



## Metropolitan Stock Exchange of India Limited

Department: Investigation

Segment: All

Circular No: MSE/ID/5931/2018

Date : January 10, 2018

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### **SEBI order in the matter of SBS Investments**

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To All Members,

SEBI vide order no. WTM/MPB/efd-1-DRA-IV/117 /2018 dated January 09, 2018 has issued the following directions:-

- a) SBS Investments (PAN: ACLFS5789F), Mr. Srinivasa Thanga Durai (PAN: BB DPS1849E) and Ms. P. Soundaravalli (PAN: FLJPS3301B) shall forthwith refund the money received from the clients in respect of the unregistered Portfolio Management Services activities, along with the promised returns and submit a certificate from a peer reviewed Chartered Accountant who is in the panel of any public authority or public institution, within a period of 3 months. For the purpose of this order, a peer reviewed Chartered Accountant shall mean a Chartered Accountant, who has been categorized so by the Institute of Chartered Accountants of India ("ICAI") holding such certificate.
- b) The repayments to the clients shall be effected only through Bank Demand Draft or Pay Order both of which should be crossed as "Non-Transferable" or through any other appropriate banking channels with clearly identified beneficiaries.
- c) If SBS Investments had repaid some of their investors as submitted in its replies, the above directions in (a) and (b) shall be applicable as modified herein, for the amounts claimed to have been returned to the investors.
  - i. Such prior repayments should have been made by the Company as per the requirements laid down in paragraph (b) above and the same shall be certified by peer reviewed Chartered Accountants, as directed in paragraph (a) above, or
  - ii. The Company shall produce a peer reviewed Chartered Accountant's certificate, for the repayments claimed to have been made by the company, certifying repayment on verification of the original contract/agreement/arrangement bearing signature of the clients, payment receipt/voucher issued by SBS Investments to the clients bearing signature of the client, (in the absence of payment receipt/voucher an Affidavit of receipt of payment with full description of the client's identity, address and amount received by them) and corresponding proof of debit from the Bank Account of the Company with an original document of proof of identity, address and signature issued by the State/Central Government to the clients bearing their signature and a statement in Chartered Accountant's certificate to the effect that he has made the above said verification enclosing copies of verified documents.
- d) SBS Investments and its Partners viz., Mr. Srinivasa Thanga Durai and Ms. P. Soundaravalli are directed not to, divert any funds raised from investors, kept in bank account(s) and/or in their custody, except for the purpose of refunds to the clients.
- e) SBS Investments and its Partners viz., Mr. Srinivasa Thanga Durai and Ms. P. Soundravalli are directed to provide a full inventory of all their assets and properties and details of all their bank accounts,

demat accounts and holdings of mutual funds/shares/securities, if held in physical form and demat form.

- f) SBS Investments and its Partners viz., Mr. Srinivasa Thanga Durai and Ms. P. Soundaravalli are prevented from selling any of their personal and/or partnership firm's assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above and deposit the proceeds in an Escrow Account opened with a nationalized Bank. Such proceeds shall be utilized for the sole purpose of making refund/repayment to the investors till the full refund/repayment as directed above is made.
- g) SBS Investments and its Partners viz., Mr. Srinivasa Thanga Durai and Ms. P. Soundaravalli are directed not to, directly or indirectly, access the securities market, and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, till the expiry of 4 years from the date of refund of the money as directed in paragraph (a) above. Mr. Srinivasa Thanga Durai and Ms. P. Soundaravalli are also restrained from associating with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI till the expiry of 4 years from the date of refund of the money as directed in paragraph (a) above.
- h) SBS Investments and its Partners viz., Mr. Srinivasa Thanga Durai and Ms. P. Soundaravalli shall not undertake, either directly or indirectly, portfolio management services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws after the expiry of period of debarment as mentioned in paragraph (g).
- i) In case of failure of SBS Investments and its Partners viz., Mr. Srinivasa Thanga Durai and Ms. P. Soundaravalli to comply with the aforesaid direction at paragraph (a), SEBI, on expiry of three months period from the date of this order may recover such amounts, in accordance with section 28A of the SEBI Act, including such other provisions contained in securities laws. The recovery officer may consider proceeding against the assets of the firm, at first, if there are details of sufficient partnership assets and thereafter against the assets in the name of Mr. Srinivasa Thanga Durai and at last recovery officer may consider proceeding against Ms. P. Soundaravalli.

The above directions shall come into force with immediate effect.

Members of the Exchange are advised to take note of the full text of the order available on SEBI's website [[www.sebi.gov.in](http://www.sebi.gov.in)] and ensure compliance.

**For and on behalf of  
Metropolitan Stock Exchange of India Limited**

Prachi Lendhe  
Assistant Vice President