

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

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**HOME (SC) DEPARTMENT**

SC3/361/2023/Home Dated,Thiruvananthapuram (02-09-2024)

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Sub: Home Department - Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of M/s Heewan Nidhi Limited/Heewan Finance, Ponkunnam, Thrissur- Orders Re -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. ROCK/RBI/Heewan/NF NDH/3501/2023 dated 27.07.2023 from the Registrar of Companies, Kerala & Lakshadweep.

4. Letter No. DCTSR/1380/2024 - C8 dated 22.02.2024 from the District Collector, Thrissur.

5. Report from the Sub Inspector, Town West Police Station, Thrissur City dated 21.03.2024

6. Proceedings No.SC3/361/2023/Home dated 02/05/2024.

7. Letter No. DCTSR/1380/2024 - C8 dated 06/08/2024 from the District Collector, Thrissur.

**ORDER**

The District Collector, Thrissur as per letter referred as 4<sup>th</sup> paper above furnished complaints filed by the depositors of Heewan Nidhi Limited, Punkunnam, Thrissur alleging non repayment of money deposited in the firm. The Registrar of Companies as per letter referred as 3<sup>rd</sup> paper above has reported that M/s Heewan Nidhi Limited has not filed NDH 4 for declaring it as a Nidhi Company as per Rule 3A of Nidhi Rules, 2014. In the wake of the complaints against the

Company and as it has not filed NDH - 4 so far, there is reason to proceed against Heewan Nidhi Limited as the deposits raised by the Company in violation of Nidhi Rules will thus be unregulated deposits.

The Sub Inspector of Town West Police Station, Thrissur City as per report referred as 5<sup>th</sup> paper above reported that Heewan Nidhi Limited and Heewan Finance accepted deposits from public offering higher returns and issued Non - Convertible Debentures against the stipulations of the Reserve Bank of India. The firm has issued loans without obtaining adequate security. As per Nidhi Rules, " A Nidhi shall not accept deposits exceeding twenty times of its Net Owned Funds (NOF) as per its last audited financial statements" and "may offer interest on fixed and recurring deposits at a rate not exceeding the maximum rate of interest prescribed by the Reserve Bank of India which the Non-Banking Financial Companies can pay on their public deposits." All these rules are blatantly violated by the firm and hence around 8 crime cases are registered against the company invoking the provisions of BUDS Act too. It is also revealed that the money deposited by public was misappropriated by the directors for purchasing landed properties and they availed themselves of loans from the company and failed to repay the amount.

Vide Proceedings read as 6<sup>th</sup> paper above the Competent Authority issued 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 in the name of any other person on behalf of the deposit taker.

As per section 14 of the BUDS Act application for confirmation of attachment and sale of property had to be filed within 30 days which might extend up to 60 days before the Designated Court. But the District Collector, Thrissur vide letter read as 7<sup>th</sup> paper above reported that the exercise could not be completed within the stipulated time. Hence the proceedings vide reference 6<sup>th</sup> cited has been time barred and has requested to issue a new proceedings.

Accordingly, I, Sanjay M Kaul IAS, Competent Authority, BUDS Act 2019 have examined the matter again in detail and found that the firm have accepted deposits from public by promising higher returns against the rules of the Reserve Bank of India and other existing rules and the money deposited by public was misappropriated by the directors thus amounting to an unregulated scheme. The deposit taker have accepted the deposits in contravention of section 3 of the BUDS

Act read with section 21 and defaulted in repayment of such deposits.

I, therefore, in exercise of powers conferred under section 7(3) of BUDS Act, 2019, reissue the proceedings read as 6<sup>th</sup> paper above to safeguard the interest of the innocent depositors, hereby attach 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 of 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 concerned/Registrar of Cooperative 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 current/ any future accused persons from time to time directly to the concerned 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 serve the copy of the provisional attachment to the owner of the property or any person who claims to be in possession of the property or any other person who has an interest in the said property and to prepare and maintain details of the properties so attached and the expenditure incurred in this regard in Form No. 2. The District Collectors are further directed to publish the order of provisional attachment in a leading newspaper both in Malayalam and in English having wide circulation in the area or jurisdiction in which the deposit taker is located.

The District Collectors appointed as officers to assist the Competent Authority under section 7(2) of BUDS Act are directed to issue attachment orders separately against the properties of the accused and

file application with particulars of the attachment effected before the Designated Courts constituted read as 2<sup>nd</sup> paper above, of the respective District, within the stipulated time of 30 days 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 Central BUDS Act, 2019.

(Sd.)  
SANJAY M KAUL

Forwarded/By order

Section Officer.

To:

The State Police Chief.  
All District Collectors.  
The Additional Director General of Police (Crimes).  
The Inspector General of Police (EOW), Police Headquarters  
The Inspector General of Registration Department.  
The Transport Commissioner.  
The Registrar of Co-operative Societies.  
All District Police Chiefs.  
The Assistant Commissioner of Police, C- Branch, Thrissur City.  
The Lead Bank Managers  
General Managers of KSFE/District Managers of KFC(through District Collectors).  
The Finance/ Law/Revenue/Taxes Departments.  
I & PR (Web & New Media) Department.  
Stock file/Office Copy.