

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11(1), 11(4) and 11B of Securities and Exchange Board of India Act, 1992 read with Regulation 65 of the Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999, in respect of Interim Order cum show cause notice dated May 08, 2015 in the matter of Insure Life Infrastructure (India) Limited (ILIIL).

In respect of:

SR. No.	NOTICEES	CIN/PAN
COMPANY		
1.	Insure Life Infrastructure (India) Limited	U70101RJ2009PLC029925
DIRECTORS		
2.	Jagdish Prasad Sharma	BDSPS8933A
3.	Laxmi Khandelwal	ARTPK0675M
4.	Jagdish Prasad Khandelwal	AIAPK3910H
5.	Abhishek Khandelwal	AVMPK0092M
6.	Dinesh Kumar Sharma	BTATS2294E
7.	Amit Jaiswal	AIDPJ5937C
8.	Pawan Kumar Meena	CLTPM4871P

1. Securities and Exchange Board of India (“SEBI”), after a preliminary enquiry, had passed an *ex-parte* interim order cum show cause notice dated May 08, 2015 (“interim order”), wherein it had *prima facie* observed that Insure Life Infrastructure (India) Limited (“ILIIL” or “the company” in short) was involved in illegal mobilization of funds from the public through schemes in the nature of Collective Investment Schemes (“CISs”) without obtaining certificate of registration from SEBI and thus had contravened section 12(1B) of the Securities and Exchange Board of India Act, 1992 (“the SEBI Act”) read with Section 11AA of the SEBI Act, 1992 and Regulation 3 of the Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 (“the CIS

Regulations”). The activity of illegal mobilization of funds by ILIIL was also *prima facie* found to be a fraudulent practice in terms of regulation 4(2)(t) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003 (“the PFUTP Regulations”), which was brought into effect from September 06, 2013. Accordingly, the following directions *inter alia* were issued against ILIIL and its abovementioned directors (Noticee nos. 2 to 6), namely Shri Jagdish Prasad Sharma, Ms. Laxmi Khandelwal, Shri Jagdish Prasad Khandelwal, Shri Abhishek Khandelwal and Shri Dinesh Kumar Sharma (collectively referred to as “the Noticees”), vide the abovementioned interim order cum show cause notice:

- i. not to collect any fresh money from investors under its existing schemes;
- ii. not to launch any new schemes or plans or float any new companies to raise fresh moneys;
- iii. to immediately submit the full inventory of the assets including land obtained through money raised by ILIIL;
- iv. not to dispose of any of the properties or alienate the assets including land obtained directly or indirectly through the money raised by ILIIL;
- v. not to divert any funds raised from public at large, kept in bank account(s) and/or in the custody of ILIIL;
- vi. to furnish all the information/details sought by SEBI vide letter dated December 16, 2013 within 15 days from the date of receipt of the order, including,
 - a) Details of amount mobilized till date,
 - b) Scheme wise list of investors and their contact numbers and addresses,
 - c) Details of investors repaid if any, with full addresses and telephone numbers etc.,
 - d) Details of charges created on its assets by the company,
 - e) Details of commission paid on amounts mobilized above,
 - f) Details of agents along with their addresses, etc.,
 - g) Audited Accounts for FY 2013-14 and FY 2014-15.

2. ILIIL and its abovementioned directors (i.e. Noticee nos. 1 to 6) were also advised, vide the said interim order cum show cause notice (SCN), to show cause as to why the plans /schemes identified in the interim order should not be held as ‘Collective Investment Scheme’ in terms of the Section 1AA of the SEBI Act and the CIS Regulations and why appropriate directions under the SEBI

Act and the CIS Regulations, including directions in terms of Regulations 65 and 73 of the CIS Regulations should not be issued against them.

3. The said interim order came into force with immediate effect. The interim order was served on the company and its above-named directors (i.e. Noticee nos. 1 to 6). Thereafter, the company vide letter dated June 09, 2015 submitted its reply to the interim order-cum-SCN and also submitted various documents. The company has *inter alia* submitted the following:

- i. The scheme is not “Collective Investment Scheme” in terms of Section 11AA of the SEBI Act. Thus, CIS Regulations shall not be applicable on the company.*
- ii. As per the memorandum and article of association of the company, the main object clause of the company is “To carry on the business of builder, housing developer, infrastructure developer and for this purpose to purchase, acquire and hold any land and building or properties for developing and sale on the instalment payment system and in any other manner.*
- iii. The actual activity of the company is selling the projects and collect funds from the public for the scheme of sale of plots and its development. The amounts are collected for the scheme through offering “Cash down payment plan” and “instalment payment plan” which cover the following projects:*
 - a. Vinayak Vihar*
 - b. Balaji Vihar*
 - c. Indra Gandhi Nagar*
 - d. Aryan City*
- iv. The company has solicited money by selling plots to the public and by offering the abovementioned plans to investors who are desirous of investing in the abovementioned scheme. A customer has to execute an application form and agreement and subsequently the company issues allotment-cum-possession letter for specified/ demarcated plot of land. The documents furnished by the company to SEBI show the details regarding the scheme, total number of investors, amount collected and the plot of land registered/ allotted in the name of the investors. It is clear that the company is not covered under the purview of Section 11AA of the SEBI Act.*
- v. As regards the ‘Installment Payment plans’ referred to in para 5 (iv) of the interim order which mentions Estimated Realizable Value at the end of the term, the same is only a marketing strategy. Under the said strategy, the company launches a specific scheme for the customers for a time period, under which the company offers to sell plots of land to the customers. Only in those cases where the customer does not*

- cancel the booking of plot during the development period of the plot and gets possession of land at the end of the term, the company calculates a sample return on the booking amount. The company adjusts the booking amount with calculated return against the cost of plot and gets balance amount from the customer, at the time of delivery. The company does not pay to the customer the booking amount back with interest.*
- vi. The company develops the scheme in the ratio of mostly 60:40 or 65:35% of land, where 60 or 65% is plot area and rest 40 or 35% is reserved for roads, parks and other facility areas.*
 - vii. They have submitted to SEBI various documents which were sought from them.*
 - viii. As regards submission of sample copies of registration letter and allotment letter issued to the customers, they have provided to SEBI sample copy of allotment letter. They don't have any other document except the allotment letter.*
 - ix. As regards furnishing of the details of sale deeds executed with local authorities in favour of customers till now, the company has not executed any deeds with local authorities in favour of customers. The company simply issued allotment cum possession letter to the customer in his favour. It completely depends on the customer to register/ execute the deed with local authorities.*
 - x. As per the MoA and AoA of the company, the main object clause of the company is to carry on the business of builder, housing & infrastructure developer and for this purpose, to purchase, acquire and hold any land and building or properties for developing and sale on the instalment payment system or in any other manner. The actual activity of the company is to collect funds by selling the plots to public for the scheme of sale of plots and its development. The amounts are collected for the scheme through offering "Cash down payment plan" and Installment payment plan" which cover the various projects.*
 - xi. The company collects funds from public for the scheme of 'sale of plots and its development' which is sale and not fund collection. They never pooled and utilized the amount solely for the purposes of the scheme or arrangement. They first purchase the land and convert it into colony in ratio of 60% : 40% of land, where 60% is plot area and rest 40% is reserved for roads, parks, and other facility areas. Only after that, they sell these plots to customers. They never use customers' money to purchase land for them.*
 - xii. The company does not offer to any investor to invest money in any other way. They have only buyers. A buyer who is desirous of purchasing in the said scheme has to execute an 'Application form cum Plot Agreement' with the company. The Company works on two models: (1) Lottery allotment system; and (2) Opted plot system.*
 - xiii. In the lottery allotment, after the execution of the 'Application Form cum Plot Agreement', the company allots a specific plot to customers and issues an 'Allotment-cum-possession letter' in his favour. The company has launched the allotment scheme for a specific project, so it can't mention the scheme name on*

- that application form. Similarly, in this type of scheme, the lottery decides the allotted plot no., so it can't mention it. With allotment letter, the company also provides side plan of plot and its specific details.*
- xiv. In other type of scheme (Opted Plot System Scheme), a customer has option to choose the plots. In the application form of this scheme, it is clearly mentioned that a customer has applied for a specific scheme offered by the company and a specific plot of land. With the allotment letter, the company also provides side plan of plot and specific details of the same, so that customer identifies the opted plot.*
 - xv. The financial data pertaining to sales provided by the company to SEBI pertains only to sale of plots and not booking amount. The booking amount is reflected in the current liabilities. In booking, the company does not get full amount of sale of plot, so they put it in liability side. Once booking is converted into sales (after getting final amount), they transfer it into sale of plot.*
 - xvi. The company never gave any profit, income and produce through their schemes. Their working is as per their MoU and AoA. They promise that in future also, they won't launch that type of schemes which offer any type of return.*
 - xvii. They used to sell plots in primary phase of development, so during the period of land / project development, it was not possible to get participation of customers for all decision. For smoother operation, the company itself manages the day to day working of development of projects. Due to this reason, the company has a clause to this effect in the agreement with customer.*
 - xviii. As regards investors not having day-to-day control over the management and operation of the scheme or arrangement, the company enters into an agreement with customer for development of plot/project, so it's not possible that the customer has control on day to day working of projects. It is company's responsibility to complete the project. However, the clause nos. 5 and 9 of the agreement state that customer is the absolute and full time owner of his plot and he may any time enter and check the activities. After the development / possession, the customer has full rights / control on it.*
 - xix. The company sold the plots to customers on some advance amount and before getting full and final amount of plot, it cannot handover the possession/ benefits of plot to customers. Similarly, in the agreement with customer, it is clearly stated that the development of project is the responsibility of the company till the agreement period. It is also clearly mentioned in the application form and agreement that the company cannot hand over the possession of plot to customer before the development and getting final payment. After getting the NOC, the customer can take charge of the plot.*
 - xx. Before getting full and final payment of plot, all the side and by-side produce of land would be the property of the company. Thus, the company cannot give the benefits of it to customers and cannot give the right to*

sell it. The company transfers the rights to customers whenever it gets the sale amount fully or the scheme developed.

xxi. *The company never pays any type of return to the customers. It simply sold its projects through various market strategies, as mentioned above.*

xxii. *The company never attracts any investor through its scheme for return or profit, irrespective of the nature of business.*

xxiii. *The company does not run schemes in the nature of CIS and thus does not need any certificate of registration. They are not involved in any type of illegal activity of funds mobilization.*

4. An opportunity of personal hearing was granted to Noticee nos. 1 to 6 and the same was scheduled on October 06, 2016. However, the said Noticees failed to attend the hearing. Subsequently, another opportunity of personal hearing was granted on May 17, 2017. The notice of hearing was served upon the company and its directors (Noticee nos. 2 to 6) by way of SPAD/e-mail/paper publication. Thereafter, Shi J.P. Khandelwal, vide email dated May 24, 2017 requested for another opportunity of personal hearing. As the Noticee nos. 1 to 6 had already been granted two opportunities of personal hearings, which they failed to avail, I am convinced that sufficient opportunities have been granted and no more opportunities need to be provided to them. I further note that except the reply dated June 09, 2015 filed by the company, no other Noticee has filed any separate reply. I thus take the said reply as the collective reply of all the Noticees. In view of these facts and circumstances, I deem it appropriate to decide the matter on the basis of material available on record, including the reply dated June 09, 2015 filed by the company.

5. I have examined the allegations levelled against the Noticees in the interim order and the other material available on record. According to the interim order, the Noticees were engaged in carrying out a “scheme” of “sale of plots and its development” whereby funds were collected from public for the scheme by offering “Cash Down Payment Plan” and “Installment Payment Plans”. The allegations contained in the interim order are as follows:

(I) As per the details furnished to SEBI by an investor, one of the installment payment plans is as under:

INSTALLMENT PAYMENT PLAN “A” TYPE

Time	3yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr	10 yr
Rate of Int	9.5%	9.75%	10%	10.25%	10.50%	10.75	11.50%	11.75%
Developed cost of land (per Sq yd)	2400	3200	4000	4200	4400	4900	5200	5600
Installment per month	Estimated Realizable Value at the end of Term							
50	2309	2944.69	3904	4937	5216	7625	9242	11111
100	4179	6369	7804	9975	12437	15251	18443	22223

* The above figures are nearest tangible figures as the document is not legible for elaborate reading.

- (II) ILIIL is having four projects: (1) Vinayak Vihar, (2) Balaji Vihar, (3) Indira Gandhi Nagar and (4) Aryan City where it is selling residential plots and shops. The average size of the plots/shops (i.e. total size of the scheme divided by the number of plots being sold) are as under:

- (1) Vinayak Vihar. 108 sq yard
- (2) Balaji Vihar. 136 sq yard
- (3) Indira Gandhi Nagar. 151 sq yard and
- (4) Aryan City (Not available)

- (III) The number of investors and the amount mobilized from them in various schemes is as under:

Sl. No.	Name of scheme	Number of investors	Amount mobilized (Rs. Lakh)
1	Vinayak Vihar	59	18.17
2	Balaji Vihar	114	17.27
3	Indira Gandhi Nagar	48	62.07
4	Aryan City	22	74.49
Total		243	172.00

- (IV) ILIIL has solicited money for investment from the public by offering the abovementioned plans. An investor who is desirous of investing in the above schemes has to execute an '*Application form and Agreement*' with ILIIL and subsequently the company issues an '*Allotment-cum-possession letter*'.

(V) It was noted from the audited financial statements for the years 2011, 2012 and 2013 that the '*plot booking receipts*' under the head "*Other Current liabilities*" had increased from ₹2,42,73,967/- (2011) to ₹3,24,20,084/- (2012) and further to ₹4,33,78,274/- (2013).

(VI) A perusal of the documents provided by the complainant showed as below:-

(a) It was noted that the investor had to initially submit an application form containing the details of plan opted viz., Plan No., Name of plan, Number of plots, Area, Term of plan, date of expiry, total consideration, payment details etc. The application form mentioned the Risk factors and General Terms and conditions that applicant was expected to agree upon.

(b) It was noted that there was a booklet containing the agreement between the company and the applicant containing various clauses to be signed by both the parties in respect of sale of plot of land and its development.

(c) The brochures of the company contained details of various plans including the location maps and various facilities available in various projects of the company.

6. In the interim order, after considering the available documents, a *prima facie* view was taken that the scheme in question satisfied the four tests of a collective investment scheme (CIS) as defined in section 11AA of the SEBI Act, 1992, namely (i) whether there was pooling of contributions for purposes of a scheme; (ii) whether contributions were made with a view to receive assured realisable value; (iii) whether the contributions were managed on behalf of the investors; and (iv) whether the investors did not have day to day control over the management of the scheme. I observe that the basic allegation against the Noticees is that they were involved in illegal fund mobilizing activity, without obtaining registration as a CIS and thereby violated section 12(1B) read with Section 11AA of the SEBI Act, 1992 and Regulation 3 of the CIS Regulations and Regulation 4(2)(t) of the PFUTP Regulations.

7. I have gone through the submissions of the company contained in its letter dated June 09, 2015. The company has denied the allegations that the abovementioned scheme of the company is in the nature of Collective Investment Scheme. The company has submitted *inter alia* that it was merely selling plots of land to the buyers under various schemes. The money collected from the

buyers was for sale and development of plots of land. The company further submitted that they first purchase the land and convert it into a colony in the ratio of 60%:40% of land, where 60% is plot area and rest 40% is reserved for roads, parks and other facility areas. Only after that, they sell these plots to customers. The company has submitted that it never gave any profit, income and produce through their schemes.

8. As regards the details of Installment Payment Plan “A” Type, quoted from ‘Application Form cum Plot Agreement’ and referred to in the interim order, the company has not denied having the provision for ‘*Estimated Releasable Value at the End of the Term*’. The company has submitted that the same is meant for calculating a sample return on the booking amount, during the development period. The same is done only in case of those customers who do not cancel the plot after booking and purchase the same. In such cases, the booking amount along with the calculated return is adjusted against the cost of the plot and the customer pays the balance amount at the time of delivery of the plot.
9. The company has made further submissions which have already been mentioned under para 3 above, in support of their contention that the schemes run by the company are not in the nature of collective investment schemes, as alleged in the interim order. However, from the copy of blank ‘Application Form cum Agreement’ which was made available to SEBI by an investor and from the documents submitted by the company to SEBI, I note the following:
 - a) The application form does not provide for mentioning the specific details of the plot (exact location, land record details etc.) sought to be booked by a customer. It has provision for mentioning only Plan No., Name of Plan, Number of Plots, Area (Sq. Yds.), Term (Years), Total Consideration and Expiry Date of Agreement.
 - b) The application form provides for granting mandate for direct credit of Payout / Refund (if any) to the customer by mentioning bank account details of the applicant.
 - c) The application form mentions under General Terms and Conditions that in case of ‘Cash Down Payment A Type Plan’, the company would develop the land for a specific period

according to the opted plan, and in such a plan the company shall pay monthly interest to the customer according to the opted plan based on chart below:

Time	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
Rate of interest (Yearly)	9.00%	9.5%	9.5%	10.00%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%

- d) The application form and the Agreement mention that under all Payment Plans, the customer(s) has the facility to opt out of the said property in his/her favour. In those plans where term is 5 years or less, this can be exercised by the customer after one year of starting of plan. For plans where term is greater than 5 years, the option can be exercised after three years of starting the plan. The payments received under the said plan shall be refunded after calculating interest according to opted plan at the time of booking, after certain deductions of development charges.
- e) The Agreement to be signed between the company and the customer has the following clause regarding Sale of Plots: ***“... Since fragmentation into smaller size of plot(s)/lands may not be practicable, feasible or permissible under the relevant Revenue laws, the Customer shall have the requisite share alongwith other allottees/transferees in a particular piece of land, INSURE LIFE shall execute/procure execution and Registration of sale deeds / deeds ensuring the title and interest of allottees / transferees in the joint holding with other CUSTOMERS. Accordingly symbolic possession of the plots shall be handed over to the CUSTOMER immediately after Registration of the relevant sale deed so as to enable INSURE LIFE to implement this Agreement during the relevant period, in the manner contemplated hereinbelow....”***
- f) The above clause indicates pooling of contributions for the purposes of the schemes.

- g) The Application Form cum Agreement encloses the following Chart of *Estimated Releasable' Value at the End of Term*:

Installment Payment Plan "A" Type								
Time	3 Yr	4 Yr	5 Yr	6Yr	7 Yr	8 Yr	9Yr	10Yr
Rate of Interest	9.5%	9.76%	10.00%	10.25%	10.50%	10.75%	11.50%	11.75%
Developed Land Cost (Per Sq. Yd)	2400/-	3200/-	4000/-	4200/-	4400/-	4800/-	5200/-	5600/-
Installment Amount (per month)	Estimated Releasable Value at the end of the term							
50	2,089.70	2,944.96	3,904.12	4,987.60	6,218.66	7,625.63	9,242.81	1111.82
100	4,179.40	5,889.38	7808.24	9975.2	12437.32	15,251.27	18,485.63	22223.65
150	6,269.00	8,834.07	11,712.36	14962.8	18655.98	22876.905	27728.445	33335.475
200	8,358.80	11,778.76	15,616.48	19950.4	24874.64	30502.54	36971.26	44447.3
300	12,538.20	17,668.14	23,424.72	29925.6	37311.96	457583.81	55456.89	66670.95
400	16,717.60	23,557.52	31,232.96	39900.8	49749.28	61005.08	73942.52	88894.6
500	20,897.00	29,446.90	39,041.20	49876	62186.6	76256.35	92428.15	111118.25
600	25,076.40	35,336.28	46,849.44	59851.2	74623.92	91507.62	110913.78	133341.9
700	29,255.80	41,225.66	54,657.68	69826.4	87061.24	106758.89	129399.41	155565.55
800	33,435.20	47,115.04	62,465.92	79801.6	99498.56	122010.16	147885.04	177789.2
900	37,614.60	53,004.42	70,274.16	89776.8	111935.88	137261.43	163370.67	200012.85
1000	41,794.00	58,893.80	78,082.40	99752	124373.2	152512.7	184856.3	222236.5

Installment Plan "B" Type (1 Yr = 365 Days)			
Time	1Yr	2 Yr	3 Yr
Developed Land Cost Per Sq Yd)	1960/-	2200/-	2400/-
Rate of Int.	3%	4.00%	5.00%
Installment Amount Per Day	Estimated Releasable Value at the end of the Term		
10	3759.5	7,743.84	12,081.96
20	7519	15,487.68	24,163.92
30	11278.5	23,231.52	36,245.88
40	15038	30,975.36	48,327.84
50	18797.5	38,719.20	60,409.80
100	37595	77,438.40	120,819.60
200	75190	154,876.60	241,639.20
500	187975	387,192.00	604,098.00
1000	375950	774,384.00	1,208,196.00

CASH DOWN PAYMENT PLANT "A" TYPE										
TIME	1Yr	2Yr	3Yr	4Yr	5Yr	6Yr	7Yr	8Yr	9Yr	10Yr
Developed Land Cost per Sq.Yd	1960/-	2200/-	2400/-	3200/-	4000/-	4200/-	4400/-	4800/-	5200/-	5600/-
Rate of Int.	9%	9.50%	9.75%	10.00%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%
Booking Amount	ESTIMATED RELEASABLE VALUE PER MONTH									
1000	7.5	7.92	8.13	8.33	8.54	8.75	8.96	9.17	9.375	9.58
2000	15	15.83	16.25	16.67	17.08	17.5	17.92	18.33	18.75	19.17
5000	37.5	39.58	40.63	41.67	42.71	43.75	44.79	45.83	46.875	47.92
10000	75	79.17	81.25	83.33	85.42	87.5	89.58	91.67	93.75	95.83
15000	112.5	118.75	121.88	125.00	128.13	131.25	134.38	137.50	140.625	143.75
20000	150	158.33	162.50	166.67	170.83	175	179.17	183.33	187.5	191.67
25000	187.5	197.92	203.13	208.33	213.54	218.75	223.96	229.17	234.375	239.58
50000	375	395.83	406.25	416.67	427.08	437.5	447.92	458.33	468.75	479.17
100000	750	791.67	812.5	833.33	854.17	875	895.83	916.67	937.5	958.33
200000	1500	1,583.33	1625	1,666.67	1708.33	1,750.00	1791.67	1833.33	1875	1916.67
500000	3750	3,958.33	4,062.50	4,166.67	4270.83	4,375.00	4479.17	4583.33	4687.5	4791.67
1000000	7500	7,916.67	8,125.00	8,333.33	8541.67	8,750.00	8958.33	9166.67	9375	9583.33

CASH DOWN PAYMENT PLANT "B" TYPE														
TIME	3M	6M	9M	12M	18M	24M	36M	48M	60M	72M	75M	120M	180M	240M
Rate of Int.	6%	8%	9%	11.00%	11.25%	11.50%	11.75%	11.75%	11.75%	11.75%	11.75%	12.00%	12.25%	12.50%
Developed Land Cost Per Sq.Yd	1200/-	1800/-	1880/-	1960/-	2280/-	2200/-	2400/-	3200/-	4000/-	4800/-	5000/-	5000/-	6400/-	8000/-
Booking Amount	ESTIMATED RELEASABLE VALUE AT THE END OF TERM WITHOUT BONUS													
1000	1015	1040	1067.5	1,110.00	1175.07	1243.23	1395.54	1559.51	1742.76	1947.53	2003	3105.85	5659.72	10545.09
2000	2030	2080	2135	2220.00	2350.14	2486.46	2791.08	3119.02	3485.52	3895.06	4006	6211.7	11319.44	21090.2
5000	5075	5200	5337.5	5550.00	5875.35	6216.15	6977.7	7797.55	8713.8	9737.65	10015	15529.3	28298.60	52725.45
10000	10150	10400	10675	11,100.00	11750.7	12432.3	13955.4	15595.1	17427.6	19475.3	20030	31058.5	56597.2	105451
20000	20300	20800	21350	22,200.00	23501.4	24864.6	27910.8	31190.2	34855.2	38950.6	40060	62117	113194.4	210901.8
50000	50750	52000	53375	55,500.00	58753.5	62161.5	69777	77975.5	87138	97376.5	100150	155293	282986	527255
100000	101500	104000	106750	111,000.00	117507	124323	139554	155951	174276	194753	200300	310585	565972	1054509
200000	203000	208000	213500	222,000.00	235014	248646	279108	311902	348552	389506	400600	621170	1131944	2109018
500000	507500	520000	533750	555,000.00	587535	621615	697770	779755	871380	973765	1001500	1552925	2829860	5272545

- h) From the above charts, it appears that the company was providing return at varying interest rates on the daily/monthly instalment or booking amount collected under various schemes, as per the opted plan and the term. It is also noted that purportedly for booking a plot, the company sought to collect daily instalments of as low as Rs.10/- per day. The same indicates that the contributions by customers were made with a view to receive returns in the form of the releasable value.
- i) The Agreement provides that the company shall have the right to develop and maintain the plots in consultation with Agro-Consultants and experts, and the customer shall not ordinarily interfere with the method and mode of development and maintenance of the property. The same indicates that the investors did not have day to day control over the management of the schemes.
- j) Even though the company claims that its schemes pertain to sale of plot of land, it has failed to furnish details of registered sale deeds executed by it in favour of its customers. In fact, the company has submitted that it has not executed any sale deed in favour of customers. The company has merely submitted a sample copy of “Allotment cum Possession Letter” which it claims to be issuing to the customers. From the sample copy of the ‘Allotment cum Possession Letter, it is observed that the same does not have provision for mentioning even the basic particulars sufficient for clearly identifying the plot of land sought to be allotted (i.e. particulars and details of land which are generally mentioned in a registered sale deed for a plot of land). Considering the same as well as the the absence of any sale deed executed by the company, it appears that the company is merely mobilising money from customers under its various schemes in the guise of selling plots.

10. Taking into consideration the above, I am of the view that the abovementioned schemes run by the company satisfy the four tests of a collective investment scheme (CIS) as defined in section 11AA of the SEBI Act, 1992, namely (i) whether there was pooling of contributions for purposes of a scheme; (ii) whether contributions were made with a view to receive assured realisable value; (iii) whether the contributions were managed on behalf of the investors; and (iv) whether the day to day control over the management of the scheme was not with the investors. In view of the

same, I do not find the submissions made by the company to be satisfactory. Accordingly, I do not find any reason to differ with the *prima facie* conclusion arrived at in the interim order that the activities of the company as described in the interim order constitute Collective Investment Schemes in terms of section 11AA of the SEBI Act and the same have been carried out by the company without seeking a registration from SEBI, thereby contravening section 12(1B) of the SEBI Act read with regulation 3 of the CIS Regulations and Regulation 4(2)(t) of the PFUTP Regulations.

11. I note from the information obtained from MCA portal that Jagdish Prasad Khandelwal (Noticee no. 4), Amit Jaiswal (Noticee no. 7) and Pawan Kumar Meena (Noticee No. 8) are the present directors of ILIIL. Further, Jagdish Prasad Sharma (Noticee no. 2), Laxmi Khandelwal (Noticee no. 3), Abhishek Khandelwal (Noticee no. 5) and Dinesh Kumar Sharma (Noticee no. 6), have been directors of the company in the past, during the period of fundraising or thereafter, and have subsequently vacated directorship. Hence, these present and past directors are accountable for the acts of the company and are liable for contravention of the provisions of section 12(1B) read with Section 11AA of the SEBI Act, 1992 and Regulation 3 of the CIS Regulations and Regulation 4(2)(t) of the PFUTP Regulations, in respect of floating of collective investment schemes by the company without obtaining registration from SEBI.

12. As per the information furnished by the company, it has collected a total of about Rs.11.70 Crores as final payment under its various schemes during the financial years 2010-11, 2011-12, 2012-13 & 2013-14. Further, the company has shown an amount of Rs.3.90 crore as plot booking receipt under its 'Other Current Liabilities' as on March 31, 2014 in the balance sheet for financial year 2013-14. Considering the violations committed by the company and its directors in launching and operating schemes in the nature of CIS without obtaining registration from SEBI and the huge amounts said to be collected by the company from the investors, I deem it necessary to issue appropriate directions to the Noticees.

DIRECTIONS

13. In view of the foregoing and in the interest of investors and the securities market, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India

Act, 1992 and Sections 11(1), 11B and 11(4) thereof and regulation 65 of the SEBI (Collective Investment Schemes) Regulations, 1999, hereby issue the following directions:

- (a) ILIIL and its directors, namely Jagdish Prasad Sharma, Laxmi Khandelwal, Jagdish Prasad Khandelwal, Abhishek Khandelwal, Dinesh Kumar Sharma, Amit Jaiswal and Pawan Kumar Meena, are jointly and severally liable to wind up its existing collective investment schemes and refund the money collected by it under the schemes with returns which are due to the investors as per the terms of offer within a period of three months from the date of this order. The refund shall be made through 'Bank Demand Draft' or 'Pay Order'. Upon completion of the refund as directed above, within a further period of seven days, ILIIL and its present directors, namely Jagdish Prasad Khandelwal, Amit Jaiswal and Pawan Kumar Meena, shall submit a winding up and repayment report (WRR) to SEBI in accordance with the CIS regulations. The WRR shall be supported by the proof of the trail of funds claimed to be refunded, bank account statements indicating refund to the investors and receipt from the investors acknowledging such refunds along with a certification of such repayment from two independent Chartered Accountants. In the event of failure by ILIIL and its directors to comply with the above directions, SEBI shall initiate recovery proceedings under the SEBI Act against the Noticees.
- (b) ILIIL and its above named directors shall not alienate or dispose of or sell any of the assets of ILIIL except for the purpose of making refunds to its investors as directed above.
- (c) ILIIL and its above named directors shall with immediate effect be restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, till the directions for refund/repayment to investors are complied with, as directed at sub-paragraph (a) above to the satisfaction of SEBI and WRR is submitted to SEBI and for a further period of four years from the date of completion of the refund, as directed above.
- (d) The above named directors of ILIIL shall be restrained from holding position as directors or key managerial personnel of any listed company for a period of 4 years from the date of this Order.

14. This order shall come into force with immediate effect, in respect of the Noticee nos. 1 to 6.
15. As the names of Noticee nos. 7 and 8, namely Amit Jaiswal and Pawan Kumar Meena, do not figure in the interim order cum SCN dated May 08, 2015, the Noticee nos. 7 and 8 are hereby asked to call upon as to why the directions contained in para 13 of this Order should not be made applicable to them. The Noticee nos. 7 and 8 shall file their reply to SEBI, within 30 days of receipt of this order and may also indicate whether they desire an opportunity of a personal hearing. In the event of SEBI not receiving any reply from the Noticee nos. 7 and 8 within 30 days of receipt of this order by them, the directions contained in para 13 of this Order shall automatically become operational and final against them.
16. A copy of this Order shall be forwarded to -
- (i) all the recognised stock exchanges and registered depositories for necessary compliance with the above directions; and
 - (ii) the Ministry of Corporate Affairs for information.

Date: February 05, 2018

Place: Mumbai

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA