**BEFORE THE ADJUDICATING OFFICER**
**SECURITIES AND EXCHANGE BOARD OF INDIA**
**ADJUDICATION ORDER No. Order/MS/RG/2026-27/ 32695-32697**

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

**In respect of:**

| Noticee No.* | Noticee Name | PAN |
|---|---|---|
| 2 | Omprakash Basantlal Goenka | AECPG3854J |
| 3 | Prakash Ganpat Utekar | AALPU9100E |
| 4 | Venkatraman Natarajan | ACUPV4686K |

*Noticee No. as per earlier Adjudication Order dated December 28, 2018

**In the matter of Citrus Check Inns Ltd.**

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## A. BACKGROUND

1. Vide Adjudication Order no. MC/DPS/2018-19/39-43, dated December 28, 2018 (hereinafter referred to as "**AO Order")**, a penalty of INR 50,00,000/- was imposed upon Citrus Check Inns Limited (hereinafter also referred to as "Citrus"/ "Noticee 1") and its Directors viz., Mr. Omprakash Basantlal Goenka (hereinafter also referred to as "Noticee 2"), Mr. Prakash Ganpat Utekar (hereinafter also referred to as "Noticee 3"), Mr. Venkatraman Natarajan (hereinafter also referred to as "Noticee 4") and Mr. Narayan Shivram Kotnis (hereinafter also referred to as "Noticee 5") under Section 15HB of the SEBI Act, 1992 to be paid by the Noticees 1-5 jointly and severally, for the violation of directions in SEBI Order No. WTM/SR/IMD/CIS/107/06/2015 dated June 03, 2015 ("interim order") and WTM/PS/45/IMD/CIS/AUG/2015 dated August 24, 2015 ("confirmatory order") (collectively referred as "**SEBI Orders**").

2. Aggrieved by the said AO Order dated December 28, 2018, Noticees 2, 3 and 4 (hereinafter collectively referred to as "**Noticees**") filed an appeal in Hon'ble

Securities Appellate Tribunal (hereinafter referred to as "**SAT**") vide appeal nos. 371, 372 and 374 of 2025.

3. The Noticees 2, 3 and 4 had contended that the SCN, hearing notices and the AO order were not served upon them and the AO order is in violation of principles of natural justice. They have stated that they were in Central Jail, Nasik. The SCN was served at Company address not accessible to appellants after appointment of IRP. Hearing Notices were sent to email under IRP control. They became aware of case after receiving demand notice and attachment notice in December 2024.

4. SAT vide Order dated June 15, 2026 remanded the matter to Securities and Exchange Board of India (hereinafter referred to as **SEBI)** for fresh consideration and inter alia observed:

"…

*i. Appeal Nos.371, 372 and 374 of 2025 are allowed.*

*ii. Order dated December 28, 2018 is set aside qua the appellants.*

*iii. Matter is remanded to SEBI for fresh consideration.*

*iv. Appellant shall appear before the SEBI on July 15, 2026 without any further notice from SEBI and shall fully cooperate without seeking any adjournment.*

*v. SEBI shall provide an opportunity to the appellants to file their reply to the show cause notice and complete all further proceedings as expeditiously as possible and in any event, not later than December 31, 2026.*

…"

## B. APPOINTMENT OF ADJUDICATING OFFICER

5. SEBI, vide communication dated June 23, 2026 assigned the proceedings to this office as Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act'**) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter

also referred as **‘SEBI Adjudication Rules**’) read with Section19 of the **SEBI Act** to inquire into and adjudge under Section 15HB of the SEBI Act for the alleged violations of Noticee 2 viz., Omprakash Basantlal Goenka (PAN: AECPG3854J) Noticee 3 viz., Prakash Ganpat Utekar (PAN:AALPU9100E) and Noticee 4 viz., Venkatraman Natarajan (PAN: ACUPV4686K) for the alleged violations by the aforesaid 3 entities.

## C. SHOW CAUSE NOTICE, REPLY AND HEARING

6. In accordance with the aforesaid directions of SAT, an opportunity of Hearing was granted to the Noticees on July 15, 2026 vide Hearing Notice dated June 30, 2026. A copy of SCN along with Annexures was provided to the Noticees along with the Hearing Notice dated June 30, 2026 and the Noticees were allowed 14 days’ time to reply to the SCN. They have filed their submissions on July 14, 2025 by email.

7. The Noticees appeared with a common Authorised Representative (hereinafter referred to as **“ARs”**) physically on July 15, 2026 and made their submissions. The table of correspondences is as tabulated below:

**Table of Replies and Hearings attended by Noticees**

| Particulars | Dates | Remarks |
|---|---|---|
| SCN | June 30,2026 | Copy of SCN provided |
| Reply to SCN | July 14, 2026 | Common Reply |
| Hearing | July 15, 2026 | Appeared thru common AR physically |
| Additional submissions | July 20, 2026 | Common submissions |

8. The key submissions made by the Noticees are as under:

**<u>8.1. Directions referred to in the SCN have become redundant</u>**

a. The personal assets of the Noticees have been the subject matter of a series of directions issued by the Hon'ble Supreme Court (**SC**) in the connected proceedings relating to CCIL and Royal Twinkle Star Club Limited (“Royal Twinkle”). SC successively directed disclosure of the assets of the Noticees, imposed restrictions on their alienation, and thereafter directed attachment and valuation of such assets.

b. Subsequently, the process of recovery, realization and distribution of amounts to the investors is ongoing.

c. As all the personal assets of the Noticees and their families are attached and under the control of the SMC appointed by SC, any monetary penalty imposed in the present proceedings would have to be satisfied from the assets presently under attachment and under the control of the SMC. The Noticees do not have access to any independent bank accounts, assets or financial resources.

d. In view of the aforesaid, the protective purpose underlying the directions referred to in the SCN already stands achieved. Accordingly, reiteration or enforcement of similar directions in the present proceedings would serve no independent purpose.

e. Accordingly, the directions referred to in the SCN have been rendered redundant by the subsequent orders passed by the SC.

**8.2. Gravity of the proposed directions disproportionate to the allegations**

The allegations forming the subject matter of the present proceedings are of a limited nature and do not warrant the imposition of any proposed penalty under Section 15HB of the SEBI Act. The gravity of the alleged violations is wholly disproportionate to the proposed penal consequences contemplated under the SCN.

a. The present proceedings arise out of isolated allegations contained in certain investor complaints annexed to the SCN. The SCN does not disclose any material suggesting that the Noticees continued to undertake large-scale collections, mobilised fresh investors or disregarded the directions contained in the Interim Order and the Confirmatory Order.

b. The SCN also does not disclose any material demonstrating that the Noticees had mobilised funds from a large number of investors or launched any fresh schemes. In fact, the AO Order, which was subsequently set aside by the Hon'ble Tribunal, records that only a meagre sum of Rs. 50,000 /- was collectively collected from two investors.

**8.3. No fraud, malafide conduct or fund diversion in the business of the Noticees**

The SAT, vide Order dated February 03, 2016, observed that the Noticees were prima facie carrying on business in accordance with law, except to the extent that registration had not been obtained from SEBI.

a. SAT directed CCIL to make an application seeking registration under the CIS Regulations and further directed SEBI to grant provisional registration to CCIL. SAT also permitted the Noticees to continue receiving subscription amounts from investors under the existing schemes till grant of provisional registration by SEBI. The aforesaid observations and directions of the SAT clearly demonstrate that the business activities of CCIL were not viewed as fraudulent or intended to mislead investors.
b. At no stage have the SMC, SEBI or the SC made any observation or allegation to the effect that the Noticees had misled the forensic auditor, furnished incorrect information to any committee, or suppressed any material facts. Further, even the Forensic Audit Report prepared by Deloitte does not record or suggest any instance of misappropriation, siphoning or diversion of funds, nor does it attribute any fraudulent conduct to the Noticees.

**8.4. Non-compliance merely due to practical / logistical limitations**

During 2014, CCIL had a large investor base and numerous collection agents operating across 51 branches in Maharashtra for collection of funds. The Company's business model was largely dependent on its network of collection agents for customer enrolment, servicing of members and collection of periodic instalments.

a. The alleged violations arose inadvertently due to the actions of certain collection agents and auto-transfer instructions given by the concerned investors to their banks.
b. Due to the large scale of operations, decentralized nature of these operations, it was practically unfeasible to directly and instantly communicate the directions issued by SEBI to all agents, instructing them to cease further collection of funds. The Noticees had no direct communication with the customers and all-important communications were routed through the agents' network only.
c. The isolated meagre collection receipts relied upon in the SCN must be viewed in the context of CCIL's business model and the practical difficulties prevailing at the relevant time. The mere receipt of instalments from existing customers, facilitated through collection agents or pre-existing auto-debit mandates, cannot, by itself, lead to the conclusion that the Noticees consciously or deliberately continued to collect funds or launched new schemes in violation of the Interim Order and the Confirmatory Order. Moreover, any such collections, have also been duly considered and computed by Deloitte in its forensic audit report dated November 04, 2019.

**8.5. Absence of Wilful or Deliberate Non-Compliance**

The SCN does not identify any instruction issued by the Noticees directing collection agents to continue collecting funds, nor does it contain any material demonstrating that the Noticees consciously authorised such collections after the Interim Order and the Confirmatory Order. The allegations are, therefore, based on inference rather than evidence. The mere receipt of certain instalments cannot, by itself, establish that the Noticees consciously or deliberately acted in violation of the Interim Order and the Confirmatory Order.

a. The surrounding facts and circumstances clearly demonstrate that the alleged collections arose in the context of CCIL's decentralised business operations, the role of collection agents, and pre-existing payment arrangements with customers.

b. Where the alleged violation is technical, inadvertent or arises due to bona fide circumstances, and there is no material to demonstrate any deliberate or conscious disregard of the applicable directions, the imposition of penalty is unwarranted. In this regard, Noticees have placed reliance on the following orders of the SAT and the Hon'ble Supreme Court (SC)

*i. SC Order in the matter of Hindustan Steel Limited vs. State of Orissa (Civil Appeals Nos. 883-892 of 1966), dated August 04, 1969.*
*ii. SC Order in the matter of Ram Kishan vs. Tarun Bajaj & Ors. [(2014) 16 SCC 204], dated January 17, 2014*
*iii. SAT Order in the matter of Sterling Investment Corporation Limited vs. SEBI [(2005) SCC OnLine SAT 96], dated September 05, 2005.*

**<u>8.6. Noticee Nos. 3 and 4 were Non-Executive Directors of CCIL and are not responsible for the conduct of its business</u>**

Noticee Nos. 3 and 4 were appointed as Non-Executive Directors on the board of CCIL and they were not concerned with the day-to-day functioning, management or operational affairs of CCIL. They had no role whatsoever in mobilisation of funds from investors under the existing schemes or in the conceptualisation, structuring or introduction of such schemes. The SCN does not disclose any material to demonstrate that Mr. Prakash Utekar and Mr. Venkatraman Natrajan were involved in violation of the directions of the Interim and the Confirmatory Orders.

**<u>8.7. Mitigating factors:</u>**

The Noticees are suffering from age-related medical ailments.

a. The process of restitution and repayment to investors is presently ongoing and the Noticees' assets continue to remain under attachment and supervision and the Noticees presently do not have access to independent financial resources.

b. Noticees did not derive any disproportionate gain or unfair advantage from the alleged violations, nor does the SCN quantify any wrongful gain allegedly accrued to the Noticees personally.
c. The alleged violations pertain to a specific historical period and are not repetitive or continuing in nature.
d. The Noticees have co-operated with the investigation and with the various mechanisms constituted under the supervision of the Hon'ble Supreme Court, including the SMC.
e. Any further monetary penalty would effectively reduce the corpus available for repayment to investors.
f. The Noticees continue to remain debarred from the securities market pursuant to directions passed vide the SEBI's WTM Final Order dated October 09, 2025.

9. On the scheduled date of hearing viz., July 15, 2026, Noticees appeared for hearing along with their Authorised Representative ('AR'), wherein the AR relied upon and reiterated the submissions made vide letter dated July 14, 2026. Further, the Noticees/ ARs sought time till July 20, 2026 to make additional submissions as final and complete submissions in the matter. Vide email dated July 20, 2026, the Noticees made additional submissions, basically reiterating the submissions made vide their email dated July 14, 2026.

## D. CONSIDERATION OF ISSUES AND FINDINGS

10. Before proceeding with the matter on merits, the technical issues raised by the noticees needs to be dealt with.

11. Noticees have contended that the present proceedings have been rendered redundant in view of the attachment of assets under the supervision of the SC

and the ongoing refund process undertaken by SEBI. Further that the objective of investor protection has already been achieved and, therefore, no further regulatory purpose would be served by continuation of the present adjudication proceedings.

12. To address this technical issue, a brief preface leading to the present situation would be warranted.

13. Based on the preliminary findings by SEBI, Whole Time Member of SEBI had passed an *ad interim ex –parte* order bearing No. WTM/SR/IMD/CIS/107/06/2015 dated June 03, 2015 against Citrus Check Inns Limited and its directors Noticee 1 to 5 under section 11 (1), 11B and 11(4) of the SEBI Act read with regulation 65 of the SEBI (Collective Investment Schemes) Regulations, 1999 (hereinafter referred to as '**CIS Regulations**) *inter-alia* with the following directions having immediate effect:

*"…*

*29. In view of the foregoing, I, in exercise of the powers conferred upon me under sections 11(1), 11B and 11(4) of the SEBI Act read with Regulation 65 of CIS Regulations, hereby direct Citrus and its Directors viz., Mr. Omprakash Basantlal Goenka (DIN:00092846; PAN: AECPG3854J), Mr. Prakash Ganpat Utekar (DIN: 00094103; PAN: AALPU9100E), Mr. Venkatraman Natarajan (DIN: 00637510; PAN: ACUPV4686K) and Mr. Narayan Shivram Kotnis (DIN: 01229007; PAN: ABIPK5022D):*

- *not to collect any fresh money from "customers" /investors under its existing scheme;*
- *not to launch any new schemes or plans in this company,*
- *not to raise any fresh moneys from any other existing company within the group;*
- *not to float any new companies to raise fresh moneys under such schemes,*
- *to immediately submit the full inventory of the assets obtained through money raised by Citrus;*
- *not to dispose of or alienate any of the properties/assets obtained directly or indirectly through money raised by Citrus;*
- *not to divert any funds raised from public at large, kept in bank account(s) and/or in the custody of Citrus or group companies or promoters or LLPs or Proprietary*

*concerns or any person directly or indirectly controlled through shareholding or management by Citrus;*

- *to furnish all the information/details sought by SEBI within 15 days from the date of receipt of this order including the following:*

*…"*

14. Thereafter, Whole Time Member of the SEBI had passed confirmatory order bearing No. WTM/PS/45/IMD/CIS/AUG/2015 dated August 24, 2015, under section 11(1), 11B and 11(4) of the SEBI Act read with regulation 65 of the CIS Regulations, confirming the directions issued under aforesaid ad interim ex – parte order dated June 03, 2015.

15. SEBI initiated adjudication and issued SCN dated July 14, 2017 alleging that despite the prohibitory directions issued by SEBI vide interim order dated June 03, 2015 and confirmatory August 24, 2015, the Noticees themselves or through their other related / existed / floated companies in the group, had further collected / raised money from the investors / launched new schemes, and thereby had allegedly violated the directions issued under the aforesaid SEBI orders dated June 03, 2015 and August 24, 2015.

16. There was non-compliance of the SEBI directions. Therefore, the adjudication order dated December 28, 2018 was passed imposing penalties. Since there is a remand in the adjudication proceedings on account of ineffective delivery of SCN/Hearing Notice/Adjudication Order in the captioned matter, therefore the present adjudication proceeding is being carried out to follow the principles of natural justice and after following complete procedure of show cause, hearing and to pass order and take it to a logical conclusion.

17. In this regard, it is noted that vide order dated August 08, 2024, Hon'ble Supreme Court allowed SEBI to take enforcement actions and proceed in accordance with the law. Thereafter, I note from the SEBI website that an 11B order dated October 09, 2025 and Adjudication Order dated June 30, 2026 had been passed inter alia against Noticees where directions had been issued and penalty had been

imposed respectively, inter alia against Noticees. Further, it is noted that the instant proceedings are a result of Hon'ble SAT remanding the matter to SEBI for fresh consideration on account ineffective delivery of SCN/Hearing Notice/ Adjudication Order in the captioned matter. Therefore, the Noticees' contentions with respect to present proceedings being redundant in view of the ongoing refund and recovery process, is devoid of merit.

18. Based on the SCN and the submissions made by the entities, issues that merit consideration in the instant matter are identified as below:

| | |
|---|---|
| **Issue No. I:** | **Whether the Noticees had violated the directions issued under the aforesaid SEBI interim order dated June 03, 2015 and final order dated August 24, 2015, as alleged?** |
| **Issue No. II:** | **Whether the Noticees 3 & 4 were liable to be proceeded against, given that they were merely non-executive directors** |
| **Issue No. III:** | **If yes, whether the violations on the part of the Noticees would attract monetary penalty under Section 15HB of the SEBI Act, 1992?** |
| **Issue No. IV:** | **If yes, what should be the monetary penalty that can be imposed upon the Noticees?** |

These issues are being dealt with on merits.

**Issue No. I: Whether the Noticees had violated the directions issued under the aforesaid SEBI interim order dated June 03, 2015 and final order dated August 24, 2015, as alleged?**

19. SEBI had received complaints regarding collection/raising of funds by the Noticees itself or through its other related / floated group companies even after orders of SEBI dated June 03, 2015 and August 24, 2015. It is alleged from the material available on record that several investors had complained to SEBI that

Citrus was collecting instalment payments from the investors even after SEBI orders dated June 03, 2015 and August 24, 2015, however, 2 complainants namely, Sunita Bharmu Patil and Chintamani H. Kale had provided the proofs of instalment payment done to Citrus along with their complaints. Some of the payment receipts submitted by these 2 investors/ complainants were dated after June 03, 2015. The payment collected by Citrus from Sunita Bharmu Patil and Chintamani H. Kale after June 03, 2015, as per the payment receipts submitted by 2 complainants, are tabulated below:

**Table of receipts of investors having made payments after the SEBI interim order**

| Name of investor/ complainant | Date of Receipt | Receipt No. | Amount collected in Rs. |
|---|---|---|---|
| Sunita Bharmu Patil | 04-Aug-15 | 137481 | 5000 |
| Sunita Bharmu Patil | 23-Sep-15 | 149248 | 5000 |
| Sunita Bharmu Patil | 20-Oct-15 | 154714 | 5000 |
| Sunita Bharmu Patil | 20-Nov-15 | 159808 | 5000 |
| Sunita Bharmu Patil | 10-Feb-16 | 2092700 | 5000 |
| Chintamani H. Kale | 22-Aug-15 | 879733 | 5000 |
| Chintamani H. Kale | 03-Aug-15 | 869291 | 10000 |
| Chintamani H. Kale | 08-Jan-16 | 985927 | 5000 |
| Chintamani H. Kale | 08-Jan-16 | 985926 | 5000 |

20. It is noted that as per the data in table above, that Sunita Bharmu Patil and Chintamani H. Kale had submitted payment receipts worth Rs. 25,000/- each, wherein payments were made after SEBI Orders. It is also noted that the payment receipts submitted by Sunita Bharmu Patil and Chintamani H. Kale also mention number of installments already paid, and balance remaining installments to be paid. It is noted from the payment receipts submitted by complainants Sunita Bharmu Patil and Chintamani H. Kale that they had been continuously making instalment payments of Rs. 5000/- each, every month even after June 03, 2015.

21. In this regard, Noticees have contended that it had large network of collection agents and that the alleged violation happened inadvertently due to some

collection agents and auto-transfer instructions given by the concerned investors to their banks. The noticees have also contended that the alleged violation is technical, inadvertent and bona fide circumstance, there is no material to demonstrate any deliberate or conscious disregard of the applicable directions and therefore imposition of penalty is unwarranted.

22. In this regard, it is noted that the directions issued by SEBI in orders dated June 03, 2015 and August 24, 2015 were binding on the Noticees. It is not the case of the Noticees that they did not get enough time to comply with the SEBI Orders. The first Order of SEBI was in June 2015 and the second order was in August 2015, i.e. three months apart. There were enough opportunities for the Noticees to comply with the SEBI Orders.

23. The Noticees have failed to show the action taken by them to stop its agents from collecting any more moneys. No document or communication has been brought on records in their submissions to demonstrate that the Noticees took active interest in complying with the SEBI Orders. Infact, the facts as mentioned in the table given above show otherwise. The payments continued long after the SEBI Orders and well into eight months after the first prohibitory order was passed by SEBI.

24. It would be worthwhile to rely on a title Suit No. TS 02/2009 in the matter of MPS Greenery Developers Limited, wherein he learned Civil Judge, Garbeta, West Midnapore, where similar allegations were dealt with and were inter alia viewed as under:

> *"In view of the provision of Section 188 of the Indian Contract Act, this court is of the considered opinion that the plaintiffs being an agent of the defendant company, has no authority to raise any fund from the market when there is embargo on its principal/ defendant no. 1 (MPS) imposed by SEBI vide order dated 03/09/2001 and dated 21/08/2009, and particularly when the embargo has been authenticated by Hon'ble High Court Calcutta vide its order dated 25/06/2009 in WP 1971 of 2001."*

Therefore, the Noticees' submissions are devoid of merit and hence not acceptable.

25. Noticees have further submitted that SCN does not identify any instruction issued by the Noticees directing collection agents to continue collecting funds after the Interim Order and the Confirmatory Order and that there is no material available on record establishing conscious and deliberate non-compliance on the part of the Noticees.

26. As already mentioned above, it is noted that though the material available on record does not suggest any instructions issued by Citrus/ Noticees, directing agents to collect funds after the Interim Order and the Confirmatory Order, the Noticees have failed to demonstrate the steps taken by them to stop collecting the funds directly, or through agents after the interim order.

27. While the Noticees have contended that the non-compliance is due to practical and logistical limitations as they had a large number of agents. It is a clear admission that the agents continued to collect the moneys after the SEBI Orders. Citrus had principal agent relationships with the collecting agents. Clearly this relationship has not been disputed by the Noticees. Thus it follows that the principal shall be held for the acts of commission or omission of the agents, which is evident in this case, and especially where no records have been brought up by Noticees directing the agents to not collect moneys.

28. The Noticees sought to take shelter under various judicial precedents like
    (i) Hindustan Steel Ltd vs the State of Orissa where the authority assessed sales tax on the turnover and additionally imposed a heavy penalty on Hindustan steel Ltd failing to register as a dealer and the SC stated that statutory penalties should not be imposed automatically or mechanically as there is a technical breach.

(ii) Ram Kishan Vs Tarun Bajaj where the SC has ruled that contempt jurisdiction is quasi criminal and requires proof of deliberate, intentional and wilful disobedience beyond a reasonable doubt.

(iii) M/s Sterling Investment Corporation Ltd V. SEBI where SAT has ruled on the strict requirements of intent and wilful default regarding regulatory delays under the SEBI Takeover Regulations.

29. However, these cases are not relevant cases as the present matter was a case of non-compliance and the ratios of the cases cited above clearly do not come to the aid of the Noticees.

30. The Noticees contented that in the Order of SAT it was mentioned that the business activities of CCIL were not viewed as fraudulent or intended to mislead the investors. In fact, the SAT itself considered the schemes capable of being regulated within the framework of the CIS Regulations and accordingly directed CCIL to seek registration while simultaneously directing SEBI to grant provisional registration. Thus, the issue was viewed as one pertaining to regulatory registration and compliance and not as a case involving any dishonest intention, fraud, or deliberate deception on the part of the noticees.

31. In this regard it is observed that in February 2016, SAT agreed with SEBI's prima facie view that the schemes run by Citrus amounted to an unregistered Collective Scheme. Relevant extract of SAT Order is as under

*"37. For all the aforesaid reasons while upholding the prima facie of SEBI that the business carried on by the appellants constituted CIS we set aside the directions given by SEBI in the impugned orders dated June 3, 2015 and August 24, 2015 and direct the Appellants to make an application for registration with SEBI in respect of the refundable schemes covered by the CIS Regulations, and further direct SEBI to grant provisional certificate of registration as provided under the CIS Regulations forthwith, and eventually on receipt of final investigation report, if found appropriate, grant final registration as per law, so that the schemes being operated by the Appellants are henceforth regulated so that the investors' interests are effectively and properly protected by SEBI. Till the date of granting provisional registration, the Appellants may continue to receive subscription amount from the investors under the existing*

*schemes. However, the accounts / records of the amounts collected thereunder, shall be maintained in a separate account and appellants shall not launch any new scheme except in accordance with law. The appellants shall also not alienate or create any encumbrance or third party rights on any of their properties except for repayment to the customers / investors. Ordered accordingly."*

32. Subsequently, SEBI challenged the aforesaid SAT Order before SC. In further appeal by SEBI, the Hon'ble Supreme Court in its Order directed SEBI to complete the investigation to determine whether Citrus business is CIS. Pursuant to the above directions, SEBI initiated the investigation into alleged violation of SEBI Act and CIS Regulations by Citrus Check Inns Limited for FYs 2011-12 to 2015-16.

33. While SEBI investigation was pending, National Company Law Tribunal (NCLT) passed an order dated May 02, 2017 initiating Corporate Insolvency Resolution Process (CIRP) against Citrus and moratorium under Section 14 of IBC was imposed. SEBI's investigation was completed and approved on May 04, 2017. Vide its Order dated January 08, 2018, Hon'ble Supreme Court stayed the proceedings under IBC and SEBI was directed to be made party to the proceedings. SEBI was impleaded as party on March 23, 2018. Subsequently, on May 10, 2018, Hon'ble Supreme Court inter alia directed formation of Sale cum Monitoring Committee (SMC), comprising SEBI representative also, to oversee the sale of properties of Citrus. Thereafter, Supreme Court vide its order dated May 06, 2019, appointed Justice J.P. Devadhar as the head of SMC. The Hon'ble Supreme Court vide its Order dated December 13, 2019 inter alia directed commission agents to appear before SEBI and for SEBI to determine whether schemes are CIS and look into points raised by the commission agents. Findings of SEBI were to be submitted to the Hon'ble Court in a sealed cover. Accordingly, SEBI submitted a report dated March 16, 2020 wherein inter alia permission of the Hon'ble Supreme Court to proceed with enforcement proceedings against Citrus was sought, Thereafter, SEBI also filed an affidavit dated January 03, 2022

wherein it was prayed to allow SEBI to take enforcement actions inter alia against Citrus.

34. Further, the Hon'ble Supreme Court in its Order dated August 08, 2024 had inter alia observed as follows with respect to the business activities of Citrus Check Inns Limited that:

*"..The aforesaid companies were operating on a pyramid scheme(s) as per which the investors were entitled to commission, depending upon the number of new investors introduced and who made investments."*

35. It is noted that the SCN dated July 14, 2017 alleged that despite the prohibitory directions issued by SEBI vide interim order dated June 03, 2015 and confirmatory order dated August 24, 2015, the Noticees themselves or through their other related / existed / floated companies in the group, had further collected / raised money from the investors / launched new schemes, and thereby had allegedly violated the directions issued under the aforesaid SEBI orders dated June 03, 2015 and August 24, 2015.

36. Thus it is clear that the present proceedings are limited in nature and in pursuance of non-compliance with the SEBI Orders and are not adjudicating any new cause or alleged violation that has already been determined in the SEBI Orders.

37. In view of the foregoing, the allegation that Noticees 2,3 and 4 had violated the directions issued under the aforesaid SEBI Order No. WTM/SR/IMD/CIS/107/06/2015 dated June 03, 2015 and Final Order No. WTM/PS/45/IMD/CIS/AUG/2015 dated August 24, 2015, stands established.

**Issue No. II Whether the Noticees 3 & 4 were liable to be proceeded against given that they were merely non-executive directors?**

38. Noticees 3 and 4 have contended that were appointed as Non-Executive Directors on the board of CCIL and were not concerned with the day-to-day functioning, management or operational affairs of CCIL, nor were they responsible for the

conduct of its business activities. Therefore, they had no role whatsoever in mobilisation of funds from investors under the existing schemes or in the conceptualisation, structuring or introduction of such schemes.

39. In this respect, the provisions of Section 27(1) of SEBI Act, 1992 states that where an offence under SEBI Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly. Further, proviso to the said sub-section states that nothing contained in this sub-section (1) shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

40. On perusal of records of Ministry of Corporate Affairs ('MCA'), It is noted that the designation of Noticees 2, 3 and 4 is depicted as Director (Promoter). The MCA records show 5% shareholding for Noticee 2 and 1% shareholding each for Noticees 3 and 4. Further the Memorandum of Association and Articles of Association of Citrus are signed by Noticees 2, 3 and 4 showing their association with the company since inception.

41. It is also noted that Clause 35 of Articles of Association inter alia identifies Mr. Venkatraman Natarajan, Mr. Omprakash Goenka and Mr. Prakash Utekar as the first Directors of the Company. Thus, they were entrusted with the management and affairs of the Company from its inception. Furthermore, Clause 46 authorises directors to raise and secure funds for the Company in such manner and upon such terms as they consider appropriate, including through the issuance of bonds, debentures, debenture stock, mortgages, charges or other securities over any part of the property of the Company. The said clause demonstrates that the Directors were vested with powers in relation to mobilization of funds.

42. It is also noted from the financial statement of Citrus, as available on record that the profit and loss statement was signed by Noticee no. 3 and 4. The fact that they had signed the financial statements of the Company indicates that they were aware of the Company's fund mobilisation activities given the facts as discussed in the foregoing prove to the contrary.

43. Here it is relevant to refer to judgment in the matter of N Narayanan vs Adjudicating Officer, SEBI dated April 26, 2013, wherein Hon'ble Supreme Court held that

"…*Company though a legal entity cannot act by itself, it can act only through its directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. This Court while describing what is the duty of a Director of a company held in Official Liquidator v. P.A Tendolkar (1973) 1 SCC 602 that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provide against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially..."*

44. Further, in SEBI vs.Gaurav Varshney(2016)14 SCC 430,it has been held that *"…officers of a company who are responsible for acts done in the name of the company are sought to be made personally liable for acts which result in criminal action being taken against the company. It makes every person who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of business of the company, as well as the company, liable for the offence…"*

45. While in the Form 32 of MCA, all the directors of Citrus were designated as non-executive directors, with no separate classification of functions between executive and non-executive roles. However, merely on the basis of Form 32 of MCA, Noticees 2, 3 and 4 cannot be termed as non-executive directors.

46. However given the roles executed by these persons as demonstrated above , it would be difficult to come to the conclusion that these persons had no role in day to day management of the company.

47. Given the above there is no hesitation to hold that the Noticees 3 and 4 are responsible for the conduct of the business of the company and thus liable to be held in violation.

**Issue No. III - If yes, whether the violations on the part of the Noticees would attract monetary penalty under Section 15HB of the SEBI Act, 1992?**

48. In this context, reference is drawn to the judgment of Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

*" ... In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established .... "*

49. Therefore, for the above violation, as brought out in the foregoing paragraphs, I find that the Noticees are liable for monetary penalty under Section 15HB of the SEBI Act which provides as following:

*"…*

***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 which shall not be less than one lakh rupees but which may extend to one crore rupees.*

*…"*

**Issue No. IV: If yes, what should be the monetary penalty that can be imposed upon the Noticees?**

50. While determining the quantum of penalty under Section 15HB of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

*"…*

***Factors to be taken into account while adjudging quantum of penalty.***

*15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.*

*Explanation.—For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

*…"*

51. Noticees have submitted that their personal assets and bank accounts continue to remain under attachment and that any monetary penalty would be recovered from the corpus presently under the supervision of Hon'ble Supreme Court and earmarked for repayment to investors. Noticees have further submitted that they are facing several medical conditions and severe financial restrictions are already operating against them.

52. In this regard, it is noted that Hon'ble Supreme Court vide its Order dated December 13, 2019 directed that the assets and bank accounts of the individual and entities mentioned under 11 families/groups at internal pages 16-19 of M/s. Deloitte's report dated 04.11.2019 stand attached pro tem. It is noted from para 13 of the Hon'ble Supreme Court Order dated December 13, 2019 that an amount of Rs. 4 lakhs per month (in the aggregate) was permitted to be withdrawn from the bank accounts with respect to each group / family for meeting regular expenses.

53. Vide the same order, the Hon'ble Supreme Court granted liberty to Noticee no.2 to approach Justice Deodhar for determination of a reasonable amount towards his living expenses. Thereafter, vide order dated August 08, 2024, the Hon'ble

Supreme Court directed that the amount being paid to Mr. Omprakash Goenka be reduced from Rs.8 lakh per month to Rs.3 lakh per month and that no payment shall be made to him with effect from November 01, 2024. Vide the said order, Noticee 2 was also allowed to open and operate one new bank account.

54. It is noted the present adjudication proceedings have been initiated pursuant to the SAT Order dated June 15, 2026, wherein SAT remanded the matter to SEBI for fresh consideration as the earlier SCN, Hearing Notices and Orders were not served upon them.

55. Further, the initiation of the proceeding is to identify the infractions by the Noticees and to identify their role in the violation. Thus, the Noticees' contentions are devoid of merit. The purpose of the SC freezing of the assets is a protective measure to prevent the dissipation of assets. It does not bar or satisfy the underlying legal process and concurrently SEBI can proceed against the entities

56. It is noted that Noticees have inter alia submitted that there is no finding of siphoning, diversion or misappropriation of funds against the Noticees in the present proceedings and that they have co-operated with the investigation and with the various mechanisms constituted under the supervision of the Hon'ble Supreme Court, including the Sale-cum- Monitoring Committee ("SMC").

57. In the instant matter, it is noted that the material on record does not indicate the amount of disproportionate gain or unfair advantage made by the Noticees, and does not quantify amount of loss caused to an investor or group of investors as a result of the aforesaid violation. However, it is noted that Citrus continued to collect money from existing customers/ investors through periodic instalments, which was in violation of the directions contained in SEBI interim order dated June 03, 2015 and confirmatory order dated August 24, 2015.

58. Therefore, while only receipts amounting to Rs. 50,000/- are available on record, the Citrus' decentralised network of huge number of collection agents could have

potentially caused widespread and unquantifiable financial harm to a vast pool of small investors.

59. With respect to the repetitive violations, it is noted that apart from being a part of various proceedings against Citrus, the Noticees have also been involved as directors in different company namely Royal Twinkle Star Club Limited, which had also operated unregistered collective investment scheme, wherein directions had been issued inter alia against the Noticees.

## E. ORDER

60. Considering the facts and circumstances of the instant case, the material available on record, the factors mentioned in preceding paragraphs and in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, I hereby impose penalty upon the Noticees, as per details in the table below, for the aforementioned violations, as discussed in this order. In my view, the said penalty will be commensurate with the violations committed by the Noticees in this case.

| Noticee No. | Name of the Noticees | Penalty under Section | Penalty Amount |
|---|---|---|---|
| 2 | Omprakash Basantlal Goenka | Section 15HB of the SEBI Act, 1992 | Rs.25,00,000/- (Rupees Twenty Five Lakhs Only) to be paid jointly and severally |
| 3 | Prakash Ganpat Utekar | | |
| 4 | Venkatraman Natarajan | | |

61. 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**

62. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings 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.

63. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

Medha Jeevan Sonparote

Digitally signed by Medha Jeevan Sonparote
Date: 2026.08.31 16:40:05 +05'30'

**DATE: August 31, 2026** **MEDHA SONPAROTE**
**PLACE: MUMBAI** **ADJUDICATING OFFICER**