SECURITIES AND EXCHANGE BOARD OF INDIA

BEFORE THE ADJUDICATING OFFICER

[ADJUDICATION ORDER NO. - Order/MN/PS/2026-27/32465-32469]

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

In respect of :

Noticee no.	Name of Noticee	PAN/CIN
1	Citrus Check Inns Limited	U55101MH2011PLC222394
2	Omprakash Basantlal Goenka	AECPG3854J
3	Prakash Ganpat Utekar	AALPU9100E
4	Venkatraman Natarajan	ACUPV4686K
5	Narayan Shivram Kotnis	ABIPK5022D

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

In the matter of **Citrus Check Inns Limited**

BACKGROUND

1) SEBI received a complaint dated January 17, 2014 alleging, inter alia, that Citrus Check Inns Limited (Citrus/the Company/Noticee no.1) was operating a "Ponzi Scheme", was "mis-selling" its schemes to the public, and had refused to refund the money invested by the complainant.

2) On a preliminary examination, SEBI observed that Citrus was, prima facie, mobilising funds in the nature of a 'collective investment scheme' ("CIS") as defined under Section 11AA of the SEBI Act, 1992 ("SEBI Act"), without obtaining a certificate of registration as required under Section 12(1B) of the SEBI Act and Regulation 3 of the SEBI (Collective Investment Schemes) Regulations, 1999 ("CIS Regulations"). Accordingly, SEBI passed an ad interim ex-parte order dated June 03, 2015 ("Interim Order") against Citrus and its four directors, namely, Omprakash Basantlal Goenka (Noticee no.2), Prakash Ganpat Utekar (Noticee no.3), Venkatraman Natarajan (Noticee no.4) and Narayan Shivram Kotnis (Noticee no.5), inter alia issuing certain directions.

3) The Interim Order was confirmed by a confirmatory order dated August 24, 2015 ("*Confirmatory Order*"), which also directed SEBI to conduct and expeditiously conclude the investigation. Citrus and its directors filed an appeal before the Hon'ble Securities Appellate Tribunal ("SAT") challenging the Confirmatory Order. By order dated February 03, 2016, the Hon'ble SAT upheld SEBI's prima facie view that Citrus's business constituted a CIS. However, the Hon'ble SAT set

aside the directions contained in the Interim and Confirmatory Orders and directed Citrus to apply for registration with SEBI in respect of refundable schemes covered under the CIS Regulations.

4) SEBI challenged the Hon'ble SAT's order dated February 03, 2016 before the Hon'ble Supreme Court. By order dated November 09, 2016, the Hon'ble Supreme Court set aside the Hon'ble SAT's order and directed SEBI to complete the investigation and determine whether Citrus's business is a CIS or not.

5) Pursuant to the above directions, SEBI completed the investigation into alleged violations of the SEBI Act and the CIS Regulations by Citrus for FYs 2011–12 to 2015–16 ("*Investigation Period*"). During pendency of SEBI's investigation, the National Company Law Tribunal ("NCLT") passed an order dated May 02, 2017 initiating the Corporate Insolvency Resolution Process ("CIRP") against Citrus and imposed a moratorium under Section 14 of the IBC. SEBI's investigation was completed on May 04, 2017 whereby 11B and Adjudication proceedings were approved against the Noticees.

6) Thereafter, by order dated January 08, 2018, the Hon'ble Supreme Court stayed the IBC proceedings and directed that SEBI be made a party to the proceedings. SEBI was impleaded on March 23, 2018. Subsequently, by order dated May 10, 2018, the Hon'ble Supreme Court, inter alia, directed constitution of a Sale cum Monitoring Committee ("SMC"), including a SEBI representative, to oversee the sale of Citrus's properties. The Hon'ble Supreme Court later, by order dated May 06, 2019, appointed Justice J.P. Devadhar as the head of the SMC.

7) Vide order dated August 08, 2024, the Hon'ble Supreme Court, inter alia, permitted SEBI to proceed in accordance with law. Accordingly, a show cause notice ("SCN") dated April 23, 2026 was issued to the Noticees.

APPOINTMENT OF ADJUDICATING OFFICER

8) SEBI appointed the undersigned as Adjudicating Officer vide order dated January 23, 2026, under section 15-I (1) of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("*Adjudication Rules*") and section 19 of the SEBI Act, to inquire into and adjudge the alleged violations by the Noticees under the provisions of section 15HA of the SEBI Act.

SHOW CAUSE NOTICE

9) Show Cause Notice dated April 23, 2026 ("*SCN*") was issued to Noticees calling upon them to show cause why inquiry should not be held against them under rule 4(1) of Adjudication Rules and penalty be not imposed on them u/s 15HA of SEBI Act, 1992. SCN was sent by SPAD and Digitally signed SCN was also sent to the Noticees via email. For Noticee no.1 i.e. the Company, SCN was also sent via SPAD and email to the Resolution Professional Mr. Devendra

Jain ("*RP*"). The SCN was successfully delivered by email to all Noticees and the RP. As for SPAD, the delivery of SCN remained successful on Noticee no.2, 3, 4 and the RP. Delivery by SPAD remained unsuccessful on Noticee no.1 Company and Noticee no.5 Narayan Shivram. Thereafter, delivery of SCN was attempted on Noticee no.5 via hand-delivery which remained successful on May 8, 2026. Noticees were given time of 21 days from the date of receipt of Notice to file reply to the SCN.

10) The essence of the SCN is summarized below :

10.1) Noticee No. 1 Citrus introduced and operated 25 holiday plans, of which 7 plans purportedly provided for payment of amounts exceeding the original investment in instances where the holiday benefits were not utilised by the investors. An amount of approximately ₹2,722 crore was mobilised through the said 7 plans. On the basis of the features of these plans and the manner in which funds were pooled and managed, the aforesaid arrangements fulfilled the ingredients of a Collective Investment Scheme ("*CIS*") as contemplated under Section 11AA(2) of the SEBI Act, 1992.

10.2) Citrus carried on the activities of a CIS without obtaining the requisite certificate of registration from SEBI, thereby contravening the provisions of Section 12(1B) of the SEBI Act read with Regulations 3 and 69 of the CIS Regulations. The SCN further alleges that Noticee No. 2, 3, 4 and 5 being its Directors, were responsible for the affairs and management of the company during the relevant period and are, therefore, liable for the alleged violations.

10.3) The conduct attributed to the Noticees amounted to the execution of a scheme designed to mislead investors, involving, inter alia, misrepresentation and concealment of the alleged regulatory non-compliance. It is, therefore, alleged that the Noticees engaged in a fraudulent or unfair trade practice within the meaning of Regulation 4(2)(t) of the PFUTP Regulations, 2003, and thereby violated the said provision which is liable for penalty u/s 15HA of SEBI Act, 1992.

REPLY AND HEARING

11) Noticee no.2, 3 and 4 have submitted their joint reply dated June 02, 2026. Thereafter, opportunity of hearing was granted to Noticee no.2, 3, and 4 wherein the said Noticees were represented by their Authorized Representative. Noticees were granted 7 days to submit additional submissions. On June 15, 2026 Noticee no.2, 3 and 4 submitted additional submissions.

12) No reply to the SCN was received from Noticee No. 1 (the Company) or the Resolution Professional ("RP"). Further, no reply to the SCN was received from Noticee No. 5. An opportunity of personal hearing was granted to the RP and Noticee No. 5 on June 09, 2026. The digitally signed notice of hearing was sent to the RP and Noticee no.5 via email, which did not bounce. Further, notice of hearing was successfully delivered to the RP and Noticee no.5 via SPAD and hand-delivery respectively. However, no communication confirming their participation in the hearing was received from either of them. The RP and Noticee No. 5 did not appear for the hearing.

13) I note that Noticee no. 5 has neither filed any reply to the SCN nor appeared for hearing despite being given sufficient opportunities. I note that principles of natural justice have been complied with, since sufficient opportunities have been provided to the Noticees no. 5 to submit reply and to appear for personal hearing. I am, therefore, of the view that the Noticees no. 5 has nothing to submit in terms of rule 4(7) of the Adjudication Rules. In view of the facts and circumstances of the case, I am compelled to decide this matter ex-parte qua Noticees no. 5 based on the documents/material and information available on record. The Hon'ble Securities Appellate Tribunal ("SAT") in the matter of Classic Credit Ltd. v. SEBI [2007] 76 SCL 51 (SAT - MUM) inter alia held that :- "*the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them*". Similarly, the Hon'ble SAT also, in the case of Sanjay Kumar Tayal & Ors. v. SEBI (in appeal No. 68/2013) decided on February 11, 2014, held that "*...appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices*".

14) With respect to Noticee No. 1, i.e. the Company, I have duly taken note of the proceedings presently pending before the Hon'ble Supreme Court, as well as the refund process being undertaken by the Sale and Monitoring Committee pursuant to the directions issued therein.

REPLY/SUBMISSIONS MADE BY NOTICEE NO.2, 3 AND 4

15) Key submissions made by Noticee no.2, 3 and 4 vide their reply to the SCN and additional submissions are summarised below :

Proceedings are vitiated due to delay

15.1) The present proceedings stand vitiated on account of substantial, inordinate, and unexplained delay and further suffer from serious procedural infirmities. The allegations in the SCN pertain to the period 2014–2015. However the SCN has been issued only on April 23, 2026, i.e., nearly 11 years after initiation of SEBI's

investigation. Such delay has caused grave prejudice to us and has materially constrained our ability to furnish a comprehensive and effective defence due to the long lapse of time.

15.2) SCN proceeds on an incorrect factual premise insofar as it suggests that the Hon'ble Supreme Court, vide Order dated May 10, 2018, had expressly restrained SEBI from proceeding with enforcement action. A plain reading of the said order reveals no such restraint. It primarily concerns constitution of the SMC, forensic audit, and asset protection measures. We submit that SEBI subsequently sought permission to proceed with enforcement action, and such permission was granted only vide Order dated August 08, 2024. Accordingly, reliance on pendency of proceedings before the Hon'ble Supreme Court to justify the substantial delay is untenable.

15.3) Noticees have placed reliance on judgments of the Hon'ble Supreme Court in (1) SEBI vs. Sunil Krishna Khaitan (Civil Appeal No. 8249 of 2013) and (2) Bombay Dyeing and Manufacturing Company Ltd. Vs SEBI (the Hon'ble SAT Appeal no. 838 of 2022) to contend that, "*In the absence of any period and limitation prescribed by the enactment, every authority is to exercise power within a reasonable period.*"

Present proceedings are redundant in view of Hon'ble Supreme Court directions

15.4) WTM order already has been passed on identical facts. Assets of Noticees already attached under SC directions. In WTM order it is noted that, since refund of moneys is already in progress, there is no need to issue any directions.

15.5) Objective sought to be achieved through the present proceedings already stands subsumed within the comprehensive mechanism operating under the intervention of the Hon'ble Supreme Court. The continuation of the present proceedings would amount to pursuing a purely punitive exercise devoid of any corresponding regulatory utility or investor benefit.

15.6) SEBI has already assumed responsibility over the recovery, monitoring and refund process pursuant to the order of the Hon'ble Supreme Court. Since, SEBI itself has taken charge of the entire mechanism relating to investor recovery and distribution, initiation of present adjudication proceedings, thereafter, including appointment of adjudicating officer and issuance of the present SCN may not serve any additional regulatory purpose in the facts and circumstances of the present case.

15.7) No further penal consequences can reasonably be cast upon them in the present proceedings, particularly when all necessary measures pertaining to investor protection

and refund have already been undertaken under the intervention of the Hon'ble Supreme Court along with SEBI.

Assets of the Noticees are attached under directions of the Hon'ble Supreme Court

15.8) The assets of the Noticees have already been attached and are being dealt with pursuant to orders of the Hon'ble Supreme Court. Therefore, any additional monetary penalty at this stage would not serve any further remedial or investor-protection purpose.

15.9) By order dated May 10, 2018, the Hon'ble Supreme Court had directed the promoters and directors concerned to disclose on affidavit their personal assets worldwide before the Hon'ble Supreme Court. Consequently, the particulars relating to personal assets of the Noticees were brought on record in the proceedings before the Hon'ble Supreme Court.

15.10) By order dated August 08, 2018, the Hon'ble Supreme Court also imposed restrictions on the alienation of assets belonging to the concerned promoters and directors. By order dated December 13, 2019, Hon'ble Supreme Court directed attachment of the assets and bank accounts of the individuals and entities identified in the Deloitte Touche Tohmatsu India LLP report dated November 04, 2019. The Deloitte report specifically identified, inter-alia, the Goenka Family, the Utekar Family and the Venkatraman Natarajan Family within the aforesaid family/group classifications. Consequently, the assets and bank account of the Noticees identified in the Deloitte Report became subject to the attachment directions of the Hon'ble Supreme Court.

In respect of living expenses of Mr. Omprakash Goenka by the Hon'ble Supreme Court

15.11) The extent to which Mr. Omprakash Gonka could access and utilize funds for his personal living expenses has also remained subject to the supervision and directions of the Hon'ble Supreme Court. By order dated, December 13, 2019, while considering the question of attachment of assets and bank accounts, the Hon'ble Supreme Court granted liberty to Mr. Omprakash Goenka to approach Justice Deodhar for determination of a reasonable amount towards his living expenses.

15.12) Thereafter, by 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 further directed that no payment shall be made to him with effect from November 01, 2024. The Hon'ble Supreme Court specifically permitted Mr. Omprakash Goenka to open one bank account and directed that the details thereof be furnished before the Hon'ble Supreme Court. This demonstrates that even the

banking arrangements through which Mr. Omprakash Goenka could access and utilise fund were subject to the oversight of the Hon'ble Supreme Court.

Penalty would indirectly diminish the investor recovery pool

15.13) Any monetary penalty imposed in the present proceedings would necessarily have to be satisfied only from the assets already frozen and presently under the control of the SMC and the mechanisms constituted pursuant to the orders of the Hon'ble Supreme Court. The Noticees presently do not have access to bank accounts, assets, financial resources or any source of funds. The continuation of the present adjudication proceedings and imposition of any monetary penalty would operate directly against the very pool of assets and recoveries presently earmarked for investor refund under the intervention of the Hon'ble Supreme Court and the SMC.

15.14) The investor refund process is presently active and ongoing. As on January 31, 2026, a sum of Rs. 29,32,64,291/- has already been refunded to 82,813 eligible investors as recorded in the Public Notice dated February 18, 2026, issued by the A.P. Kurhekar Committee set up by the Hon'ble Supreme Court

15.15) The Noticees submit that the investors in the present matter comprise individuals belonging to various economic and social strata, many of whom continue to await recovery of their invested monies. In such circumstances, diversion of funds towards penalties would indirectly diminish the available recovery pool intended for repayment to investors

Mitigating factors based on Hon'ble SAT order dated February 03, 2016

15.16) The Noticees submit that the Order dated February 03, 2016 passed by the Hon'ble SAT is of considerable relevance while examining the allegations of fraud and the invocation of the PFUTP Regulations in the present matter. Although the Hon'ble SAT noted SEBI's prima facie view regarding the applicability of the CIS framework, it set aside the coercive directions issued by SEBI and directed the Noticee No. 1 to seek registration under the CIS Regulations. The Hon'ble SAT further directed SEBI to grant provisional registration and permitted continuation of the existing schemes subject to regulatory safeguards and supervision.

15.17) According to the Noticees, these findings demonstrate that the Hon'ble SAT did not regard the schemes as fraudulent, sham, or deceitful arrangements warranting an immediate prohibition of operations. Rather, the schemes were considered capable of being regulated within the CIS framework. The Noticees contend that where a specialised appellate forum considered the schemes fit for provisional registration and allowed their continuation under regulatory oversight, the allegation that the same

conduct constituted fraudulent and manipulative activity under the PFUTP Regulations is unsustainable.

PFUTP Allegations unsustainable against the Noticees

15.18) The allegation under the PFUTP Regulations is unsustainable as liability thereunder can arise only upon proof of fraudulent intent, deceptive conduct, manipulative practices, or conscious involvement in an alleged fraud. The present matter essentially concerns the regulatory classification of the schemes and alleged non-registration under the CIS Regulations. Mere operation of a scheme subsequently held to constitute a CIS cannot, by itself, amount to fraud or an unfair trade practice. Invocation of Regulation 4(2)(t) and Section 15HA requires evidence of dishonest intent, false representations, deliberate concealment, or wrongful gain/loss, none of which has been alleged or established in the SCN.

15.19) The legal position regarding applicability of the CIS framework to the business model of Noticee No. 1 was itself the subject of substantial judicial consideration. Hon'ble SAT, by Order dated February 03, 2016, directed grant of provisional CIS registration and permitted continuation of the schemes subject to safeguards, demonstrating that the activities were not viewed as inherently fraudulent or deceitful. These circumstances negate any allegation of dishonest intention or wilful misconduct. The PFUTP Regulations cannot be invoked mechanically merely because a violation of another regulatory provision is alleged, as such an approach would obliterate the distinction between regulatory non-compliance and fraudulent market abuse.

15.20) In the absence of any material demonstrating deliberate deception, manipulative conduct, falsification, or fraudulent intent on the part of the Noticees, the allegation of violation of Regulation 4(2)(t) of the PFUTP Regulations and the proposed penalty under Section 15HA of the SEBI Act are liable to be rejected.

15.21) Noticees have placed reliance on order passed on March 25, 2022, by the Hon'ble Supreme Court in the matter of **SEBI vs. Mega Corporation Limited** (Civil Appeal No. 2104 of 2009) and order passed on passed on March 13, 2019, by the Hon'ble Securities Appellate Tribunal in the matter of **Mr. R.S. Agarwal vs. SEBI (Appeal No. 63 of 2018)** to contend that proof of fraud is essential for establishing violations under the PFUTP Regulations.

Noticee Nos. 3 and 4 were Non-Executive Directors of CCIL and are not responsible for the conduct of its business

15.22) Noticee Nos. 3 and 4 were appointed as Non-Executive Directors on the board of CCIL in a representative capacity. They were not concerned with the day-to-day functioning,

management or operational affairs of CCIL, nor were they responsible for conduct of its business activities. Their role was of a limited nature and remained largely restricted to activities pertaining to marketing and sales promotion. Furthermore, 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. In such circumstances, liability cannot be imputed to a Non-Executive Director in relation to acts concerning mobilisation of funds or introduction of investment schemes, in the absence of any material evidencing direct participation, knowledge or decision-making authority in relation thereto.

Other submissions

15.23) There is no finding of siphoning, diversion or misappropriation of funds against the Noticees in the present proceedings.

15.24) There is no material on record to demonstrate that the Noticees derived any disproportionate gain or unfair advantage from the alleged violations, nor does the SCN quantify any wrongful gain allegedly accrued to the Noticees personally.

15.25) The alleged violations pertain to a specific historical period and are not repetitive or continuing in nature.

15.26) The Noticees have co-operated with the investigation and with the various mechanisms constituted under the intervention of the Hon'ble Supreme Court, including the SMC.

ISSUES FOR CONSIDERATION

16) On perusal of the allegations levelled against the Noticees in the SCN along with its annexures, the reply of the Noticees, oral submissions made during the hearing and other material available on record, I note that the following issues arise for consideration in the present proceeding:

(i) ***Whether, the scheme/holiday plans operated by Noticee no.1 Company is in the nature of Collective Investment Scheme in terms of section 11AA of SEBI Act, 1992. If yes, whether Noticee no.1 Company is in violation of section 12(1B) of SEBI Act, 1992 read with regulation 3 and 69 of SEBI (Collective Investment Scheme) Regulations, 1999.***

(ii) ***Whether Noticee no.2, 3, 4 and 5 are responsible for conduct of business of the Noticee no.1 Company and therefore liable for violations of Noticee no.1 company.***

(iii) ***Whether Noticees 1, 2, 3, 4 and 5 have violated Regulation 4(2)(t) of PFUTP Regulations, 2003.***

(iv) ***If the above issues are determined in the affirmative, whether Noticees are liable for penalty u/s 15HA of SEBI Act, 1992 for violations as mentioned above.***

(v) ***If the issue no.(iv) is determined in the affirmative, what should be the quantum of monetary penalty ought to be imposed upon the Noticees, having regard to the factors specified under Section 15J of the SEBI Act, 1992?***

17) The relevant provisions of law which are alleged to have been violated by the Noticees and relevant extract thereof is reproduced hereunder:

SEBI Act, 1992

"11AA.
(1) ……
(2) Any scheme or arrangement made or offered by any 38[person] under which,—
(i) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized 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."

"12. ……….
(1B) No person shall sponsor or cause to be sponsored or carry on or caused to be carried on any venture capital funds or collective investment schemes including mutual funds, unless he obtains a certificate of registration from the Board in accordance with the regulations:"

"15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."

SEBI (CIS) Regulations, 1999

"3. No person other than a Collective Investment Management Company which has obtained a certificate under these regulations shall carry on orsponsor or launch a collective investment scheme."

"69. No existing collective investment scheme shall launch any new collective investment scheme or raise money from the investors even under the existing collective investment scheme, unless a certificate of registration is granted to it by the Board under regulation 10"

18) Before considering the issues in the matter, I find it appropriate to deal with the preliminary objections raised by the Noticee no.2, 3 and 4.

19) Noticee no.2, 3 and 4 have submitted that the present proceedings stand vitiated on account of substantial, inordinate, and unexplained delay.

20) In this context, I note that complaint against Citrus was received in the year 2014 alleging illegal mobilization of funds from investors. Interim Order in the matter was issued on June 03, 2015. Thereafter, confirmatory order dated August 24, 2015 was issued directing SEBI to conduct and expeditiously conclude investigation into the operation of the Company. After investigation, initiation of adjudication and 11B proceedings was approved on May 04, 2017. However, prior thereto, the National Company Law Tribunal ("*NCLT*"), by order dated May 02, 2017, had admitted CIRP against Citrus and a moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 ("*IBC*") came into force. In view of the moratorium, the present proceedings were kept in abeyance for the said period. Thereafter, the Hon'ble Supreme Court, vide order dated January 08, 2018, stayed the IBC proceedings. SEBI was impleaded as a party on March 23, 2018. Although the investigation in the matter had already been completed, no further regulatory action was taken as the matter was *sub judice* before the Hon'ble Supreme Court. Subsequently, the Hon'ble Supreme Court, vide order dated August 08, 2024, inter alia permitted SEBI to proceed in accordance with law.

21) Pursuant to the said order, the proceedings were revived and vide order dated December 10, 2024 Mr. Amit Kapoor, Chief General Manager was appointed as Adjudicating Officer. Due to conflict of interest of Mr. Amit Kapoor in the matter of Citrus Check Inns Limited, Mr. Amar Navlani, General Manager was appointed as Adjudicating Officer vide order dated April 11, 2025. With effect from August 01, 2025 Mr. Amar Navlani was transferred from the Enquiry and Adjudication Department. Consequently, in the present matter Mr. Sudeep Mishra, General Manager was appointed as Adjudicating Officer. However, it was learnt that Mr. Sudeep Mishra also has conflict of interest in the matter as he was the Investigating Authority of this case. Thereafter, the Undersigned was appointed as Adjudicating officer vide order dated January 23, 2026 and SCN dated April 23, 2026 is issued.

22) In these circumstances, the delay alleged by the Noticees cannot be termed either unexplained or inordinate, as the SCN could not be issued during pendency of the matter and was issued once permission to proceed was granted by the Hon'ble Supreme Court.

23) With respect to reliance placed on judgments of the Hon'ble Supreme Court, I note that it is settled principle that where a statute does not prescribe a limitation period, regulatory powers must be exercised within a "reasonable period" and what is reasonable depends on the facts and circumstances of each case. The instant matter was not proceeded with in light of the facts mentioned hereinabove. Hence, the intervening period is duly explained and the SCN has been

issued within a reasonable time. Hence, the judgments cited by the Noticees do not assist them in the present facts and circumstances.

24) Noticee no.2, 3 and 4 have raised another preliminary objection contending that the present proceedings are redundant in view of Supreme Court directions. The Noticees have contended that continuation of the present proceedings has become redundant in view of the order passed by the WTM, the attachment of assets under the supervision of the Hon'ble Supreme Court and the ongoing refund process undertaken by SEBI. According to them, 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.

25) I have considered the aforesaid submissions. I note that Hon'ble Supreme Court has issued directions relating to refund to investors. However, vide order dated August 08, 2024, Hon'ble Supreme Court, expressly allowed SEBI's prayer to take the enforcement actions and directed SEBI to proceed in accordance with law. The said direction clearly recognises and permits SEBI to initiate and continue the instant proceedings. Accordingly, the instant proceedings have been initiated.

26) Therefore, the argument of the Noticee that a mechanism for recovery and refund is operating under the intervention of the Hon'ble Supreme Court does not render the present adjudication proceedings redundant.

27) In these circumstances, I find no merit in the contention that the present proceedings are rendered redundant or that the issuance of the present show cause notice serves no regulatory purpose as argued by the Noticee. The objection is, accordingly, rejected.

Issue no.(i)

28) It is alleged in the SCN that holiday plans of Citrus satisfy all the four conditions stipulated under Section 11AA(2) of the SEBI Act, 1992 and, therefore, the schemes/ plans promoted, launched, carried on and operated by the Company are in the nature of collective investment scheme ("*CIS*") in terms of section 11AA of the SEBI Act, 1992. Section 11AA(2) of the SEBI Act provides that any scheme or arrangement satisfying the following conditions shall be a collective investment scheme.

   a. *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;*

   b. *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;*

   c. *the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;*

d. *the investors do not have day to day control over the management and operation of the scheme or arrangement*."

29) The said conditions can broadly be classified under two broad heads viz ***(1)*** *Money is collected and pooled solely or the scheme and the said money is contributed to such scheme by the investor with a view to receive profit or income produce or property; and* ***(2)*** *the contribution/investment is managed one behalf of the investor and the investors do not have day to day control over the management and operation of the scheme.*

30) As per the SCN, Citrus has itself submitted details of its plans to SEBI through various letters during the investigation. It is undisputed fact that all information relating to the holiday plans of Citrus as provided in investigation report and SCN is received from Noticee no.1 Company only.

31) I note from the SCN that Citrus operated 25 holiday plans, out of which in 7 plans namely (1) Gem, (2) Jewel, (3) Crystal, (4s) Crown, (5) Pearl, (6) Glory and (7) Sapphire, a return has been promised on the invested amount.

32) The holiday plans work on a points-based system with points accrued to the investors /customers against the investment made by the investor/customer and these points are accumulated over the plan period. The investor/customer has an option to utilise the accumulated points for availing holiday at the hotels/resorts offered by the company and / or through its tie-ups with its affiliated hotels and resorts or he/she can choose not to avail the holiday and get a redemption against the points accumulated to him/her. The point value as mentioned in the offer document under the head "Salient Features" is Rs. 100/- per point. Thus, for every investment of Rs. 100, the investor/customer gets 1 point. The company has a system of giving holiday bonus points under which in addition to the points which the investor/customer will get as per scheme against his/her investment, the company gives holiday bonus points to the investor/ customer.

33) For example, in the plan Gem (Nano option), the customer invests Rs. 36,000 for a period of 3 years and gets 360 points (36000/100). In addition to these 360 points accumulated against the investment, the investor/customer will get a bonus of 180 points and, therefore, the total accumulated points to the investor/customer works out to 540 (360+180) points which is equivalent to Rs. 54,000. The investor has an option to either utilise these 540 points by availing the holiday facilities or he/she can choose not to avail the holiday facilities and request the company to redeem these 540 points and pay him/ her Rs. 54,000. Thus effectively, a redemption amount of Rs. 54,000 is promised to the investor/ customer if the holiday option is not availed against an investment amount of Rs. 36,000 and the return on investment works out to Rs.18,000. Thus, these holiday bonus points accrued over the plan period represent the returns generated over the plan period.

34) The essential features of the various plans viz., points purchased, holiday bonus points, points accrued over period, and % return over time period etc. of various holiday plans are as under:

Holiday	Plan Options	Term	Payment Option (A)	Install ment (B)	Total Investment (Rs.) (C=A*B)	Points Purchased (D=CII 00)	Holiday Bonus Points (E)	Points Accrue d over the period F-D+E	Value of Points Accrued (G-F*IOO)	%Return over plan period 00)
Sapphire	Mini	3 Yrs	36 EMI	500	18000	180	30	210	21000	16.7
	Nano			1000	36000	360	60	420	42000	16.7
	Family			2500	90000	900	150	1050	105000	16.7
	Jumbo			5000	180000	1800	300	2100	210000	16.7
	Combo			10000	360000	3600	600	4200	420000	16.7
	Global			25000	900000	9000	1500	10500	1050000	16.7
GEM	Nano	5 Yrs	36 EMI	1000	36,000	360	180	540	54,000	50.0
	Family		12 EQI	1500	54,000	540	270	810	81,000	50.0
	Jumbo		6 EHI	2500	90,000	900	450	1350	1,35,000	50.0
	Combo		3 EYI	5000	1,80,000	1800	900	2700	2,70,000	50.0
	Global			10000	3,60,000	3600	1800	5400	5,40,000	50.0
Jewel	Nano	6 Yrs	48 EMI	1000	48000	480	300	780	78,000	62.5
	Family		16 EQI	1500	72,000	720	450	1170	1,17,000	62.5
	Jumbo		8 EHI	2500	1520,000	1200	750	1950	1,95,000	62.5
	Combo		4 EYI	5000	2,40 000	2400	1500	3900	3,90,000	62.5
	Global			1000	4,80,000	4800	3000	7800	7,80,000	62.5
Crystal	Nano	6 Yrs	Single Premium		50,000	500	396	896	89,600	79.2
	Family				1,00,000	1000	792	1792	1, 79,200	79.2
	Jumbo				2,00,000	2000	1584	3584	3,58,400	79.2
	Combo				5,00,000	5000	3960	8960	8,96,000	79.2
Crown	Nano	6 Yrs	Single Premium		10,000	100	95	195	19,500	95.0
	Family				15,000	150	143	293	29,300	95.3
	Jumbo				25,000	250	238	488	48,800	95.2
	Combo				50,000	500	475	975	97,500	95.0
	Global				1,00,000	1000	950	1950	1,95,000	95.0
Pearl	Nano	8 Yrs	Single Premium	N.A.	50,000	500	500	1000	1,00,000	100.0
	Famil				1,00,000	1000	1000	2000	2,00,000	100.0
	Jumbo				1,50,000	1500	1500	3000	3,00,000	100.0
	Combo				2,50,000	2500	2500	5000	5,00,000	100.0
	Global				5,00,000	5000	5000	10000	10,00,000	100.0
Glory	Nano	9 Yrs	Single Premium	N.A.	10,000	100	191	291	29,100	191.0
	Famil				15,000	150	286	436	43,600	190.7
	Jumbo				25,000	250	478	728	72,800	191.2
	Combo				50,000	500	955	1455	1,45,500	191.0
	Global				1,00,000	1000	1910	2910	2,91 ,000	191.0

35) It is noted from the details of plans that, the proposed returns on investment over the plan period ranged from 16.7% (or 5.55% per annum) in 3 years under Sapphire plan to 191.2% (or 21.24% per annum) in 9 years under Glory plan. Further, as per clause 29 of the Offer Document, Citrus promised the customers/ investors that any shortfall in the rent out/ sale process would be compensated, with a guarantee backed by the Mirah Group of companies. Further, Citrus also promised value added benefit i.e. Voluntary Care Scheme to investors/ customers in addition to the promised returns.

36) In addition to the return mentioned above, there are other benefits offered by the company to the investors/customers in all holiday plans for making the schemes attractive to the investors/ customers to lure them to invest in its various plans. These additional benefits are as under:

a) Free Gift Points are allotted only once during the plan tenure & must be utilized towards holiday & allied hotel facilities within 1 year effective from holiday start date (HSD).

b) Usages Bonus Points may be earned on pro-rata & per annum basis upon actual utilization of holiday facilities against accrued holiday points during the plan period.

c) Voluntary Care Scheme: This is an additional benefit of the company to investor/customers in an accidental hazard resulting in loss of life or disability during the plan period. It is applicable as per terms & conditions of the offer document.

37) Further, with regard to the money mobilized/collected by Citrus from the investor, as per details submitted by Citrus vide letter dated December 30, 2016, Citrus has collected Rs. 3,03,699.1 lakhs under its 25 holiday plans from FY 2011-12 to 2014-15 and the number of investors/ customers enrolled into these plans are 15,22,045. A tabular representation of the money collected from 2011-12 to 2014-15 by Citrus under the 7 plans is as under:

		No. of Investors/ customers					**Amount Mobilized in Rs. lakhs**				
Sr no.	**Plan**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**Total**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**Total**
1	Crown	105162	83524	68186	7283	264155	25714.35	29502.07	9925.49	1467.90	66609.80
2	Crystal	17700	15157	8081	270	41208	22889.41	14786.43	11182.07	304.50	49162.41
3	Gem	65826	3811	83408	8913	161958	13464.19	11154.63	9581.90	202.14	34402.86
4	Glory	17509	23467	22097	1055	64128	4823.10	5847.27	5415.73	250.80	16336.90
5	Jewel	346291	3628	102984	9212	462115	44284.22	18343.42	15174.37	275.37	78077.38
6	Pearl	110	181	544	137	972	86.50	146.20	574.80	114.50	922.00
7	Sapphire	236203	48155	2648		287006	19986.04	6660.97	88.85		26735.85
	Total	788801	177923	287948	26870	**1281542**	131247.80	86440.98	51943.20	2615.20	**272247.19**

38) It is pertinent to note that the Company has raised approx. Rs. 2722 crores from 12,81,542 investors/customers under the said 7 plans. The number of investors/customers enrolled and the amount mobilized under these 7 plans was 84.2% and 89.64% of the total members enrolled and the amount mobilised respectively by the Company in all the 25 plans.

39) Further, I note from the SCN that there are 19 hotels owned or managed by the Company with a total annual inventory of 4,07,340 rooms available for utilization by investors/ customers of Citrus as per their plans. The Company also submitted that it also has tie-ups with 111 hotels across India.

40) As per the list of investors/customers submitted by Citrus, it is observed that many investors/customers in the plans of Citrus are from states like Chhattisgarh, Assam, Andhra

Pradesh, Arunachal Pradesh, Jharkhand and Tripura where Citrus does not have any hotel/property either its own or through tie ups. The customers of these locations have to spend a considerable amount of money and time to physically reach to any of the holiday locations of the Company in order to avail the holiday plan.

41) In this connection, I find it important to look at the data of holiday facility utilization as on December 30, 2016 as provided in the SCN :

Plan	No. of Investors/ customers who availed holiday facilities	Total no. of investors/ customers	% Investors/ customers who availed holiday facilities
Crystal	0	41208	0
Gem	0	161958	0
Sapphire	0	287006	0
Crown	37841	264155	14.33
Glory	9504	64128	14.82
Jewel	25847	462115	5.59
Pearl	171	972	17. 59
Total	**73363**	**1281542**	**5.72**

42) It is noted from aforesaid table that out of the 7 plans, none of the investors/ customers in 3 plans namely Crystal, Gem and Sapphire utilized the holiday facilities of the Citrus while out of 12,81,542 customers in all the 7 plans, only 73,363 number of customers utilized the holiday facilities provided by the Company. Thus, on an average only 5.72% of all investors utilized holiday facility.

43) I further note from the SCN that monetary value of holiday facilities utilized by the customers under 7 plans is 0.41% of the amount collected from these 7 plans as mentioned in the table below:

Plan	Amount Collected Rs. lakhs	Services Utilized Rs. lakhs	Amount not yet availed Rs. lakhs	Utilizations as % of Amount Collected
Crown	66609.8	482.29	66127.51	0.72
Crystal	49162.41	0.00	49162.41	0.00
Gem	34402.86	0.00	34402.86	0.00
Glory	16336.9	302.69	16034.21	1.85
Jewel	78077.38	333.78	77743.6	0.43
Pearl	922	3.61	918.388	0.39
Sa hire	26735.85	0.00	26735.85	0.00
Total	**272247.19**	**1122.38**	**271124.8**	**0.41**

44) In addition to the above, it is also mentioned in the SCN that 71,776 investors have redeemed their accumulated points into cash and the amount redeemed to them is Rs. 12180.23 lakhs.

45) Also, the investor/customer is allowed to rent out/sell accrued portion of the Holiday Points. As per the offer document, if the investor/customer desires for full/partial rent out/sale option, the

Company shall rent out / sell such holiday points in open market, subject to bookings and sale proceeds so received will be given to the investor/customer as per the plan selected. It is mentioned that a total of 14,558 number of investors/ customers had opted for rent out/ sale option and the amount paid to them after rent out/sell was Rs. 4,623.53 lakhs.

46) I note that only 5.72% of investors have opted for utilization of holiday facilities and mere 0.41% of money is spent on holiday facilities compared to the total money collected under the 7 plans. Majority of investors did not utilize the purported holiday facilities, and many investors instead exercised options for redemption, rent or sale, pursuant to which the company repaid amounts to them.

47) From the above, it is noted that Citrus invited subscriptions into its 7 Holiday Plans, which were offered to the public. The customers subscribed to one of the plans offered by the Company by paying an amount and the said amount is converted into points at the rate of 1 point per Rs.100. These points entitled customers to avail holiday facilities. In case the holiday facilities are not availed by the customer, then the points accrued can be redeemed for cash through 'rent out/ sale' option. Further, as per the schemes of the company, the customers can utilize the holiday facilities only after a specified period depending on the type of the scheme opted. Until such time, the amounts paid by the customers remained with Citrus and were fully at its disposal. Monies were collected by Citrus and were used for holiday facilities or return of investment provided with interest. The above facts indicate that the funds received from the customers/investors were effectively pooled and utilized by the Company for its schemes.

48) Further, it is noted that under the 7 plans, Citrus offered returns upto 21.24% per annum depending on the investment and tenure. For instance, in 'plan Gem' under option 'Nano', if a subscriber pays Rs.1,000/- for 36 months, subscriber will get 540 points at the end of 5th year/term, which is equivalent to Rs. 54,000/-. The subscriber has the option of not availing these points during the plan period and can request Citrus to redeem the points in cash. Citrus promises to redeem the points and make good any loss to subscriber arising out of rent out / sell of these points. Thus, if an subscriber invests Rs. 1,000/- for 36 months and if he does not avail the holiday facilities, then subscriber is entitled to Rs. 54,000/- i.e. Rs. 18,000/- as returns at the end of the term. This shows that the holiday plans have the element of returns/profit on investments which is corroborated by the fact that 71,776 subscribers sought redemption of their plans and 14,558 subscribers sought rent out/sell of their plans. The monetary values for redemption and rent out/sell by the total 86,334 investors/ customers is approximately Rs. 168 crores.

49) The conclusion regarding the promise of returns/profits is further corroborated by the fact that, as of December 2016, only 5.72% of customers had availed any holiday facilities, and a mere 0.41% (approx. Rs.112 crores) of the total amount collected by Citrus under the seven plans was

utilised towards providing such facilities. Further, it is observed that Citrus did not have hotels in the States from which it received the majority of subscriptions for its holiday plans. These circumstances, taken together, indicate that Citrus neither possessed the requisite infrastructure nor demonstrated a bona fide intent to provide holiday facilities, and accordingly corroborate the conclusion that the so-called holiday plans were, in substance, investment schemes. The aforesaid facts establish the allegation that the contributions were made by the subscribers to the schemes of Citrus with a view to earn profits/returns rather than to avail the holiday facilities.

50) Thus, I find that first and second condition under section 11AA(2) of SEBI Act, 1992 i.e. payments made by the investors are pooled and utilized for the purposed of the scheme and the payments are made to such scheme with a view to receive profits or income are satisfied for the holiday plans/schems operated by Noticee no.1 company Citrus.

51) Now, it remains to be examined whether the **third and fourth condition** mentioned in section 11AA(2) is satisfied in the facts of the present case. In this regard, I take note of the following facts relating to the holiday plan scheme of Citrus :

a) Holiday plans are designed by the company and acceptance of an application is the sole discretion of the company. The company may reject any application without disclosing any reason for the same.

b) The Investor/customer was entitled to avail the accommodation facility only during the plan period within the allotted season in any of the notified hotels, subject to availability of the rooms in the hotel and such other conditions as may be imposed by the company from time to time. Hence, there was no assurance given to the investors/ customers that whenever they will plan and book holiday, they get would the same.

c) The transfer of holiday plan to any other individual was at the discretion of the company and entailed a charge of Rs. 500/- per Entitlement Certificate. The transferee was allowed to use only unutilized portion of the holiday plan.

d) The company reserved right at its sole discretion to:
i) add, delete or discontinue any of the plans without assigning reasons whatsoever discontinue the voluntary benefits provided by the company without any price to the investor/customer.
ii) add on or delete the places either through chain of own resorts or through tie- ups all the hotels / resorts / clubs whether owned or tie- ups.

e) The holiday plan once purchased cannot be pre-closed/ pre-withdrawn the application for cancellation shall not be entertained. However, only in exceptional circumstances the company may consider the withdrawal/cancellation of the application at its sole discretion

and reserves the right to deduct the amounts towards the marketing & administrative expenses.

52) From the conditions of the plans, I note that the monies collected from the public through investments in the various holiday plans of Citrus were utilised by the company for managing and maintaining accommodation and holiday facilities at different locations, as well as for procuring holiday facilities through its tie-up arrangements. From the terms and conditions it becomes clear that the Company exercises its discretion to design, discontinue any of its holiday plans, accept or reject, allow transfer/ gift, rent out of holiday plans, and guarantees any shortfall in the rent out realization and withdrawals and cancellations were not allowed except at the discretion of the Company. The investors/customers were only entitled to choose the particular plan, its tenure, and the mode of payment. While Citrus assured returns under the rent-out/sale options, it did not guarantee the availability of hotel rooms for availing holiday facilities. Even under the rent-out/sale options, the activities were undertaken solely by the company on behalf of the investors/customers, and Citrus retained complete discretion regarding the persons to whom such facilities would be rented out or sold. Once the investor decided on the plan and the duration and option of payment, and made the payment, thereafter the plans were under the sole control of the Company and the same were managed solely by the Company.

53) The extent of the control of the Company over the plans is also demonstrated by the fact that a significant portion of money collected is paid to the commission agents on which the investors have not control. In this regard, I note that the following plan wise commission was paid by citrus :

Plan		**GEM**						**JEWEL**					
Tenure		**5 Years**						**6 Years**					
Rank	**Rank Name**	**1st Year**		**2nd & 3rd Year**		**4th Year only**		**1st Year**		**2nd to 4th Year**		**5th Year only**	
		O.R.	**Direct (%)**	**O.R**	**Direct (%)**	**O.R**	**Direct**	**O.R**	**Direct (%)**	**O.R**	**Direct (%)**	**O.R**	**Direct (%)**
1	ME	9.7	9.7	4.85	4.85	2.82	2.82	10.56	10.56	4.85	4.85	2.82	2.82
2	AM	3.25	12.95	1.62	647	0.94	3.76	3.54	14.1	1.62	6.47	0.94	3.76
3	DM	1.8	14.75	0.89	7.36	0.52	4.28	1.96	16.06	0.89	7.36	0.52	4.28
4	GM	1.55	16.3	0.77	8.13	0.45	4.73	1.69	17.75	0.77	8.13	0.45	4.73
5	ZM	1.4	17.7	0.69	8.82	0.41	5.14	1.52	19.27	0.69	8.82	0.41	5.14
6	SMM	1.2	18.9	0.61	9.43	0.35	5.49	1.31	20.58	0.61	9.43	0.35	5.49
7	MA	0.9	19.8	0.44	9.87	0.26	5.75	0.98	21.56	0.44	9.87	0.26	5.75
8	SMA	0.75	20.55	0.36	10.23	0.22	5.97	0.82	22.38	0.36	10.23	0.22	5.97
9	CMA	0.75	21.3	0.36	10.59	0.22	6.19	0.82	23.19	0.36	10.59	0.22	6.19
		21.30		**10.59**		**6.19**		**23.19**		**10.59**		**6.19**	

Plan Tenure		Crystal		Crown		Pearl		Glory		Sapphire			
Tenure		6 Years		6 Years		8 Years		9 Years		3 Years			
Rank	Rank Name	1st Year Only		1st Year Only		1st Year Only		1st Year Only		1st Year		2nd & 3rd Year	
		O.R. (%)	Direct (%)	O.R. (%)	Direct (%)	O.R. (%)	Direct (%)	O.R. (%)	Direct (%)	O.R. (%)	Direct (%)	O.R.(%)	Direct (%)
1	ME	5.76	5.76	6	6	6.49	6.49	9	9	9.6	9.6	4.8	4.8
2	AM	2.78	8.54	3.1	9.1	3.13	9.62	3.6	12.6	3.35	12.95	1.68	6.48
3	DM	1.73	10.27	2.6	11.7	1.95	11.56	3	15.6	1.95	14.9	0.97	7.45
4	GM	1.57	11.84	2.45	14.15	1.77	13.33	2.8	18.4	1.56	16.46	0.78	8.23
5	ZM	1.31	13.15	2.05	16.2	1.47	14.81	2.4	20.8	1.4	17.86	0.7	8.93
6	SMM	1.31	14.46	1.85	18.05	1.47	16.28	2.1	22.9	1.18	19.04	0.59	9.52
7	MA	1.05	15.51	1.55	19.6	1.18	17.46	1.8	24.7	0.85	19.89	42	9.94
8	SMA	1.05	16.55	1.4	21	1.18	18.64	1.6	26.3	0.73	20.62	0.37	10.31
9	CMA	0.89	17.44	1.3	22.3	1	19.64	1.5	27.8	0.69	21.31	0.35	10.66
		17.44		**22.3**		**19.64**		**27.8**		**21.31**		**10.66**	

54) Further, from the list of agents available on record, it is noted that Citrus has a total of 12,55,548 agents while the total number of investors/ customers enrolled in 7 plans is 12,81,542 resulting into customer/agent ratio of 1.02. Hence, there were almost as many commission agents as the investors/customer.

55) Further, I note that the following commissions were paid to the agents:

Sr. No.	Financial Year	No. of agents	Amount Rs. lakh	Amount Mobilized Rs. lakh	Commission as % of Amount Mobilized
1	2011-2012	54,922	888.18	2,780.66	31.94
2	2012-2013	2,77,911	20,327.86	74,924.14	27.13
3	2013-2014	3, 86, 452	26,816.15	94,000.60	28.54
4	2014-2015	3,87,987	27,609.68	1,31,993.71	20.91
	Total	**11,07,272**	**75,641.87**	**3,03,699.10**	**24.91**

56) Thus, the overall commission paid to agents for all the 25 plans was about 24.91% i.e. 1/4th of the total money mobilized by the Company under 25 plans.

57) Further, it is noted from the Profit and Loss statements of the Company for the years 2011-12 to 2014-15 that a significant part of the expenses (in the form of scheme promotional expenses) ranging from 17.57% in the year 2011-12 to 36.72% in the year 2012-13 went towards payment of commissions and other incentives to its agents who bring business for the Company by adding new investors/ customers to invest in plans of Citrus.

58) The above data demonstrates that the customer-to-agent ratio was low and that the commissions paid to agents constituted a substantial percentage of the funds mobilised. This reflects the Company's aggressive agent-incentivisation strategy aimed at luring investors into investing in its "holiday plans"

59) From the terms and conditions of the holiday plans, it is evident that the role of the investor/customer was limited to selecting a plan, its tenure and the mode of payment. Thereafter, the operation and administration of the plan was entirely with Citrus. The Company held exclusive authority to design, modify or discontinue plans, accept or reject applications, regulate transfers, determine destinations, and decide requests for cancellation or withdrawal. Even the availability of accommodation remained subject to the Company's conditions and availability of rooms. Thus, the investor/customer had no role in the day-to-day management or operation of the plans, which vested solely under the control of the Company.

60) The Company's control is further reflected in the rent-out and sale options. While assured returns were offered under certain plans, the investors/customers had no role in identifying occupants, arranging rentals, negotiating terms or effecting transfers. These functions were performed exclusively by Citrus, which also retained discretion regarding the manner in which such facilities were utilised and managed. This further points to lack of any managerial participation of the investors/customers.

61) The financial incentive of the plans also demonstrates the Company's exclusive control. Citrus maintained a vast network of agents and paid approximately 24.91% of the monies mobilised as commissions and incentives. Decisions relating to appointment of agents, commission structures, mobilisation of investors and utilisation of funds were taken entirely by the Company. The investors/customers neither exercised control over these activities nor had any say in the deployment of the monies collected.

62) From the above facts, it is established that investment forming part of scheme is managed on behalf of the investors and the investors do not have day-to-day control over the management and operation of the scheme. Thus, the holiday plans of Citrus satisfy the conditions stipulated in Section 11AA (2) (iii) and (iv) of SEBI Act, 1992.

63) I note that all four conditions u/s 11AA(2) are satisfied for the holiday plans of Citrus, and, therefore, I conclude that the scheme operated by Citrus under its 7 plans is a collective investment scheme in terms of section 11AA of SEBI Act, 1992.

64) It is also pertinent to mention that Noticee no.2, 3 and 4 have, in their submissions, admitted the applicability of section 11AA over the scheme of Citrus. Further, it is not disputed that Citrus (Noticee no.1) has launched the said schemes without obtaining certificate of registration from SEBI. Since, the schemes operated by Citrus falls under the definition of CIS u/s 11AA(2) of

SEBI Act, Citrus has violated the provisions of section 12(1B) of the SEBI Act, 1992 read with Regulation 3 of the CIS Regulations, 1999.

Issue no.(ii)

65) I now proceed to determine whether Noticee no. 2, 3, 4 and 5 are responsible for conduct of business of the Noticee no.1 Company and, therefore, liable for violations of Noticee no.1 company.

66) It is alleged in the SCN that Noticee No. 2 to 5 were directors of Citrus and responsible for the conduct of the business of the Company during the period of mobilization and, therefore, it is alleged that Noticee no.2, 3, 4 and 5 have also violated Section 12(1B) of SEBI Act, 1992 read with Regulations 3 and 69 of the CIS Regulations, 1999.

67) I note from the reply of Noticee no.2, 3 and 4 that the role of Noticee no.2 as director is not disputed, however, it is contended that Noticee Nos. 3 and 4 were appointed as Non-Executive Directors and that they were not concerned with the day-to-day functioning, management or operational affairs of CCIL, nor were they responsible for conduct of its business activities. It is also contended that role of Noticee no.3 and 4 was of a limited nature and remained largely restricted to activities pertaining to marketing and sales promotion. Further, it is contended that Noticee no.3 and 4 had no role whatsoever in mobilisation of funds from investors under the existing schemes or in the conceptualisation, structuring or introduction of such schemes.

68) With regard to liability of persons in a company, 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.

69) A perusal of records available on Ministry of Corporate Affairs (‘*MCA*’) website reveals that designation of Noticee no.3, 4 and 5 in relation to Citrus is mentioned as **Director (Promoter)**. It is also mentioned that Noticee no.3, 4 and 5 each owned 1 percent shareholding of Citrus as on March 31, 2025. Furthemore, I find that the Memorandum of Association and Articles of Association of Citrus are signed by Noticee no.2, 3, 4 and 5 showing their association with the company since inception.

70) Noticee no.3 and 4 have contended that they had no role in mobilisation of funds from investors under the existing schemes. Noticee no.3 and 4 further contented they were appointed as non-executive directors,

71) A combined reading of Clauses 35 and 46 of the Articles of Association shows that the aforesaid individuals were not merely associated with the Company but were appointed as its first Directors. Clause 35 specifically identifies Mr. Venkatraman Natarajan, Mr. Omprakash Goenka, Mr. Prakash Utekar and Mr. Narayan Kotnis as the first Directors of the Company. Thus, they were entrusted with the management and affairs of the Company from its inception.

72) Further, Clause 46 confers upon the Directors the authority 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 the assets and undertaking of the Company. The said clause demonstrates that the Directors were vested with substantial powers in relation to mobilization of funds and creation of financial obligations on behalf of the Company.

73) Accordingly, the Articles of Association indicate that the aforesaid persons were appointed as Directors and were empowered to mobilize funds and secure borrowings for the Company through various financing arrangements.

74) It is further observed that profit and loss statements of Citrus as submitted by the Company are available on record. It is observed from the said documents that profit and loss statements are signed by Noticee no.2, 3 and 4 for multiple financial years. In view of the aforesaid facts, the contention of Noticee nos. 3 and 4 that they were unaware of the mobilisation of funds under the schemes does not appear credible. The fact that they had signed the financial statements of the Company for multiple financial years indicates that they were aware of the Company's fund mobilisation activities.

75) Noticee no. 2 to 5 have been appointed as directors and also consented to become directors as per the MCA filing. The mere fact that in the Form 32 of MCA records, in the form which requires to identify them the category of director, they have crossed the portion in the form against the "non-executive directors" does not make them as non-executive directors given the entirety of evidence above discussed.

76) Further, Noticee Nos. 3 and 4 have also contended that they had no role in the conceptualisation, structuring, or introduction of the schemes under consideration and that their involvement was confined to marketing and sales promotion activities. I note from the Articles of Association, that Noticee no.2, 3, 4, and 5 were appointed as its first Directors. Further, even if contention of Noticee Nos. 3 and 4 was accepted it only leads to the conclusion that they were actively associated with the affairs and operations of the Company as directors who have been involved

in marketing and sales promotion of the Company's products and schemes cannot be unaware of the nature, features, and functioning of such schemes.

77) In the above context, it is relevant to quote the observations of the Hon'ble Supreme Court in *N Narayanan vs Adjudicating Officer, SEBI* on April 26, 2013, wherein the Hon'ble SC 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*."

78) In light of the foregoing findings, the contention of Noticee Nos. 3 and 4 that no liability can be attributed to them on account of their designation as non-executive directors is not tenable. The material available on record indicates that they were actively involved and had role in the conduct of the affairs and operations of the Company. Accordingly, I hold that Noticee Nos. 2, 3, 4 and 5, being directors of Noticee No. 1 Company, were responsible for its conduct and affairs. Consequently, they are liable, by virtue of their role, for the violations committed by Noticee No. 1 and are, therefore, found to have violated Section 12(1B) of the SEBI Act, 1992 read with Regulation 3 of the SEBI (Collective Investment Schemes) Regulations, 1999.

Issue no.(iii)

79) Now, I proceed to examine the third issue in the matter i.e. whether Noticee no. 1, 2, 3, 4 and 5 have violated Regulation 4(2)(t) of PFUTP Regulations, 2003.

80) It is alleged in the SCN that the act of sponsoring, launching and carrying on a Collective Investment Scheme without obtaining registration from SEBI, in contravention of Section 12(1B) of the SEBI Act, 1992 read with the CIS Regulations constitutes a fraud within the meaning of Regulation 4(2)(t) of the PFUTP Regulations, 2003.

81) Noticees in their reply have relied on the order of the Hon'ble SAT dated February 03, 2016 whereby the Hon'ble SAT directed grant of provisional CIS registration and permitted continuation of the schemes of Citrus. On the basis of the said order, Noticees contend that the activities of Citrus were not viewed as inherently fraudulent or deceitful.

82) The aforesaid order of the Hon'ble SAT was rendered in Appeal Nos. 416 and 421 of 2016 against the confirmatory order dated August 24, 2015 passed by SEBI in the instant matter. It is observed that the said order of the Hon'ble SAT has since been set aside by the Hon'ble Supreme Court vide order dated November 09, 2016. Accordingly, reliance placed by the Noticees on the said the Hon'ble SAT order is misplaced and cannot advance their case.

83) Noticee no.2, 3 and 4 have also contended that mere operation of a scheme subsequently held to constitute a CIS cannot, by itself, amount to fraud or an unfair trade practice and that invocation of Regulation 4(2)(t) and section 15HA requires evidence of dishonest intent, false representations, deliberate concealment, or wrongful gain/loss, none of which has been alleged or established in the SCN.

84) Regulation 4(2)(t) of the PFUTP Regulations states that "*Dealing in securities shall be deemed to be a manipulative fraudulent or unfair trade practice if it involves illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person*".

85) I note registration constitutes the primary regulatory mechanism through which SEBI evaluates the eligibility, governance standards, financial capability and operational framework of entities seeking to mobilise funds from the public under a CIS. The operation of a CIS without registration defeats this regulatory purpose and exposes investors to risks which is sought to be prevented by the statutory framework.

86) I note that Regulation 4(2) of the PFUTP Regulations is a deeming provision which specifies certain acts and omissions that are, by their very nature, regarded as manipulative, fraudulent or unfair trade practices. Consequently, where the conduct of a person falls within any of the clauses enumerated under Regulation 4(2), such conduct is deemed to constitute a fraudulent or unfair trade practice for the purposes of the PFUTP Regulations. In the present case, the Noticees sponsored, launched, operated and continued to carry on a collective investment scheme without obtaining registration from SEBI and thereby illegally mobilised funds from investors. Such conduct falls squarely within Regulation 4(2)(t) of the PFUTP Regulations and, by operation of the statutory deeming fiction contained therein, constitutes a manipulative, fraudulent and unfair trade practice. Therefore, the said activities are liable to be treated as manipulative, fraudulent and unfair trade practices under the PFUTP Regulations.

87) On the other hand, I note that it is already established that Citrus was operating an unregistered CIS in violation of Section 12(1B) of the SEBI Act, 1992. I note that the Noticees illegally mobilised funds from investors and operated a Collective Investment Scheme without obtaining registration from SEBI as mandated under the SEBI Act, 1992 and the CIS Regulations. By soliciting and accepting investments under an unregistered scheme, the Noticees effectively

represented to investors that the investment activity being undertaken was lawful and legitimate, while simultaneously circumventing the statutory regulatory framework applicable to such schemes.

88) In other words, the Noticees operated the unregistered CIS withholding of a material fact, namely, that the scheme lacks the mandatory regulatory approval. Investors are thereby deprived of material information relevant to their investment decision and are induced to participate in a scheme that is operating outside the regulatory safeguards prescribed by SEBI. Such conduct has the effect of misleading investors regarding the true regulatory status of the scheme and the protections available to them. The omission to disclose this material fact had a direct bearing on the investment decision of the investors. By investing in the scheme, the investors altered their position and parted with their funds. Such alteration of position would not have occurred but for the representations associated with the scheme and the non-disclosure of its unregistered status. A reasonable investor would regard the existence or absence of the mandatory registration as relevant while deciding whether to entrust his funds to the scheme.

89) Thus, the very act of mobilizing funds under an unregistered scheme, while withholding from investors the fact that the scheme lacked the statutory approval required to operate, operated as an inducing factor which led investors to part with their money. The consequent parting of funds by investors constitutes the injury flowing from that omission. In these circumstances, it is relevant to note the element of inducement and resulting injury also stands established.

90) The Noticees have relied upon the judgment of the Hon'ble Supreme Court in the matter of SEBI vs. Mega Corporation Limited and the order of the Hon'ble Securities Appellate Tribunal in the matter of Mr. R.S. Agarwal vs. SEBI (Appeal No. 63 of 2018) to contend that proof of fraud is a necessary prerequisite for establishing violations under the PFUTP Regulations. I have carefully considered the aforesaid contention. In the facts and circumstances of the present case, I find that the ingredients constituting fraud stand sufficiently established on the basis of the material available on record as discussed above. Consequently, I note that Noticee case cannot stand based on the above judgements.

91) In view of the above findings, I conclude that Noticees no.1, 2, 3, 4 and 5 have violated Regulation 4(2)(t) of PFUTP Regulations, 2003.

Issue no.(iv)

92) The SCN has alleged that the Noticees are liable for penalty under section 15HA of the SEBI Act, 1992. Section 15HA of the SEBI Act, 1992 provides that "*If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher*."

93) With respect to the issue as to whether violations committed by the Noticees are liable for penalty u/s 15HA of SEBI Act, 1992, I note that Noticees deliberately mobilised funds from members of the public under an unregistered Collective Investment Scheme while withholding from investors the material fact that the scheme lacked the mandatory registration. The omission to disclose the true regulatory status of the scheme went to the root of the investment decision, as investors parted with their money without being made aware that the scheme was functioning in violation of the statutory mandate. In view of the fraudulent nature of the misconduct, I find the Noticees are liable for monetary penalty under Section 15HA of the SEBI Act, 1992.

94) As regards Noticee No. 1, I note that the Company is presently under liquidation process pursuant to the intervention of the Hon'ble Supreme Court. I further note that the process of liquidation and refund to investors is being carried out under the supervision of the Sale and Monitoring Committee constituted pursuant to the directions of the Hon'ble Supreme Court.

95) Ordinarily, the fact that a company is under liquidation would not, by itself, preclude the imposition of a monetary penalty under the SEBI Act. However, the present case stands on a different footing. The liquidation of Noticee No. 1 is an integral part of a judicially intervened mechanism under the specific directions of the Hon'ble Supreme Court for liquidation process of the Company and refund of monies to investors. The implementation of the said mechanism is being overseen by the Sale and Monitoring Committee.

96) Having regard to the aforesaid facts, I am of the considered view that the imposition of a separate monetary penalty upon Noticee No. 1 would not serve any additional regulatory purpose in the peculiar facts and circumstances of the present case. This conclusion is based upon the existence of the aforesaid comprehensive court-intervened mechanism and the special facts in the present matter, and may not be construed as laying down any general proposition that a company under liquidation is not liable to monetary penalty under the SEBI Act.

97) Accordingly, I do not consider it appropriate to impose a separate monetary penalty upon Noticee No. 1 under Section 15HA of the SEBI Act, 1992.

98) In this connection, the Noticee no.2, 3 and 4 have contended that their assets stand attached pursuant to the directions of the Hon'ble Supreme Court. It has, therefore, been argued that any monetary penalty imposed upon them would necessarily have to be discharged out of such attached assets, thereby diminishing the funds available for investor refund.

99) In this regard, I note that vide para 12 of order dated December 13, 2019, the Hon'ble Supreme Court has 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. Further, I note from para 13 of the same order that an amount of Rs. 4 lakhs per month (in the aggregate) is permitted to be withdrawn from the bank accounts with respect

to each group / family for meeting regular expenses. 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 no.1 was also allowed to open and operate one new bank account.

100) I note that the present adjudication proceedings have been initiated pursuant to the permission granted by the Hon'ble Supreme court. One of the consequences of such adjudication proceedings is imposition of monetary penalty if the Noticess were found for this liability. Thus, the existence of the court-intervened liquidation and investor refund mechanism does not, by itself, preclude the imposition of monetary penalty under the SEBI Act. Therefore, I am unable to accept the contention of the Noticees that no monetary penalty ought to be imposed merely because the assets of the Company and the Noticees have been attached as argued by the Noticees, pursuant to the orders passed in the proceedings before the Hon'ble Supreme Court.

101) I further note that the liability to monetary penalty under Section 15HA of the SEBI Act is personal to the Noticees and arises from their own acts and omissions which have been found to constitute fraudulent conduct in violation of the provisions of the SEBI Act and the PFUTP Regulations. The fraudulent mobilisation of funds was undertaken through the acts of the Noticees and it is their conduct which resulted in the established violations. In such circumstances, the regulatory objective of deterrence would not be served by excluding the Noticees from the statutory consequences prescribed under section 15HA of SEBI Act, 1992.

102) In view of the foregoing considerations, I conclude that Noticee no.2, 3, 4 and 5 are liable for penalty under section 15HA of SEBI Act, 1992.

Issue no.(v)

103) I now proceed to examine the quantum of monetary penalty ought to be imposed upon the Noticees. For imposition of penalty under the provisions of the SEBI Act, section 15J of the SEBI Act provides as follows:

(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.

104) As mitigating factors, Noticee no.2 to 4 have contended 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 SMC.

105) I note that the SCN does not bring on record any material to quantify the disproportionate gain or unfair advantage accrued to Noticee Nos. 2 to 4 as a result of the violations. Likewise, the SCN does not quantify the exact loss caused to investors. However, I note that the Company mobilised an amount of Rs. 2,72,247.19 lakh from the public under seven investment plans through an unregistered Collective Investment Scheme. The said amount represents the monies parted with by investors pursuant to the illegal mobilisation. Therefore, although the precise loss to investors has not been quantified in the SCN, the scale of investor exposure and the financial consequences of the violations are evident from the magnitude of funds mobilised under the illegal scheme. With respect to repetitive violations, I note from SEBI order dated August 21, 2015 that Noticee no.2, 3, 4, and 5 are found involved as directors in different company namely Royal Twinkle Star Club Limited which had also operated unregistered collective investment scheme. Vide the said order, directions have been issued against Noticee no.2, 3, 4 and 5.

106) It is also pertinent to note that at the time of incorporation of the Company, as per the Memorandum of Association, Noticee no.2 subscribed to 94% of the paid up capital of Citrus and Noticee no.3, 4 and 5 subscribed to 1% of the paid up capital. As of March 31, 2015 though Noticee no.1 held 5% shareholding of Citrus whereas Noticee no.3, 4 and 5 held 1% each. In view of the above facts, I am of the view that a higher penalty is warranted on Noticee No. 2 in view of his overwhelming ownership and consequential control over the Company.

107) I also take note of the fact that, pursuant to the directions issued in the proceedings before the Hon'ble Supreme Court, the Sale and Monitoring Committee is undertaking the process of liquidation of assets and refund to the investors of the Company. The ongoing refund process is independent of the present adjudication proceedings and does not dilute the gravity of the established violations or the personal liability of Noticee Nos. 2 to 4. At the same time, the ongoing refund process is a relevant factual circumstance which I have taken into consideration under Section 15J of SEBI Act, while determining the appropriate quantum of monetary penalty in the facts and circumstances of the present case.

108) Taking into consideration the factors referred to above, fraudulent mobilisation of funds, the absence of material quantifying disproportionate gain, repetitive violations and the ongoing court-intervened refund process, I am of the view that the following monetary penalties on the Noticees no. 2, 3, 4 and 5 would meet the ends of justice.

ORDER

109) The Show Cause Notice dated April 23, 2026 issued to Noticee no.1 is disposed of without imposition of penalty.

110) With regard to Noticee no.2, 3, 4 and 5, after taking into consideration the nature and gravity of the violations established in the preceding paragraphs, the factors mentioned in section 15J of the SEBI Act and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the SEBI Adjudication Rules, I hereby impose following penalty on following Noticees for the aforementioned violations :

<table>
<tr><th>Noticee no.</th><th>Name of Noticee</th><th>Penalty under section</th><th>Penalty amount</th></tr>
<tr><td>2</td><td>Omprakash Basantlal Goenka</td><td rowspan="4">15HA of SEBI Act, 1992</td><td>Rs.35,00,000/-
(Rs. Thirty Five Lacs)</td></tr>
<tr><td>3</td><td>Prakash Ganpat Utekar</td><td>Rs.25,00,000/-
(Rs. Twenty Five Lacs)</td></tr>
<tr><td>4</td><td>Venkatraman Natarajan</td><td>Rs.25,00,000/-
(Rs. Twenty Five Lacs)</td></tr>
<tr><td>5</td><td>Narayan Shivram Kotnis</td><td>Rs.25,00,000/-
(Rs. Twenty Five Lacs)</td></tr>
</table>

111) 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

In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

112) In terms of Rule 6 of the SEBI Adjudication Rules, copy of this order shall be sent to the Noticees and SEBI.

N. MURUGAN Digitally signed by N. MURUGAN Date: 2026.06.30 17:56:33 +05'30'

Date : June 30, 2026
Place : Mumbai

N MURUGAN
ADJUDICATING OFFICER