

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S.K.MOHANTY, WHOLE TIME MEMBER

ORDER

UNDER SECTIONS 11(1), 11(4), 11B AND 11AA OF THE 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 AND REGULATION 11 OF THE SEBI (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003.

In respect of:

COMPANY		CIN	PAN
1.	G-LIFE INDIA DEVELOPERS AND COLONIZERS LIMITED	U70101MP2010PLC024268	AADCG9560H
DIRECTORS		DIN	PAN
2	GIRIRAJ PANDEY	03201749	BIPPP0583D
3	DEEPAK SHARMA	03631493	BLQPS6267P
4	SIRAJ ALI	07393639	AKRPA6259Q
5	MANOJ KUMAR PANDEY	05122877	ANDPP4284F
6	PRAMOD KUMAR PANDEY	03222416	BSHPP0251N
7	SUNIL KUMAR SHARMA	03201760	DRZPS9894D
8	PAPPU PAWAR	07061188	BVEPP1224K

IN THE MATTER OF G-LIFE INDIA DEVELOPERS AND COLONIZERS LIMITED –

(The aforesaid entities are hereinafter referred to individually by their respective names/Noticee number and collectively as “the Noticees”).

1. Taking cognizance of a newspaper article reporting on the fund mobilizing activities being carried out by G-Life India Developers and Colonizers Limited (hereinafter referred to as “**G-Life India/ the Company**”) under

the garb of a real estate business activities, coupled with filing of a charge sheet by the District Administration of Indore after having received complaints against the fund mobilising activities of the Company, Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) indulged in exchanging communications with the Company asking it to provide necessary documents so as to enable SEBI to examine and analyse as to whether or not the business activities of G-Life India fall within the ambit of ‘Collective Investment Schemes’ as defined in terms of Section 11AA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with rules and regulations framed thereunder.

2. Thereafter, SEBI had asked the G-Life India to provide documents *interalia*, Memorandum and Articles of Association of the Company, Brochures pertaining to the schemes/offers which were made available to the public, copies of Application Forms that are required to be submitted by investors/applicants to participate in the scheme, sample copies of the allotment letters issued to the investors who subscribed to the schemes, sample copies of the Agreement Letters/Contracts required to be entered into by investor/applicant under the Schemes, details of the scheme wise amount mobilized by the company till date along with the number of investors under the said schemes, certified copy of audited financial statements for the FY 2009–10, 2010–11 and 2011–12, copy of Income Tax Return filed by the company, details of the past and present Directors of the company etc. However, the Company had furnished only limited information and did not co-operate in providing the desired information to enable SEBI to decide and determine the character of the business activities being carried out by the Company under the garb of real estate business. During the pendency of the examination of the business activities of the Company, SEBI had received several complaints accompanied by copies of the documents issued by G-Life India including the copies of the allotment letters, brochure etc. It is also noted that on account of non-co-operation on the part of the Company, officers of SEBI visited the office of the Company and obtained several documents pertaining to the business activities of the Company. Based on the examinations of the documents collected through various sources, it was prima facie found that the business activities of G-

Life India satisfied all the four conditions enumerated under Section 11AA of SEBI Act and the activities of the Company was prima facie found to be covered under Regulation 3 of SEBI (Collective Investment Schemes) Regulations, 1999 (hereinafter referred to as “ **CIS Regulations**”) and also not found to be falling in any of the categories mentioned under the proviso to the Section 11AA of SEBI Act. Therefore, vide *Interim Order Cum Show Cause Notice* dated May 30, 2018 (hereinafter referred to as “**Interim Order**”) SEBI passed following directions;

“

3.1 In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(1), 11(4), 11B and 11AA of the SEBI Act read with Regulation 65 of the CIS Regulations, 1999 and Regulation 11 of PFUTP Regulations, 2003, hereby direct G–Life India and its Directors, viz. Giriraj Pandey, Deepak Sharma, Siraj Ali, Manoj Kumar Pandey, Pramod Kumar Pandey, Sunil Kumar Sharma and Pappu Pawar –“

- (i) Not to collect any fresh money from investors under its existing Scheme;*
- (ii) Not to launch any new scheme/plan or float any new companies/firm to raise fresh moneys;*
- (iii) Not to dispose of any of the properties or alienate the assets obtained directly or indirectly through the money raised by G–Life India under its existing Scheme;*
- (iv) Not to divert any funds raised from public at large, kept in bank account(s) and/ or in the custody of G–Life India;*
- (v) To immediately submit a full inventory of the assets owned by G–Life India out of the amounts collected from the investors under its existing Scheme;*
- (vi) To furnish all the information sought by SEBI, including –*
 - a. Copies of all the relevant documents issued by the company viz. Application Form, Agreement, Certificate of Allocation, Allocation Letter, etc.;*
 - b. Scheme–wise list of investors and their contact numbers and addresses, including –*
 - List of investors to whom land has been allotted and has got registered*
 - and*
 - List of investors who have been refunded.*

- c. Details of amount mobilized and refunded till date;
- d. Details of amount refunded till date along with the details of mode of payment, duly certified by a Chartered Accountant;

3.2 The above directions shall take effect immediately and shall be in force until further orders.

3.3 The preliminary findings contained in paragraphs 2.1.7–2.1.17 of this Order are made on the basis of the information obtained from MCA21 Portal and other relevant material on record. G–Life India and the above named Directors (collectively referred to as “**Noticees**”) are hereby called upon to show cause as to why suitable directions/prohibitions under Sections 11, 11(4), 11B and 11AA of the SEBI Act read with Regulation 65 of the CIS Regulations, 1999 and Regulation 11 of the PFUTP Regulations, 2003, should not be issued/imposed, including the following directions, viz: –

i. G–Life India and its Directors, viz: Giriraj Pandey, Deepak Sharma, Siraj Ali, Manoj Kumar Pandey, Pramod Kumar Pandey, Sunil Kumar Sharma and Pappu Pawar, to wind up the existing Collective Investment Scheme and to refund the money collected under the Scheme with returns which are due to investors as per the terms of offer of the said Scheme, supported by a Winding up and Repayment Report (in accordance with the CIS Regulations, 1999) to the satisfaction of SEBI (to be submitted to SEBI within 7 days of completion of the refund); and

ii. That the Noticees to be restrained/prohibited from accessing the securities market and buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a period of **four** years from the date of effecting the refund.

3.4 The Noticees may, within 21 days from the date of receipt of this Interim Order–cum–Show Cause Notice, file their respective reply, if any, to this Order and may also indicate whether they desire to avail themselves an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.”

3. It is noted that in terms of the above mentioned Interim Order dated May 30, 2018, the said Interim Order was to be treated as a Show Cause Notice (SCN) and accordingly the Noticee Company was advised to file a reply to the prima facie findings recorded in the afore-stated Interim Order cum Show Cause Notice. The reply to Interim Order cum Show Cause Notice was to be filed within 21 days from the date of receipt of the Interim Order cum Show Cause Notice. It is also noted that the Noticee Company and its directors were

further provided with an opportunity to indicate whether they desired to avail an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard. In this respect, I note from the records that though no such request was received from the Company, however, in the interest of natural justice, G-Life India and its Directors have been provided with an opportunity of personal hearing and date of the hearing so scheduled was served on the Noticees through newspaper publication.

4. Having issued the directions vide *Interim order Cum Show Cause Notice* dated May 30, 2018, and even after the newspaper publication of date of personal hearing to the Noticees, however, for the reasons best known to them, the Noticees preferred not to file any reply controverting the findings observed in the *Interim order-cum- Show Cause Notice* nor did they appear before me to advance any submission in their support negating the observations made in the afore-stated *Interim Order*, based on the materials collected during the course of examinations to examine the business activities of G-Life India. I note that sufficient opportunities have been provided to the Noticees and looking at the conduct of the Noticees and the interest of gullible investors of G-Life India, I prefer to dispose of the instant proceedings without affording any further opportunity to the Noticees.
5. I have perused the materials on record and gone through carefully the observations noted in the *Interim Order* and observe that subsequent to the issuance of the *Interim Order*, the Noticees have not filed even a single piece of document to controvert the observations made in the said *Interim Order*. The aforesaid *Interim Order* was passed after examining the documents related to the business activities of the Company and subsequent to the passing of the *Interim Order*, nothing adverse has been brought on record either in the form of a reply by the Noticees or any documents from any other sources, which could assail the findings recorded in the *Interim order*. Therefore, in the absence of any documents available on record to rebut the observations arrived at in the *Interim Order*, I see no reason to deviate from the finding recorded related to the business activities of the Company (G-Life India) in the said *Interim Order*. I also note that *prima facie* conclusive findings have been recorded in the *Interim Order* based on the documents available at that point of time establishing that the business scheme in question undertaken by G-life India satisfied all the four essential pre-conditions prescribed under Section 11AA the of SEBI Act, 1992, so as to be held a 'collective

investment scheme” (hereinafter referred to as “CIS”) viz: (i) there was pooling of contributions, (ii) contributions were made with a view to receive realisable value, (iii) the contributions were managed on behalf of the investors and (iv) the investors did not have day to day control over the management of the scheme.

6. As already observed, none of the Noticees have responded to the charge levelled vide Interim Order Cum Show Cause Notice and have preferred not to challenge the *prima facie* conclusions made in the Interim Order regarding the nature of the mobilisation of funds under various schemes carried out by the Company. The Interim Order in clear and unambiguous terms, records its observations that the business activities of the Company carried out under the garb of real estate business, satisfies all the four conditions enumerated under Sections 11AA of SEBI Act, and therefore were in the nature of CIS. I have perused the materials on record and observations made from the documents related to the business activities of the Company and in the absence of any evidence provided contrary to the findings recorded in the Interim order, I see no reason to differ and deviate from the findings observed in the said Interim Order. Since, the Noticees have neither filed reply nor have preferred to avail the opportunity of personal hearing granted to them and have not submitted any documents or advanced any arguments assailing the findings observed in the Interim Order, I find the observation of Hon’ble SAT in the matter of *Sanjay Kumar Tayal & Ors. Vs. SEBI (in appeal No. 68/2013)* decided on February 11, 2014, is relevant, wherein the Hon’ble SAT has observed that by not controverting the charge levelled, a noticee is presumed to have admitted the charge levelled in the show cause. The relevant finding of Hon’ble SAT is produced hereunder:-

“ 29. We see no merit in above contentions. As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, 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.....”

7. Confronted with the continued non-cooperation by the Noticees with the present proceedings and keeping in view their non-compliance to all the communications from SEBI, based on the materials available on record, I am constrained to conclude that the fund raising activities of the Noticee Company fulfils all the conditions to be held a CIS

in terms of Section 11AA of the SEBI Act and the same were carried out without seeking a registration from SEBI in contravention of Section 12(1B) of the SEBI Act read with regulation 3 of the CIS Regulations. I also note that in terms of regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as **“PFUTP Regulations”**), dealing in securities shall be deemed to be a fraudulent or an 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 CIS by any person without obtaining the necessary registration from SEBI. The applications of the aforesaid legal provisions have already been discussed in detail in the Interim Order and for the reasons recorded above, I see no reason to differ with the observations made in the said Interim Order. Accordingly, I also find that the scheme/plan of the Company falls within the purview of CIS, as defined under Section 11AA (2) of the SEBI Act, and, therefore, the schemes of the Company were required to be registered with SEBI prior to its launching/floating. The launching/floating/sponsoring/ causing to sponsor any CIS and mobilization of funds from the public under such CIS can be done by any person only after obtaining requisite registration under Section 12(1B) of the SEBI Act, r/w regulation 3 of the CIS Regulations. In this regard, I note that the Company has not obtained any certificate of registration from SEBI under the CIS Regulations for its fund mobilizing activity from the public under various schemes offered by it and, therefore, I find that the Company has grossly contravened provisions of Section 12(1B) of the SEBI Act, and Regulation 3 of the CIS Regulations. Thus, while making the findings in the Interim Order as absolute, I hold that the Company has acted in breach of the provision as observed in the Interim Order Cum Show Cause Notice.

8. Having noted that the scheme of G-Life India satisfies all the conditions to be held as running the activities of CIS within the ambit of its definition as defined in terms of Section 11 AA of SEBI Act for the reasons recorded in the interim order, it is noted that as per information available on the MCA21 Portal, the details of the present and past Directors of G–Life India, including the dates of their appointment/cessation as Directors, are as under:

Details of the present and past Directors

	Name of the person	Capacity	DIN	PAN	Date of Appt.	Date of Cessation
1.	Giriraj Pandey	Director	3201749	BIPPP0583D	07.09.2010	N. A.
2.	Deepak Sharma	Director	3631493	BLQPS6267P	24.11.2011	N. A.
3.	Siraj Ali	Director	7393639	AKRPA6259Q	05.01.2016	N. A.
4.	Manoj Kumar Pandey	Director	5122877	ANDPP4284F	24.11.2011	05.01.2015
5.	Pramod Kumar Pandey	Director	3222416	BSHPP0251N	07.09.2010	01.12.2011
6.	Sunil Kumar Sharma	Director	3201760	DRZPS9894D	07.09.2010	01.12.2011
7.	Pappu Pawar	Director	7061188	BVEPP1224K	05.01.2015	05.01.2016

9. It is observed from the above table that entities at serial nos. 1–3 of the above table are the present Directors and continue to be responsible for the affairs and management of G–Life India. The persons at serial nos. 4–7 of the table are the past Directors of G–Life India. It is observed from the records that major mobilisation of money from the fund raising activities in the form of CIS have been carryout out during the period FY 2010-2011 to FY 2014-2015. There is no evidence available on record rebutting the allegation of fund raising activities by the Company and in the absence of the same, the probabilities of further fund raising activities cannot be ruled out. All the entities named in the above table were occupying the post of Director, for different durations and were therefore responsible and liable for the contraventions by G–Life India, when the Company was accepting money from the investors in the name of selling land plots under various schemes/ plans being operated in the nature of CIS. Thus, the directors (i.e. Noticee Nos. 2 to 8) who were in charge of and were responsible for the day to day affairs of the company as directors when the fund mobilisation activities were illegally being done by the Company are held accountable as being in charge and responsible for the affairs and management of the Company.
10. I further note that as per information furnished by the Noticee Company and available in public domain, it has been alleged in the Interim Order that during the relevant periods (2010-11 to 2014-15), the Company had mobilized an amount of ₹23,49,06,300 (as on March 31, 2015) from the public/investors under the aforementioned ‘Scheme’ of allotment of land and the said mobilisation has not been disputed by the Company. On perusal of the financial statements of the Company available on record, I note that

the amount mentioned as “other non-current liabilities-advance from customers/advance against land” for the FY 2012-13 in the Interim Order is Rs. 32,14,473, however, as per the Balance Sheet for the said year, it is Rs. 3,21,74,473, accordingly, I note that the Company has mobilised at least Rs. 26,38,66,300 from the public under the aforementioned ‘Scheme’.

11. The Interim Order Cum Show Cause Noticee also alleges that, since the money has been mobilized subsequent to the insertion of clause (t) to Regulation 4(2), in the PFUTP Regulations (w.e.f September 06, 2013) and substantial funds were mobilised in the year 2014 and 2015, the Noticee No. 2 to 8 have also been alleged to have violated the provisions of Regulation 4(2) (t) of PFUTP Regulations. As mentioned above, consequent to introduction of Regulation 4(2) (t) in PFUTP Regulations, 2003, illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any CIS by any person, are deemed to be fraudulent or unfair trade practices. The Company carrying on unregistered CIS and all those persons who are Directors as on the date of introduction of regulation 4(2) (t) of PFUTP Regulations, 2003 i.e on September 06, 2013, and thereafter, are liable for action for the violation of Regulation 4(2) (t) of PFUTP Regulations, 2003. Thus, the Company along with the Directors i.e. Noticee Nos. 2, 3, 4, 5 & 8, who were Directors of the Company subsequent to the insertion of regulations 4(2) (t) in the PFUTP Regulations , 2003, are additionally also liable for the contravention of the provisions of Regulation 4(2) (t) of PFUTP Regulations, 2003.
12. Based on the materials available on record and considering the observations made in the Interim Order Cum Show Cause Notice issued on May 30, 2018, it has been found that the Noticee company had collected at least Rs. 26,38,66,300 /- (Twenty Six Crore Thirty Eight Lakh Sixty Six Thousand and Three Hundred Rupees only). Accordingly, I find that this is the minimum amount raised by the Noticee Company and hence is required to be refunded to the investors along with any other further amounts mobilized by the Company.

DIRECTIONS:

13. In view of the aforesaid observations and findings, I, in exercise of the powers conferred upon me under Sections 11(1), 11B, 11(4) read with Section 19 of the SEBI

Act, 1992 and Regulation 65 of CIS Regulations, hereby issue the following directions:

- a. That G-Life India and its Directors (Noticee Nos. 2 to 8) are jointly and severally liable to wind up its existing CIS and refund the contributions or payments collected from investors under the schemes with returns due to the investors within a period of three months (03) from the date of this order. The refund and interest payment to the investors shall be effected only through 'Bank Demand Draft' or 'Pay Order' (both of which shall be crossed as "Non-Transferable") or through internet banking channels such as NEFT or RTGS with appropriate audit trail. It is clarified that the Noticee Nos. 2 to 8 would be liable to make refund of such amount which was collected during the period of their respective Directorship of the Company.
- b. Upon completion of the refund as directed above, within a further period of fifteen days (15), G-Life India and its present directors shall submit a winding up and repayment report to SEBI in the format provided under regulation 73 of the CIS Regulations. The report shall be supported by the proof of the trail of funds claimed to be refunded, bank account statements of the Company 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.
- c. That G-Life India and its Directors (Noticee Nos 2 to 8) shall not divert any funds raised from public at large which are kept in bank account(s) and/or in the custody of G-Life India or its Directors and they shall not alienate or dispose of or sell or create any encumbrance on any of the assets of the Company except for the purpose of making refunds to its investors as directed above.
- d. That G-Life India and the Directors (Noticee Nos. 2 to 8) shall provide inventory of all the assets purchased in the name of the Company or Directors (Noticee Nos. 2 to 8) including all assets movable and/or

immovable wherein Noticees have interest directly or indirectly in whatsoever manner, to SEBI within a period of 15 days from the date of this order.

- e. That G-Life India and the Noticee Directors are 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 the investors are complied with, as mentioned above, to the satisfaction of SEBI and repayment completion certificate is submitted to SEBI and thereafter for a further period of four years (04) from the date of completion of the refund, as directed above. It is further clarified that the restrain to access securities market and prohibition from buying, selling or otherwise dealing in securities shall extend to their existing holding of securities including the units of mutual funds.
- f. That the Directors (Noticee Nos. 2 to 8) shall be restrained from holding position as directors or key managerial personnel of any listed company for a period of four years (04) from the date of this Order.

- 14. The winding up and repayment report and inventory mentioned hereinabove shall be forwarded to “The Division Chief, Enforcement Department 1, Division of Regulatory Action 3, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051.”
- 15. A copy of this Order shall be forwarded to the Noticees, all the recognized Stock Exchange, depositories and registrar to issue and share transfer agents for ensuring compliance with the above directions.

-Sd-

Date: October 17, 2019
Place: Mumbai

S. K. MOHANTY
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA