

PROCEEDINGS OF COMPETENT AUTHORITY & SECRETARY
TO GOVERNMENT, UNDER SECTION 7(3) OF BANNING OF
UNREGULATED DEPOSIT SCHEMES (BUDS) ACT, 2019.
PRESENT : SRI. SANJAY M KAUL IAS

HOME (SC) DEPARTMENT
SC3/345/2023/Home Dated,Thiruvananthapuram (02-05-2024)

Sub: Home Department - Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of Kovilakom Chits and Financial Services Limited, Thrissur - Orders issued.

Ref: 1.G.O(P) No. 69/2020/Home, dated 18.12.2020 published as S.R.O No.887/2020.

2.G.O(Rt) No.2959/2020/Home, dated 22.12.2020 published as S.R.O No. 894/2020.

3. Letter No.IGR/4744/2023 - C2 dated 23.11.2023 from the Inspector General of Registration, Thiruvananthapuram.

4. Letter No. D3 - 7939/2023/EOW (1) dated 29.02.2024 from the Additional Director General of Police (Crimes).

ORDER

The Additional Director General of Police (Crimes) conducted an enquiry into the complaint against Kovilakom Chits and Financial Services Limited, Thrissur that the firm had defaulted repayment of money to the subscribers of Chit conducted by the firm and filed a report as follows:

" Kovilakam Chits and Financial Services Pvt Ltd incorporated with the Registrar of Companies on 13-08-1996 has its head office at Kovilakam Tower, Variam Lane, Thrissur and a branch office at David,

House No.160-A, Lane 9-10, Greater Kailash, Kunjuwani Bye-Pass, Sainik Colony P.O, Jammu, Pin -180001 which was registered as per "The Jammu & Kashmir Shops & Establishments Act 1966". There was no law to regulate chits in Jammu and Kashmir until 23-07-2016 on which date Jammu and Kashmir Chit Fund Act came into existence. Prima facie, it is seen that the company operated its branch at Jammu only to escape from the legal mandates of Chit Rules and regulations in Kerala and other parts of India. All the subscribers of the Chit belongs to the State of Kerala and all the transactions related to the Chit were being carried out in Thrissur and its surroundings. It is evident that the company started an office at Jammu to operate chits in Kerala. The Company deceived the subscribers and made them believe that Chit was operating legally from its Jammu Branch. The Company continued to operate and collect subscriptions even after the commencement of BUDS Act, 2019. The Company started *C7 Pooval Chitty* on 21-06-2010 and enrolled 748 subscribers, most of them from Kerala, claiming that the *Chitty* had been started from its Branch at Jammu. The Company collected a total amount of about 90 crores from the subscribers and about four crores is pending to be disbursed to subscribers even after the maturity of the Chit. It is found that about 300 persons failed to repay cash to the Company and 300 cases filed by the Company are pending in different Courts. It is also reported that the company owns 16.5 Cents of land and an office building at Varriam Lane, Thrissur and 55 Cents of land at Triprayar. The Inspector General of Registration reported that the chit is not registered from Kerala.

The date of validity of the chit schemes conducted by the firm ended on 21.06.2021 and they have also failed to repay the amount. The non repayment of money collected from the subscribers of the chit scheme amount to violation of the provisions of Banning of Unregulated Deposit Schemes Act, 2019, there is reason to proceed against the Company Kovilakam Chits and Financial Services Private Ltd. and its Directors 1) K S Sadanandan 2) Phbeey Dheeran 3) Anil Kumar 4) Anoop 5) Ajaykumar 6) Usha 7) Renjith 8) Meera Wilson under section 7(3) of BUDS Act.

Whereas provisions of Banning of Unregulated Deposit Schemes Act are invoked against Kovilakam Chits and Financial Services Private Ltd, Thrissur,

Now, therefore in exercise of powers conferred under section 7(3) of Banning of Unregulated Deposit Schemes Act, 2019, I, Sanjay M Kaul IAS, Competent Authority, hereby order the provisional attachment of all movable/immovable properties and all other deposits held by the Deposit Taker and the money or other property acquired either in the name of the deposit taker or in the name of any other person on behalf of the deposit taker.

The Inspector General of Registration Department is hereby directed to freeze the sale/mortgage or any other transaction involving immovable properties of the firm and the Deposit Taker. The Transport Commissioner, Motor Vehicles Department is directed to seize all vehicles owned by the firm, deposit taker, its partners or allied firms and to take necessary steps to prohibit the transfer of registration of vehicles and to report to the respective District Collectors.

The Lead Bank Managers of all districts, Registrar of Co - operative Societies, General Managers of KSFE, District Managers of KFC and all other financial institutions are directed to take necessary steps to freeze all the accounts of the financial institution and its allied firms. Police Authorities shall identify the accounts of the firm and the deposit takers and take action to freeze the accounts by intimating the provisional attachment orders to the respective Banks where the accounts are maintained. The Police shall also report the details of the accused to the District Collectors for provisionally attaching the properties within the stipulated time limit.

The District Collectors appointed as officers to assist the Competent Authority under section 7(2) of BUDS Act are directed to file application with particulars of the attachment effected before the Designated Courts constituted as per reference 2nd cited. This is for making the provisional attachment absolute and for permission to sell the property so attached by public auction or, if necessary, by private sale according to section 14 of Banning of Unregulated Deposit Schemes Act, 2019.

(Sd.)

SANJAY M KAUL

Forwarded/By order

Signed by

Prameela K Nair

Date: 02-05-2024 15:34:10

To:

The State Police Chief
All District Collectors
The Additional Director General of Police (Crimes)
The Inspector General of Police (EOW), Police Headquarters.
All District Police Chiefs
The Inspector General of Registration Department
The Transport Commissioner
Registrar of Co-operative Societies
General Managers of KSFE/District Managers of KFC/All Banks
etc (through the District Collectors)
The Finance/ Law/Revenue/Taxes Departments
I & PR (Web & New Media) Department.
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