissions, the Noticee has primarily contended that Peers Allied has been carrying on business of real estate property and dealing in land and as such it is not carrying out any Collective Investment Scheme as held by SEBI in the final order dated March 14, 2016. It is the case of Peers Allied that its activities fall under the regulatory purview of Real Estate Regulatory Authority and does not fall under the purview of SEBI. Regarding these contentions, I note that, vide final order dated March 14, 2016, SEBI had already determined and held that the Noticee was running Collective Investment Schemes without seeking registration from SEBI. Thus, I note that the limited purpose of this proceeding is to, consider the representations made by Peers Allied pursuant to the directions of Hon'ble SAT vide its order dated August 30, 2017, and examine whether Peers Allied has completed the refund to the investors as directed by SEBI in the final order dated March 14, 2016. Hence, the question whether the activities run by Peers Allied are in the nature of Collective Investment Schemes has already been decided by SEBI vide its final order dated March 14, 2016. Therefore, the contentions raised by the Noticee in its additional written submissions dated 17/10/2019 cannot be accepted in this proceeding.

9. I note that the two Chartered Accountant Certificates produced by the Noticee, certifying the refunds made to investors by it, shows that an amount of ₹18,29,25,631.43 as on 31/03/2019 was received by Peers Allied from investors. However, an amount of ₹4,44,00,923.23 (figure in certificate from M/s. Sanjeev Bhargava & Associates / ₹4,41,64,361.23 (figure from M/s. Joy Mukherjee &

Associates) is yet outstanding as on 31/03/2019 and not refunded to the investors. Thus, I note that an amount of ₹ 4.50 Crore (approx.) is still outstanding and yet to be refunded to the investors.

10. In view of the above, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B read with Section 19 of the SEBI Act, 1992 and Regulation 65 of the SEBI (Collective Investment Schemes) Regulations, 1999, hereby dispose of the representations made the Noticee with the following directions:

    (i) The Noticee i.e. Peers Allied Corporation Limited and its directors shall ensure that refunds (to all the unpaid investors as on date), as directed in the SEBI order dated March 14, 2016 are completed within 45 days of this order;

    (ii) In case of failure of the Noticee and its directors to make refunds in the aforesaid period of 45 days, all actions directed in the SEBI order dated March 14, 2016 as a consequence to the failure to make refund, shall ensue; and

    (iii) Except for the time period to complete refund, as directed in the para 10(i) above, all other directions contained in the SEBI order dated March 14, 2016 shall remain intact.

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

12. A copy of this order shall be forwarded to the Noticee, its present and past directors (as mentioned in the SEBI order dated March 14, 2016), Stock Exchanges and Depositories to ensure compliance with the aforesaid order.

Sd/-

Place: Mumbai **ANANTA BARUA**

Date: December 27, 2019 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA