

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER

ORDER

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 read with Regulation 65 of the SEBI (Collective Investment Schemes) Regulations, 1999 in respect of Kalpbut Real Estate Limited(CIN: U45400UP2007PLC034180) and its Directors viz., Mr. Bhanu Pratap Singh (PAN: AENPS9792L), Mr. Krishan Pal Singh (PAN: AMYPS0600G), Mrs. Guddi Devi (PAN : AJXPD0444R), Mr. Rajendra Singh Thakur (PAN: ABUPT7761N), Mr. Parvesh Kumar Singh (DEWPS4079J), Mr. Natthu Singh (PAN:DKBPS2620L), Mr. Raksha Pal Singh (PAN: BDSPS9886A), Mr. Devendra Pal Singh (PAN: BJVPS0029N), Mrs. Rajeshwari Sengar (PAN : AVZPS2724H) and Mr. Pooran Prakash (PAN : ALLPP2252K).

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received a complaint vide e-mail dated November 26, 2013 alleging that several companies including Kalpbut Real Estate Limited (hereinafter referred to as "**KREL**") have launched various *collective investment schemes* without obtaining certificate of registration from SEBI or RBI. The complainant also enclosed a Registration Letter (S.N 131103) issued by KREL to an investor.
2. As a matter of preliminary inquiry into whether or not KREL is carrying on the activities of '*collective investment scheme*' in terms of Section 11AA of the SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**"), SEBI vide letter dated January 06, 2014 *inter alia*, sought the following information from KREL and its Directors regarding its business activities viz.:
 - i. *Memorandum and Articles of Association of KREL as filed with the Registrar of Companies('RoC'),*
 - ii. *Details of all the Promoters/ Directors and key managerial personnel,*
 - iii. *Sample Copies of Brochure, Pamphlets, Application forms, agreement letter/contract, registration letter and allotment letter pertaining to the schemes of KREL.*
 - iv. *Copies of certificates issued to the investors to subscribe to the schemes;*
 - v. *Structure/ terms and conditions of the schemes,*
 - vi. *Number of investors and amounts collected under various schemes,*
 - vii. *Copies of Annual Returns, audited Balance Sheet and Profit & Loss Accounts of KREL, since incorporation as filed with RoC,*

viii. *Copies of audited financial statements and Income Tax Returns filed by KREL for the last three financial years.*

3. Meanwhile, vide another letter dated January 06, 2014 SEBI sought information from the Registrar of Companies, Kanpur with regard to KREL and its Directors, Memorandum and Articles of Association, Annual Returns and Balance Sheet, etc.
4. In response to the information sought by SEBI, KREL vide letter dated January 14, 2014 sought four weeks time to furnish the required information. However, KREL failed to provide the information within the time limit. Subsequently, SEBI issued a reminder dated March 11, 2014 to KREL advising it to provide the information within 7 days from the receipt of the letter.
5. KREL vide its letter dated March 26, 2014 informed SEBI that due to unavoidable circumstances, it could not provide the information and further sought eight weeks time to collect all the details and submit the same.
6. Once again SEBI vide its letter dated May 30, 2014 advised KREL and its Directors to provide the necessary information (as sought vide letter dated January 06, 2014 and March 11, 2014) within three days from the date of receipt. The letters issued to three of its Directors viz., Mr. Krishan Pal Singh, Mrs. Guddi Devi and Mr. Raksha Pal Singh were returned undelivered by the postal authorities.
7. KREL vide its letter dated nil received by SEBI on May 30, 2014, in reference to SEBI letter dated March 11, 2014 submitted the following documents:
 - a. *“MoA, Article of Association of the KREL.*
 - b. *Names of all Directors with their addresses and PAN.*
 - c. *Plot Buyers Agreement with Application form signed between KREL & Investor.*
 - d. *Registration Letter issued to the investors against application form and plot buyers agreement.*
 - e. *Brochures of ongoing project (Kalpbut Heights) approved by MVDA, Mathura along with copy of approval letter.*
 - f. *List of ongoing projects of the KREL.*
 - g. *Latest audited balance sheet of the KREL along with audit report and income tax returns (last three years i.e. FY 2010-11, 2011-12, 2012-13).*
 - h. *Last year annual return of the KREL as filed with the concerned RoC.”*

8. Subsequently, vide its letter dated June 06, 2014 KREL submitted that *“it is running a genuine Real Estate Development company where the allotment is being made to the person whomsoever is interested in buying the property from the KREL. It was also informed vide the said letter that once the interested person pays the money, KREL immediately allot the property as per availability and preference and necessary registration letter is also given with necessary details like plot number, khasra number etc. to identify the property.”* A copy of Registration letter issued to an investor who invested ₹ 50,000/- in KREL's 'Single Instalment Plan' for 50 sq.yards plot at Sisarka, Distt. Badaun, U.P was also enclosed in the said letter. (However, it is noted that details of plot, khasra number etc. were not mentioned in the aforementioned 'Registration letter'.)
9. As the information/ documents furnished by KREL was inadequate, SEBI vide its letter June 17, 2014 *inter alia*, sought the following information within 7 days from the date of receipt of the letter:
- a) *KREL provided brochure of the project Kalpbut Heights only and not all the ongoing projects, hence, advised KREL to provide the details and brochures of all the schemes/plans/projects that are launched/proposed by KREL.*
 - b) *Terms and conditions of each such schemes/plans/projects.*
 - c) *Details of the regulatory approvals obtained by the KREL for all the schemes/projects/plans/offers.*
 - d) *KREL provided the list of customers during the year 2012-13, however, it is not clear that the list pertains to which project/scheme. Hence, KREL was advised to provide the scheme/project wise list of investors and amount collected from them including the projects mentioned in its reply.*
 - e) *Balance sheet and profit and loss accounts of the KREL for the FY 2008 - 09 and 2009 - 10.*
10. As no reply was received from KREL, SEBI issued a reminder dated June 26, 2014. In addition to information sought vide SEBI's letter dated June 17, 2014, the following additional information was also sought from KREL:
- i. *"The details of land owned by the KREL with supporting documents such as Registered sale deed etc.*
 - ii. *Details of land on which the Kalpbut Heights residential project has been proposed,*
 - iii. *Total number of flats proposed and approved under the said residential scheme,*

- iv. *Total number of persons to whom such flats in the said scheme have been allotted and details thereof including their PAN,*
- v. *Photographs showing the actual ongoing stage of construction of the above stated residential project,*
- vi. *Details of land along with specification in terms of size, price and location."*

11. In reply to the aforesaid letter, KREL vide its letters dated July 05, 2014, July 23, 2014 and July 24, 2014 furnished the details of its ongoing projects and other documents related to the land. KREL also submitted that *"all the agreements of the ongoing projects are under Single Investment Schemes and the sale deeds will be executed only at the time of possession"*.

12. Thereafter, vide e-mail dated July 30, 2014 SEBI once again advised KREL to furnish information (in tabular form) i.e. name and place of the project, number of investors, amounts mobilised, details of approval from the competent authority, number of sale deeds executed so far and present status of projects.

13. Subsequently, KREL, vide letter dated August 01, 2014, furnished the following information/documents :

- a. *Details of number of investors in each project.*
- b. *Total amount received under each project.*
- c. *Status of Change of Land Use applications- Applications are pending for approval.*
- d. *Photographs of the projects.*
- e. *Layout Plans.*
- f. *Sample copies of Plot Buyer Agreement cum application form.*
- g. *KREL stated that as all the projects are in working process, therefore, the sale deeds shall be produced at the time of possession to the buyers.*

14. KREL vide its letter dated August 12, 2014 also furnished a few other lay-out plans and sample copies of the *'Plot Buyer Agreement cum Application form'*.

15. I have carefully considered the material available on record i.e. correspondences exchanged between SEBI and KREL along with the documents submitted by them, information obtained from *'MCA 21 Portal'* along with information forwarded by the complainant. In this context, the issue for determination is whether the mobilization of

funds by KREL through its "Projects/Schemes" offered to public fall under the ambit of 'collective investment scheme' provided in Section 11AA of the SEBI Act.

16. On an examination of the same, it is *prima facie* observed:

- I. KREL (CIN: U45400UP2007PLC034180) was incorporated on November 02, 2007 having its Registered Office at Shop No.- 5, Hotel Athitya Palace Complex, 2013, Junction Road, Mathura, Uttar Pradesh.
- II. The Directors of KREL are Mr. Bhanu Pratap Singh , Mr. Krishan Pal Singh , Mrs. Guddi Devi, Mr. Rajendra Singh Thakur, Mr. Parvesh Kumar Singh, Mr. Natthu Singh , Mr. Raksha Pal Singh, Mr. Devendra Pal Singh, Mrs. Rajeshwari Sengar and Mr. Pooran Prakash.
- III. KREL collects funds from the public for the scheme of '*sale of plots of land and its development*'. The amounts are collected for the scheme by offering '*Single Instalment Scheme*' and '*Multiple Instalment Scheme*'. The buyers/investors who are interested in the aforesaid '*Schemes*' are made to execute a '*Plot Buyer(s)'s Agreement*' with KREL. After execution of the same, KREL issues a '*Registration Letter*' in the favour of the buyer/investor.
- IV. The important aspects noted in the '*Plot Buyer(s)'s Agreement*' are reproduced as under:

"KREL'S REPRESENTATIONS:

WHEREAS KREL is engaged, inter alia, in the business of Real Estate, Project Development, sale-purchase and development of agriculture and other types of lands.

AND WHEREAS KREL arrange, inter alia, sale of plots of land with clear and marketable title, of sizes 0.50 sq.mtr. or multiples thereof, by executing /procuring execution of sale deeds in favour of its Buyer(s), and also undertakes development of the said land, if so desired by the Buyer(s), which activities include development, cultivation, plantation, cropping and maintenance (which latter term include planting saplings, fertilizer insecticides and other maintenance tasks), and for the marketing of produce thereof during the tenure of its engagement.

AND WHEREAS KREL has already acquired the agricultural lands located at Village Lebravan, Khasra nos.....("the land") and has approached the "Competent Authority" for, and has duly obtained, permission from said Competent Authority under Section 143 fo the U.P. Zamindari Abolition and Land Reforms Act (1950) (hereinafter , "the approval ") to put the land in use for a purpose not connected with agriculture , horticulture or animal

husbandry (which latter term includes agriculture and poultry farming), and it is this land that, after obtaining this approval, is now the subject matter of this Agreement between KREL and the allottee.

AND WHEREAS by virtue of such arrangement / collaborations, the Company, and based on approval in hand from the Competent Authority, is entitled to and is competent to develop, market and sell plots in the said land , receive monies, give receipts, execute conveyance, and other documents etc. as may be necessary and expedient to give effect to the aforesaid.

BUYER (S) REPRESENTATIONS

AND WHEREAS the Buyers is, therefore, clearly aware of the laws, and regulation which govern the use to which this land(or plots forming part thereof) can now be put and consequently , his future rights and duties as the future owner and /or user and /or Developer of such land or plot(s), and the limitation thereof.

AND WHEREAS the Buyer(s) with this knowledge in hand, is desirous of purchasing one (1) plot(s)(50 sq meters) of said land getting the same developed and maintained through KREL.

AND WHEREAS the Buyer(s) , in furtherance and executing of his fully-informed desires, has applied for purchase , and KREL has agreed to sell a Plot no. 03 admeasuring 50 sq.mtr approx. has more or less 5% as at site (hereinafter referred to as the “Said Plot” for the purpose of this agreement) and on the terms and conditions appearing hereinafter.

AND WHEREAS the Buyer(s), as reflected in the aforesaid application, also desires that KREL develops and maintains the said plot(s), and KREL has on his requested, agreed to do so.

AND WHEREAS_ the aforesaid application constitutes the basis for this agreement.

AND WHEREAS the Buyer(s), hereby acknowledge (s) , confirm(s) and represent (s) that the /they is/ are executing this agreement with the full prior knowledge of the laws under which approval has been received by the Company and the use(s) to which this land can now be put by him.

AND WHEREAS the Buyer(s), also agree(s) to abide by the terms and conditions of this agreement including those relating to payment of Sale price, govt. charges including but not limited to external development charges, Infrastructure Development charges / Infrastructure Augmentation charges and other charges , forfeiture of Earnest Money as laid down herein.

AND WHEREAS the Buyer(s) represents and confirms that he has /have satisfied himself /themselves about the competence of the company to execute this agreement, seen various documents, title deeds . license(s) approved layout plant etc. and has /have also familiarized himself/ themselves with the dimensions and other details of the said plot and also understood all limitations and obligations of the company and the Buyer(s) in respect thereof and the buyer (s) has /have confirmed that his/ their investigation (s) are complete in all respect.

1. ALLOTMENT :

KREL shall arrange for the aforesaid area of plot of land for the buyer (s) and shall in case of SINGLE INSTALLMENT SCHEME, issue an Allotment Letter conveying the details

of the same within a reasonable period generally not exceeding 180 days, in case of MULTIPLE INSTALLMENT SCHME, within a reasonable period generally not exceeding 365 days after receipt of 50% of the consideration.

2. TRANSFER OF TITLE

- A. *KREL shall arrange for the transfer of title of the said plot in favour of Buyer(s) within a reasonable period, after the issuance of allotment letter, by executing /procuring execution of sale deed in favour of Buyer (s) and getting the same duly registered.*
- B. *Where, however, transfer of such small plot of land is prohibited by law, or is otherwise not possible /feasible practicable KREL shall arrange for transfer of title of the said plot in favour of Buyer (s) in joint holding with other like Buyer(s). By taking mutual consent from the said Buyer (s). For this purpose, KREL shall execute / procure execution of joint sale deeds in favour of the said Buyer(s) including the Buyer(s). Conveying the proportionate area of plots of land to them.*

3. CONSIDERATION: *The total consideration for arranging and effecting the sale of the plot in favour of Buyer(s) and for development and maintenance of the same , during the term of this Agreement shall be ₹50000/- comprising ₹50000/- for cost of the plot, expenses for transfer of title for the same in favour of the buyer (s) and nominal service charges and for development of the same.*

4. DEVELOPMENT : *KREL shall in conformity and in accordance with the opted scheme by the buyer(s) develop and maintain the Buyer(s) plot from the date of signing of this agreement in consultation with agro consultants and experts taking into consideration such factors such as soil , climate etc. All matters pertaining to development including survey, demarcation, clearing , cultivation , planning to development corps trees plants saplings etc. use of fertilizer and pesticides irrigation harvesting and all other activities allied or incidental thereof shall be finally decided by KREL...."*

V. KREL is representing to the investors in the abovementioned 'Plot Buyer(s)'s Agreement' that it is engaged *inter alia*, in the business of Real Estate, Project Development, sale-purchase and development of agricultural and other types of land. It is further represented that KREL shall arrange, *inter alia*, sale of plots of land with clear and marketable titles, of sizes 0.50 sq. meters or multiples thereof, by executing/procuring execution of sale deeds.

VI. As stated in Clause 13 of 'Plot Buyer(s)'s Agreement', if KREL commits Breach of agreement by not allotting land in favour of the investor, the buyer shall be entitled to terminate the Agreement, and in such event, the investor shall be entitled to refund of the investment along with simple interest @ 15% per annum from the date of contract.

- VII. From the copy of the Registration Letter provided by the complainant, it is noted that KREL has allotted a plot of 60 sq. yards to one Mr. Mangal Sen for a consideration of ₹12,000/- under its Scheme 'M.I.S. 5 year'. Further, an amount of ₹1,150/- is stated to be half yearly installment amount paid under the said Scheme. At the end of the term, the investor is entitled to an amount of ₹18000/- as 'Assured Realizable cost'. However, there are no specifications as to the plot/the details to identify the property mentioned in the 'Registration Letter as claimed by KREL vide letter dated June 06, 2014 (mentioned at para 8 above).
- VIII. As per KREL's reply dated August 01, 2014, it has collected an amount of ₹15,64,86,244/- from as many as 2338 investors under its various projects.
17. The aforementioned features of the scheme of 'Selling of plot of land and its development' offered by KREL have to be considered in light of Section 11AA of the SEBI Act. The aforesaid Section 11AA, which provides for the conditions to determine whether a scheme or arrangement is a 'collective investment scheme', 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.*
- (2) Any scheme or arrangement made or offered by any person under which,*
- (i) 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;*
- (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;*
- (iii) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;*
- (iv) 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."*

18. In the context of the abovementioned Section 11AA of the SEBI Act, the "Schemes" offered by KREL, is examined as under:

- i. ***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.***

KREL collects funds from the public through its scheme for '*sale of plots of land and its development*'. The amounts are collected for the scheme by offering '*Single Instalment Scheme*' and '*Multiple Instalment Scheme*'. An investor who is desirous of investing in the said scheme has to execute an '*Application form cum Plot Buyer(s)'s Agreement*' with KREL. After the execution of the same KREL issues a '*Registration Letter*' in the favour of the buyer/investor. As per the '*Plot Buyer(s)'s Agreement*' provided by KREL it is noted that KREL is representing to the investors that *it is engaged in the business of Real Estate, Project Development, sale-purchase and development of agricultural and other types of land. KREL also arrange sale of plots of land with clear and marketable titles of sizes 0.50 sq. mtrs. or multiples thereof, by executing/procuring execution of sale deeds.*" It is noted from the copy of '*Registration Letter*' issued to one of the investors that there is no identified/demarcated plot/land. As per the '*Registration Letter*' received along with the complaint, it is noted that contributions to the tune of ₹12000/- is collected from the investor for 60 sq. yards of plot under the '*Multiple Installment Scheme for 5 years*'. On completion of the plan tenure the investor is entitled to receive an '*Assured Realizable cost*'. As noted from Clause 4 of the General terms & conditions of the '*Plot Buyer(s) Agreement*', KREL is agreeing to arrange for the allotment and registration of plot in the name of the investor, within a reasonable period, not exceeding 180 days in case of Single Installment Plan and in cases of Multiple Installment Scheme, the allotment would be done within a reasonable period, generally not exceeding 365 days after receipt of 50% of the consideration. However, it is noted from the reply of KREL vide letter dated July 23, 2014 that "*all the projects are ongoing and sale deed will be executed at the time of possession only*". In other words, it is clear that no sale deed has been executed in favour of any investor till date. As per the reply of KREL dated August 01, 2014 the amount collected from as many as 2338 investors under its various projects is ₹15,64,86,244/-. Thus, it is clear that the contributions are collected from the investors under the Schemes launched by KREL which is pooled and utilized for

development of plots. In view of the aforesaid it is evident that the instant *Schemes/Plans* of KREL satisfies the first condition stipulated in Section 11AA(2) 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.***

The 'Registration letter' issued to an investor by KREL under its 'Multiple Instalment Scheme' indicate an 'Assured Realizable cost' at the end of the term. For instance, if the "applicant"/investor is investing in 'Multiple Instalment Scheme' for a period of 5 years ("M.I.S. 5 years") for a plot size of 60 sq. yards, where the plot/land consideration is mentioned as ₹12,000/-, he/she has to pay 1,150/- as half yearly instalment. After the term period of 5 years, the investor is entitled to an 'Assured Realizable cost' of ₹18,000/- i.e. he/she is entitled to an amount of ₹6,000/- as return. Clause 13 (A) of the 'Plot Buyer(s) Agreement' stipulates that in case "KREL commits Breach of agreement by not allotting land in favour of the investor, the buyer shall be entitled to terminate the Agreement, and in such event the investor shall be entitled to refund of the investment along with simple interest @ 15% per annum from the date of contract." In light of above, it is *prima facie*, observed that the investments are made by the applicants/investors with a view to receive returns from the schemes. Hence, I find that the instant scheme of KREL satisfies the second condition stipulated in section 11AA (2) of the SEBI Act.

- 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.***

It is noted that the investments made by the applicants/investors are managed and utilised by KREL. As per clause 4 of the 'Plot Buyer(s) Agreement', KREL shall in conformity and in accordance with the opted scheme by the buyer(s) develop and maintain the Buyer(s) plot from the date of signing of this agreement in consultation with agro consultants and experts taking into consideration such factors such as soil, climate etc. All matters pertaining to development including survey, demarcation, clearing, cultivation, planning to development corps

trees plants saplings etc. use of fertilizer and pesticides irrigation harvesting and all other activities allied or incidental thereof shall be finally decided by KREL. Further, as mentioned above, the plot shall remain in possession of KREL till the expiry of the agreement. From the above, it is clear that the property forming part of the scheme is being managed solely by KREL on behalf of the customers/investors. Though KREL vide its reply dated June 06, 2014 stated that “*once the interested person pays the money, KREL immediately allot the property as per availability and preference and necessary registration letter is also given with necessary details like plot number, khasra number etc. to identify the property*”, it is noted from the ‘Certificate’ and the *Plot Buyer(s) Agreement* available on record that there is no mention of details/specification of land/plot to be allotted to the investor. In some of the *Plot Buyer(s) Agreement*, name of the village is only mentioned. This clearly indicates that there is no certainty as to the investors will be allotted presently which plot of land upon maturity of the agreement term. In light of these facts and circumstances, it is clear that the property, contribution or investment forming part of the scheme/Plans are managed by KREL on behalf of applicants/investors and the investors do not have any day-to-day control over the management of the schemes/Plans. In view of above, I find that the instant scheme/Plans satisfies third and fourth conditions stipulated in Section 11AA (2) of the SEBI Act.

19. From the above analysis, I find that the "*schemes*" offered by KREL with a promise of returns when considered in light of peculiar characteristics and features of such scheme, as discussed in the preceding paragraphs, *prima facie*, satisfy all the four conditions specified in Section 11AA (2) of the SEBI Act. I, therefore, am of the view that KREL is engaged in the fund mobilizing activity from public, which is in the nature of a ‘*collective investment scheme*’ as defined in Section 11AA of the SEBI Act.
20. Although KREL have submitted that they are engaged in real estate activity, all the four conditions of a '*collective investment scheme*' are clearly present in the aforementioned *Schemes* offered by it. In this context, it is relevant to refer to the observations of the Hon'ble Supreme Court of India in the matter of PGF Limited Vs. Union of India (MANU/SC/0247/2013) that “*...sub-section (2) of Section 11AA, which defines a collective investment scheme disclose that it is not restricted to any particular commercial activity such as in a shop or any other*

commercial establishment or even agricultural operation or transportation or shipping or entertainment industry etc. The definition only seeks to ascertain and identify any scheme or arrangement, irrespective of the nature of business, which attracts investors to invest their funds at the instance of someone else who comes forward to promote such scheme or arrangement in any field and such scheme or arrangement provides for the various consequences to result therefrom."

21. I note that in terms of Section 12(1B) of the SEBI Act, "*no person shall sponsor or cause to be sponsored or cause to be carried on a 'collective investment scheme' unless he obtains a certificate of registration from the Board in accordance with the regulations*". Regulation 3 of the SEBI (Collective Investment Schemes) Regulations, 1999 (hereinafter referred to as "CIS Regulations") also prohibits carrying on CIS activities without obtaining registration from SEBI. Therefore, the launching/floating/sponsoring/causing to sponsor any '*collective investment scheme*' by any '*person*' without obtaining the certificate of registration in terms of the provisions of the CIS Regulations is in contravention of Section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations. In this regard, I note that RCIL has not obtained any certificate of registration under the CIS Regulations for its fund mobilizing activity from the public under its schemes of *land/plot*.
22. I also find that KREL is illegally mobilizing funds from the public, which *prima facie* 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 ("PFUTP" Regulations).
23. It is noted from the '*Plot Buyer(s)'s Agreement*' available on record that KREL had represented to its investors that it had duly obtained permission from the Competent Authority under Section 143 of the U.P. Zamindari Abolition and Land Reforms Act, 1950 to put the land in use for a purpose not connected with agriculture, horticulture or animal husbandry (which latter term includes agriculture and poultry farming), and it is the said land that, after obtaining the approval, is the subject matter of the Agreement between KREL and the allottees. I note that a declaration under Section 143 of the U.P. Zamindari Abolition and Land Reforms Act, 1950 is obtained for conversion of Bhumidhar land for residential or industrial purpose. On the other hand, KREL has floated the scheme as per the Buyer's Agreement to undertake development of the said land, if so desired by the Buyer(s), which include "*development, cultivation, plantation, cropping and maintenance(which latter term include planting*

saplings, fertilizer insecticides and other maintenance tasks), and for the marketing of produce thereof during the tenure of its engagement." Further, KREL claimed that "all the agreements of the ongoing projects are under Single Investment Schemes. However, it is noted from the 'Registration letter' provided by one of the Complainants that KREL mobilised funds from investors under its 'Multiple Installment Plan' also. It is also noted from the terms and conditions of the 'Plot Buyer(s)'s Agreement' that KREL represents "to issue an allotment letter conveying the details of the land within a reasonable period generally not exceeding 180 days. It has been further represented that the transfer of the plot shall be arranged after executing /procuring sale deeds within a reasonable period." However, KREL has failed to furnish any sale deed reflecting actual sale of land. The aforementioned features of plans offered by KREL indicate that KREL is running a 'scheme' under the garb of real estate business. Considering the fact that the schemes of KREL are continuing one and promises returns it will allure more and more investors into its schemes, there is no safeguard to the investors in such schemes .

24. Protecting the interests of investors is the first and foremost mandate for SEBI. Under the circumstances, SEBI has to take immediate steps to prevent activities of companies or entities defrauding investors and damaging the orderly development of the securities market. It is noted from the material available on record that Bhanu Pratap Singh , Mr. Krishan Pal Singh , Mrs. Guddi Devi, Mr. Rajendra Singh Thakur, Mr. Parvesh Kumar Singh, Mr. Natthu Singh , Mr. Raksha Pal Singh, Mr. Devendra Pal Singh, Mrs. Rajeshwari Sengar, Mr. Pooran Prakash are the Directors who are in-charge of responsible for the day-to-day affairs of KREL. Further, in order to safeguard the assets/property acquired by KREL and its Directors from using the funds collected from the investing public until full facts and materials are brought and final decision is taken in the matter, I find no other alternative but to take recourse to an interim order against KREL and its Directors for preventing them from further carrying on with its existing fund mobilizing activity by launching 'collective investment scheme', without obtaining registration from SEBI in accordance with law.

25. In view of above, I, in exercise of powers conferred upon me under Sections 11(1), 11(4) and 11B of the SEBI Act read with CIS Regulations and PFUTP Regulations, hereby direct Kalpbut Real Estate Limited(CIN: U45400UP2007PLC034180) and its Directors viz., Mr. Bhanu Pratap Singh (PAN: AENPS9792L) , Mr. Krishan Pal Singh (PAN: AMYPS0600G), Mrs. Guddi Devi (PAN: AJXPD0444R), Mr. Rajendra Singh Thakur (PAN: ABUPT7761N), Mr. Parvesh Kumar Singh (PAN:DEWPS4079J), Mr. Natthu Singh (PAN:DKBPS2620L),

Mr. Raksha Pal Singh (PAN: BDSPS9886A), Mr. Devendra Pal Singh (PAN: BJVPS0029N),
Mrs. Rajeshwari Sengar (PAN : AVZPS2724H), Mr. Pooran Prakash (PAN : ALLPP2252K):

- *not to collect any fresh money from investors under its existing schemes;*
- *not to launch any new schemes or plans or float any new companies to raise fresh moneys;*
- *to immediately submit the full inventory of the assets including land obtained through money raised by KREL;*
- *not to dispose of or alienate any of the properties/assets obtained directly or indirectly through money raised by KREL;*
- *not to divert any funds raised from public at large which are kept in bank account(s) and/or in the custody of KREL.*

26. The above directions shall take effect immediately and shall be in force until further orders.

27. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against KREL and its abovementioned past and present Directors in accordance with law.

28. The *prima facie* observations contained in this Order are based on the material available on record. In this context, KREL and its Directors may, within 21 days from the date of receipt of this Order, file their reply, if any, to this Order and may also indicate whether they desire to avail themselves an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.

Place: Mumbai
Date: December 10, 2014

S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA