

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI  
CORAM: S. RAMAN, WHOLE TIME MEMBER**

**ORDER**

Under Sections 11(1), 11(4) and 11B 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 in respect of M/s Anmol India Agro-Herbal Farming and Dairies Care Company Limited (PAN:AAGCA6750L) and its Promoters/Directors, viz. Mr. Mohammad Junaid Memon (PAN:AIHPM9537D), Mr. Mohammad Umar Memon (PAN:ADUPM0907H), Mr. Mohammad Javed Memon (PAN:AJUPM0965D) and Mr. Mohammad Khalid Memon (PAN:AEYPM7188R).

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1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received a letter dated February 4, 2014, from the Office of Superintendent of Police, District Rajnandgaon (C.G.), wherein it was stated that M/s Anmol India Agro-Herbal Farming & Dairies Care Company Ltd. (hereinafter referred to as "**Anmol Agro**"/**the company**) is "*doing business through Collective Investment Scheme and collecting huge amounts from residents of the area*".
2. As a matter of preliminary enquiry, SEBI vide letters dated March 11, 2014, March 12, 2014, March 20, 2014, advised Anmol Agro and its directors to submit the following information in relation to its business activity, viz. –
  - a) Memorandum and Articles of Association (MoA and AoA) as filed with the Registrar of companies (ROC);
  - b) Contact Details, e-mail id, fax numbers of Anmol Agro and the designated person;
  - c) Details of the past and present directors ;
  - d) Brochures pertaining to the schemes/offers;
  - e) Application forms that are required to be submitted by investors to participate in the schemes;

- f) Sample copies of the registration letter and allotment letter issued to the investors who subscribed to the schemes;
- g) Sample copies of the agreement letter / contract required to be entered into by investors under the schemes;
- h) Details of the scheme wise amount mobilized by Anmol Agro till date along with the number of investors under the schemes;
- i) Details of the scheme wise, year-wise amount paid/ refunded by Anmol agro till date along with the number of investors under the schemes;
- j) Certified copy of audited financial statements for the last three financial years;
- k) List of all investors along with the addresses and contact numbers of the investors;
- l) Details of any other similar scheme(s), if any, floated by group/ associates of Anmol Agro.

3. In response, SEBI received a letter dated March 25, 2014 from Anmol Agro, *wherein* the following information/documents were provided:

- a) MoA and AoA of Anmol Agro as filed with the RoC,
- b) Contact details of the designated person of the company,
- c) Details of the directors,
- d) Certified copy of audited financial statements for the years 2010-11, 2011-12 and 2012-13,
- e) Copy of Income Tax Returns for the years 2010-11, 2011-12 and 2012-13,
- f) Sample copy of Booklet containing the "*Application form*", "*Sale agreement, Development and Maintenance/ Rearing agreement*" etc.,
- g) Copy of "*Registration Letter*" issued to an investor,
- h) Copies of "*Letter of Allotment of Farm/ Animals/ Plants*" issued to some investors,
- i) Copies of "*Acceptance Receipt*" "*Renewal Subscription Receipt*" etc.,

3.1 Anmol Agro, vide the aforesaid letter also submitted as under:

- a. "*M/s Anmol India Agro-Herbal Farming & Dairies Care Company Limited is engaged in the business of Agriculture, farming and all other related activities and is not in any way engaged in or operating any Collective Investment Scheme.*

*b. M/s Anmol India Agro-Herbal Farming & Dairies Care Company Limited, is not carrying on the Collective investment schemes and activities as specified in section 12 (1B) of the SEBI Act and provisions of the (CIS) regulations, and is thus not required to obtain registration and therefore, the question of entailing penalty and prosecution does not arise".*

4. As the company did not furnish the complete information/documents, SEBI vide letters dated March 26, 2014, May 23, 2014 and July 3, 2014 advised Anmol Agro to submit the information/documents sought by SEBI, vide letter dated March 11, 2014 and also the following additional information/details,

- Detailed break-up of "*Other long-term liabilities*" in the financial statements, containing details of the items "*Trade Payables*" and "*Trade Payables with others*",
- Sample copies of executed agreements, in respect of all three type of products offered by Anmol Agro,
- A detailed break-up of revenue of Anmol Agro, across all three type of products offered and for both sale contracts and development and maintenance contracts,
- A detailed break-up of the booking advance/ business mobilization advance taken by Anmol Agro, across all three types of products offered by the company,
- Entire set of brochures and pamphlets of all schemes offered by Anmol Agro, with tenure of schemes indicated therewith,
- Details of repurchases made by Anmol Agro from its customers/investors, along with sample copy of re-purchase agreement executed with the investors,
- Sample copies of payment vouchers for periodic pay-outs made to investors under development and maintenance schemes,
- Sample copies of hand-over receipts wherein products have been handed back to investors after the successful completion of development & maintenance contract, or, documentary evidence pertaining to renewal of contract,
- Details of the land-holdings of Anmol Agro wherein the products offered are cultivated,

- Detailed break-up of the item "Stock-in-Trade" which forms part of the schedule for "Inventories" in the balance sheet of the company,
- Detailed break-up of the number of investors who have taken immediate delivery of products (plants/farms/animals), the investors, who have signed the development and maintenance/rearing contracts and those who have entered into re-purchase agreements with the company,
- The number and respective size of the farms delivered to investors, in respect of the amount mobilized by the company against delivery of farm lands,
- Sample copies of registration deeds of the farm lands so transferred,
- Details of the company's land holdings, where the products offered by them are cultivated.

4.1 Anmol Agro, vide letters dated April 2, 2014, June 05, 2014 and July 15, 2014, *inter alia* submitted the following information/documents:

- A sample copy of Anmol Agro's "*Marketing Manual*" and "*Business Manual*" containing various plans offered,
- Copies of "*Application Form*", "*Sale Agreement*", "*Letter of intent for entering into Contract for Maintenance of Farms/Rearing of Animals/Maintenance of Plants*", "*Development & Maintenance/Rearing Contract Agreement*" etc. entered into with an investor,
- Copies of re-purchase application and re-purchase agreement,
- Copies of land-holdings where the products offered by Anmol Agro are cultivated,
- Details of "*Year-wise break up of Other Long-term Liabilities*" including a detailed break-up of "*Trade Payable*" and "*Trade Payable with Others*" along with "*Other Long Term Liabilities*",
- Details of break-up of the "*revenue of the company from the products offered by the company*" as on March 31, 2013,
- Details of breakup of the "*Booking Advance/Business Mobilization advance taken by the company*",
- Detailed breakup of "*stock in trade*" which forms part of the inventories in the balance sheet, as on March 31, 2013.

4.2 The company, vide the aforesaid letter also submitted the following information,

- *" That as regards the plants /farms /animals sold by the company we have to state that the company has sold plants only till date, as mentioned in our earlier communication.*
- *That as regards the sale of farms, the sale process has not yet commenced as the sale proceeds have not yet either been received in full, in many cases or in some of the cases the tenure as contemplated in the contract is not yet over. Thus the entire sales is pertaining to the sale of stevia plants only. The approximately number of such customers who have taken the delivery of stevia plants is 31,310 nos.*
- *That as regards the development and maintenance contract , the company is undertaking the activity on the farms of the company, the allotment of plots of land and farms has not yet commenced by the company.*
- *That as regards the repurchase of companies products, the company has repurchased stevia from those who do not wish to buy the products , the repurchase is made by signing a voucher and the customers are given the sale proceeds as per the prevailing market rate or as per the contract price whichever is higher.*
- *That as regards the business mobilization advance taken by the company against delivery of farms we have already stated that the process of delivery has not yet commenced as the sale proceeds have not yet either been received in full, in many cases or in some of the cases the tenure as contemplated in the contract is not yet over. Thus we are not having any such registration deeds as required by SEBI".*

5. The material available on record such as the reference received by SEBI on February 14, 2014, correspondence exchanged between SEBI and Anmol Agro along with the documents contained there, submissions made by the company, etc. have been perused. The issue for determination in the instant matter is whether the mobilization of funds by Anmol Agro is a 'collective investment scheme' in accordance with Section 11AA of the SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**").

5.1 On examination of the material available on record, it is *prima facie* observed that:

- i. M/s Anmol India Agro-Herbal Farming and Dairies Care Company Limited (CIN:U01403MH2007PLC174718) was incorporated on October 04, 2007. The registered office of the company is at Neminath Paradise, Row House No. 2, 90 Ft. Road, Near Registration Office, Bhayandar (W), Thane, Mumbai.

ii. The Directors of Anmol Agro are Mr. Mohammed Junaid Memon, Mr. Mohammed Umar Memon, Mr. Mohammed Javed Memon and Mr. Mohammed Khalid Memon.

iii. Main objects of Anmol Agro (as per the MoA) are as below:

- *"To carry on in India or abroad the business of agriculture, horticulture, floriculture, tissue culture, sericulture, forestry, aquaculture, apiculture, dairy and other types of vegetative, herbals, flower, medicinal plants, seeds, nursery, live root, timber and all such kind of products produced by utilizing land, field, forest land by setting up farm plantations, forest mills and factory.*

iv. Anmol Agro collects funds from the public, for the scheme of *"Sale and Development/ maintenance/rearing of the farms/animals/plants"* (hereinafter referred to as **"scheme"**). The payments towards the scheme are collected under two categories;

- Payments towards *"Sale of farms/animals/plants"* as per the *"Application Form"* and *"Sale Agreement "*,
- Payments towards the *"Development & maintenance/rearing of the aforesaid farms/animals/plants"* as per the *"Development and Maintenance/ Rearing contract agreement"*.

v. As per the "Marketing Manual" submitted by the company, the various payment plans are broadly classified under the following categories:

- *"Installment Payment Sales scheme"* and,
- *"Single Payment Sales Scheme"*.

A sample table of *" Installment Payment Sales scheme "* and *" Single Payment Sales Scheme "* is given below:-

### Single Payment Sales Scheme for 5.5 year (Scheme no. RC. 5.5)

| Consideration             | Estimated/ Projected Value of developed farm at the end of the term |                                                           | Accidental Death Help |
|---------------------------|---------------------------------------------------------------------|-----------------------------------------------------------|-----------------------|
| Purchase & Contract Value | No. of Product Equivalent or                                        | Estimated Market Value of the farm at the end of the term |                       |
| 3000                      | 40 Kgs. Stevia Leaves                                               | 6000                                                      | 6000                  |
| 5000                      | 67 Kgs. Stevia Leaves                                               | 10000                                                     | 10000                 |
| 7500                      | 100 Kgs. Stevia Leaves                                              | 15000                                                     | 15000                 |
| 10000                     | 133 Kgs. Stevia Leaves                                              | 20000                                                     | 20000                 |
| 30000                     | 1 Milching Cattle                                                   | 60000                                                     | 60000                 |
| 60000                     | 2 Milching Cattle                                                   | 120000                                                    | 120000                |
| 90000                     | 3 Milching Cattle                                                   | 180000                                                    | 180000                |
| 120000                    | 4 Milching Cattle                                                   | 240000                                                    | 240000                |

### Installment Payment Sales Scheme for 6 Year (Scheme no. SC 6)

| Consideration             | Yearly Payment | Half Yearly Payment | Qtly. Payment | Monthly Payment | Estimated/ Projected Value of developed farm at the end of the term |                                                           | Accidental Death Help |
|---------------------------|----------------|---------------------|---------------|-----------------|---------------------------------------------------------------------|-----------------------------------------------------------|-----------------------|
| Purchase & Contract Value |                |                     |               |                 | No. of Product Equivalent or                                        | Estimated Market Value of the farm at the end of the term |                       |
| 6120                      | 1020           | 626                 | 266           | 90              | 66 Kgs. Stevia Leaves                                               | 9900                                                      | 9180                  |
| 9180                      | 1530           | 789                 | 399           | 135             | 99 Kgs. Stevia Leaves                                               | 14850                                                     | 13770                 |
| 12240                     | 2040           | 1052                | 532           | 180             | 132 Kg. Stevia Leaves                                               | 19800                                                     | 18360                 |
| 15300                     | 2550           | 1315                | 665           | 225             | 165 Kgs = 7 Goats                                                   | 24750                                                     | 22950                 |
| 18360                     | 3060           | 1578                | 798           | 279             | 198 Kgs = 8 Goats                                                   | 29700                                                     | 27540                 |
| 21420                     | 3570           | 1841                | 931           | 315             | 231 Kgs = 10 Goats                                                  | 34650                                                     | 32130                 |
| 24480                     | 4080           | 2104                | 1064          | 360             | 264 Kgs = 12 Goats                                                  | 39600                                                     | 36720                 |
| 30600                     | 5100           | 2630                | 1330          | 450             | 330 Kgs = 15 Goats                                                  | 49500                                                     | 45900                 |
| 36720                     | 6120           | 3156                | 1596          | 540             | 396 Kgs = 18 Goats                                                  | 59400                                                     | 55080                 |
| 42840                     | 7140           | 3682                | 1862          | 630             | 462 Kgs = 21 Goats                                                  | 69300                                                     | 64260                 |

vi. From the copies of the documents (furnished by the company) pertaining to the scheme such as application forms and agreements (both sale agreement and development and maintenance/rearing contract agreement) executed by the company with an investor, it is observed that all the three documents viz. the application form, sale agreement and development and maintenance/rearing contract agreement have been executed on the same date. It is seen that the "*purchaser*"/investor, who has applied for allotment of Plants (Stevia plant) in an installment scheme of 6 years, has simultaneously and concurrently entered into a development and maintenance agreement for a period of 6 years. This indicates that both the aforementioned agreements are simultaneously entered into between Anmol Agro and the "*purchasers*"/investors. It is further observed that the payments towards the "*Development & maintenance/rearing of the aforesaid farms/ animals/plants*" shall begin only after clearing the payments due to the company as per the "*Sale Agreement*".

vii. Following clauses are noted in the "*Application Form*", "*Sale Agreement*" and "*Development & Maintenance/ Rearing Contract Agreement*":

**"Application Form"**

- *"The Farms/ Animals/ Plants shall be allotted in the name of the customer in the single Payment plans, after receipt of full payment within a reasonable time generally not exceeding 270 days and in the case of installment payment plans, within a reasonable period generally not exceeding 90 days after the final receipt of 50% of total amount of installments. Subject to the foregoing, the farms/ animals/ plants ownership would be ordinarily transferred in the name of customer within a reasonable period after allotment,*
- *The customer has the right to retain or sell the said farms/ animals/ plants ..on expiry of the tenure of the agreement. To facilitate easy liquidity, company provides to the applicant the marketing services for sale of the developed farm/ animals/ plants."*

**"Sale Agreement"**

- *"COMPANY shall have the right to Development & Maintenance/ Rearing of the said Farm/ Animals/ Plants in consultation with Agro-Consultants and experts, and the Applicant/ Customer/ Purchaser shall not ordinarily interfere with the method and mode of Development & Maintenance/ Rearing of the said Farm/ Animals/ Plants*
- *During the course of Development & Maintenance/ Rearing of the said farm/ animals/ plants, whatever the sale proceed of the produce, the company will be the sole and legal owner of the produce and the Applicant/ Purchaser/ Customer will not make any claim for any sale proceed of the produce during the scheme or demand any benefit from the company*
- *That is it agreed between the PARTIES that the company can re-purchase the aforesaid Farm/ Animals/ Plants from the Applicant/ Purchaser/ Customer by making additional payment of Rs. \_\_\_\_\_/- over and above the agreed consideration on or before \_\_\_\_\_*
- *That, it is specifically understood that along with the Applicant/ Purchaser/ Customer herein, there may be several co-owners of the Farms/ Animals/ Plants*
- *The customer has the right to retain or sell the Farms/ Animals/ Plants as he/she may deem fit, on the expiry of the tenure of this agreement. To facilitate easy liquidity, COMPANY provides to the Applicant/ Purchaser/ Customer the marketing services for the sale of developed Farms/ Plants/ Animals.*
- *This facility is available only under Single Payment Sales Scheme before the allotment of the said Farms/ Animals/ Plants, in favor of CUSTOMER(S). Under this scheme, Applicant/ Purchaser/ Customer can*

*exercise his option to opt out of the plan, on his submission of a specific written request to company to that effect."*

**"Development & Maintenance/ Rearing Contract Agreement"**

- *"The Contractee will become eligible to receive an estimated amount of Rs. \_\_\_\_/- or the Farm/ Animals/ Plants given to the company, only after the end of this Development & Maintenance/ Rearing Contract Agreement, which being the proceeds due to the possible profits likely to be made by the company arising due to the accretions mentioned herein above.*
- *All the rights (i.e. title, ownership ,possession etc.) of the said Farm/ Animals/ Plants under reference herein above shall unconditionally pass on the Company and the contractee shall have no rights over the said Farm/ Animals/ Plants and anything whatsoever in reference/ context to the said Farm/ Animals/ Plants.*
- *The Contractee hereby unconditionally authorizes the Company to take all the necessary decisions and to perform any acts irrespective to all the aspects remaining untouched and which are incidental to this Development & Maintenance/ Rearing Contract Agreement and / or arising by virtue of this Development and Maintenance/ Rearing Contract Agreement, the Contractee shall not have to say in all such matter neither shall Contractee file any proceedings against the decisions of the **Company** nor shall the Contractee contest any decision of the company.*
- *The Contractee hereby agrees that he will have no right to terminate this Development and Maintenance/ Rearing Agreement before the completion of the period mentioned herein above under any circumstances. The Contractee hereby further agrees that he/she shall have no right of refund of any installment at any circumstances."*

viii. It is observed that after executing the aforesaid agreement, the company issues a "Registration Letter and thereafter a "Letter of Allotment of Farm/ Animals/ Plants", acknowledging the receipt of the payment (lumpsum of installment as per the plan opted by the investors), to the "purchaser"/investor.

ix. Following are noted from the copy of "Registration Letter" dated March 22, 2014 issued by the company to an investor (furnished by the company):

- Details of the customer name/address and other details,
- Registration No. & date of commencement and Payment Scheme No. & term,
- Consideration Amount,
- Amount and Periodicity of installment,

- Details of *"Estimated Realizable Value at the end of term"* and Date of expiry of term,
  - Amount of installment,
  - Date of last installment.
- x. From a copy of the *"Letter of Allotment of Farm/Animals/Plants"* issued to a *"purchaser"*/investor (furnished by the company) in response to the application dated March 21, 2012, it is observed that the certificate mentions that a 3600 sq. ft. farm is allotted at village Maharumkala, Tehsil-Khairagarh, District-Rajnandgaon, Chhattisgarh against a payment of ₹1,20,000/- made under *"Single Payment Sales Scheme"*. Following clauses are also noted from the said letter of allotment:
- *"However the company reserves the right to change the location of this allotment and allot you an alternate site/product....."*
  - *"The sale deed in respect of the farm/animal/plants allotted to you, shall be executed and registered shortly. However, if size/quantity of such Farm/animals/plants is prohibited by law or otherwise not possible/feasible/practicable to transfer, the company shall arrange for transfer of the title...in favour of the purchaser in joint holdings with other like purchaser. Upon registration the title deeds shall be handed over to the custodial services company "AIM & Allied Financial Services", which shall be holding the same in trust,*
  - *"A sum of Rs..... paid by you to company under the scheme....has been appropriated by the company for procuring the said product, conveying it you, development and maintenance of farms, animals, plants the saplings, plants trees, crops etc., management fees and other ancillary expenses thereto."*
- xi. The aforesaid clauses indicates that even though the description of the land or the products (i.e. animals, plants) are given in the letter of allotment, the company, by the various clauses of the said letter, reserves its right to change, the location of the said land or even the product, as the case may be.
- xii. From the audited financial statements of Anmol Agro for the FY 2010-11, 2011-12 and 2012-13, it is observed that the amounts mobilized under the *"Scheme"* towards advance from customers/*"purchasers"*/investors and commission paid by the company for the promotion of the scheme etc. have been recorded in the relevant Balance Sheet and P & L account. The same is reproduced below:

| Particulars(in ₹)                   | 2010-2011       | 2011-2012       | 2012-2013       |
|-------------------------------------|-----------------|-----------------|-----------------|
| Booking Advance                     | 25,26,99,196.00 | 34,56,38,477.00 | 48,52,42,875.00 |
| Sale of products                    | 34,27,299.00    | 3,00,96,000.00  | 3,66,03,000.00  |
| Fixed assets                        | 1,58,91,913.95  | 5,60,28,723.95  | 8,60,67,480.45  |
| Commission Paid                     | 1,02,12,360.00  | 1,80,58,952.00  | 2,55,95,900.00  |
| Commission as a percentage of sales | 298.0%          | 60.0%           | 69.9%           |

7. The aforementioned details of the scheme of "Sale and Development/ maintenance/rearing of the farms/ animals/plants" offered by Anmol Agro have to be considered in light of Section 11AA of the SEBI Act. The aforesaid Section 11AA, which provides for the conditions to determine whether a scheme or arrangement is a 'collective investment scheme', reads as follows:

*"(1) Any scheme or arrangement which satisfies the conditions referred to in subsection (2) or sub-section (2A) shall be a collective investment scheme.*

*Provided that any pooling of funds under any scheme or arrangement, which is not registered with the Board or is not covered under the exemptions from CIS sub-section (3), involving a corpus amount of one hundred Crore rupees or more shall be deemed to be a collective investment scheme.*

*(2) Any scheme or arrangement made or offered by any person under which,*

- (i) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized solely for the purposes of the scheme or arrangement;*
- (ii) the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable from such scheme or arrangement;*
- (iii) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;*
- (iv) the investors do not have day to day control over the management and operation of the scheme or arrangement."*

7.1. In the context of the abovementioned Section 11AA of the SEBI Act, the Scheme offered by Anmol Agro, is examined as under:

- i. ***The contributions, or payments made by the investors, by whatever name called, are pooled and utilized solely for the purposes of the scheme or arrangement***

Anmol Agro invites funds from the public for "*Sale and Development/ Maintenance/ Rearing of Farms/ Animals/ Plants*". The "*purchasers*"/ investors who are willing to subscribe to the scheme are made to execute two agreements simultaneously, viz., "*Sale Agreement*" and "*Development and Maintenance/ Rearing Agreement*". The payments are made by the investors on the basis of various plans, as detailed in Paragraph No. 5.1 (v) above. As per the various clauses of the aforesaid agreements, the Development/ Maintenance/ Rearing activities of the farms/animals/plants (as the case may be) are being carried out by the company. As per the Development and Maintenance/ Rearing Contract, all the rights ( i.e. title, ownership, possession etc. ) of farms/ animals/ plants shall unconditionally pass on to the company, and the investor shall have no rights over the same. It is particularly disconcerting to note that as per the "*Letter of Allotment*", the company has the right to change the location of the land allotted and allot an alternate site or product, as the case may be. An "*estimated realizable value*" /profit is mentioned against each payment options in the various plans offered by the company. In its submissions, Anmol Agro has stated that "*the company has sold only plants till date.*", and, "*thus the entire sales is pertaining to Stevia Plants only*", and, "*that as regards the development and maintenance contract, the company is undertaking the activity on the farms of the company.*". Further, the Sale Agreement states that along with one particular "*Purchaser*"/ investor, there may be several co-owners of the Farms/ Animals/ Plants. Therefore, it is clear that the payments or the contributions collected from the "*Purchaser*"/ investor under the Schemes towards "*Sale and Development/ Maintenance/ Rearing of Farms/ Animals/ Plants*", are pooled and utilized by Anmol Agro for the purpose of the '*scheme*'. The instant '*scheme*', therefore satisfies the first condition of "*pooling of contribution or payments*", stipulated in Section 11AA(2)(i) of the SEBI Act.

- ii. ***The contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable from such scheme or arrangement.***

It is observed from various clauses of the "*Sale Agreement*" and the "*Development and Maintenance/ Rearing Agreement*", that the company has a right to develop farms/ animals/ plants, stated to have

been purchased by the "Purchaser"/ investor. As has been stated in the preceding paragraphs, the payments collected from the "Purchaser"/ investor, for the scheme of "Sale and Development and Maintenance/ Rearing of Farms/ Animals/ Plants" are pooled and utilized for the development and cultivation of the Plants (Stevia) by using "modern techniques and advanced methods" by Anmol Agro. It is observed from the copy of "Registration Letter" dated March 03, 2014 issued by the company to an investor in response to the, application filed by him and the agreements entered into with the company, for an amount of ₹ 90,000/- (single installment) paid by him, he is entitled to an amount of ₹1,80,000/- as the "estimated realizable value", after the expiry of the term period (i.e. 6 years). The estimated amounts are being paid by Anmol Agro from the profits made by the company due to the accretions from the development and maintenance/rearing scheme. It is also noted from the various clauses of the agreement that Anmol Agro offers re-purchase of Farms/ Animals/ Plants from the "Purchasers"/ investors by making additional payment over and above the agreed consideration. In its submissions, Anmol Agro has stated that "the company has repurchased Stevia from those who did not wish to buy the products, the repurchase is made by signing a voucher and customers are given the sale proceeds as per the prevailing market rate or the contract price whichever is higher". Hence, it is clear that such agreements are entered by the "Purchasers"/ investors with an intention to earn profits. I therefore, find that the instant scheme also satisfies the second condition stipulated in Section 11AA(2)(ii) of the SEBI Act.

- iii. ***The property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors, and***
- iv. ***The investors do not have day-to-day control over the management and operation of the scheme or arrangement.***

As per the "Sale Agreement" entered into with the "Purchaser"/ investor, Anmol Agro has the right to Development and Maintenance/Rearing of Farms/Animals/Plants in consultation with agro consultants and experts, and the "Purchaser"/ investor is not allowed to interfere with the method and mode of Development and Maintenance/ Rearing of the said Farms/ Animals/ Plants. As per the "Development and Maintenance/ Rearing Agreement", "all the rights (i.e. title, ownership, possession etc.) of the said Farms/ Animals/ Plants under reference herein above shall unconditionally pass on to the Company and the Contractee shall have no rights over the said Farms/ Animals/ Plants and anything whatsoever in reference/ context to the said Farms/ Animals/ Plants". It is also observed that as per the "Letter of allotment of

*farm/animals/plants*" issued by the company, they even have the right to change, not only the location of the land so allotted but also the product (*i.e* animals, plants etc.). Therefore, it is clear that the "*Purchasers*"/ investors do not have day to day control over the management and operation of the said scheme offered by Anmol Agro. In view of the above, I find that the instant '*Scheme*' satisfies the third and fourth conditions stipulated in Section 11AA(2) (iii) & (iv) of the SEBI Act, 1992.

8. The aforesaid observations lead to the conclusion that the "*scheme*" of *Sale, Development and Maintenance/ Rearing of Farms/ Animals/ Plants*" offered by Anmol Agro with an intended promise of returns when considered in light of peculiar characteristics and features of such scheme, as discussed in the preceding paragraphs, *prima facie* satisfies all four conditions specified in Section 11AA (2) of the SEBI Act. Therefore, I find that Anmol Agro is engaged in the fund mobilizing activity from public, which is in the nature of a '*collective investment scheme*' as defined in Section 11AA of the SEBI Act.
9. In this context, it is relevant to refer to the observations of the Hon'ble Supreme Court of India in the matter of ***P.G.F Ltd. & Ors. vs. UOI & Anr.*** (MANU/SC/0247/2013) (hereinafter referred to as "PGFL Case"). While analyzing the scope of sub-section (2) of Section 11AA, the Hon'ble Court held that: "*...sub-section (2) of Section 11 AA, which defines a collective investment scheme disclose that it is not restricted to any particular commercial activity such as in a shop or any other commercial establishment or even agricultural operation or transportation or shipping or entertainment industry etc. The definition only seeks to ascertain and identify any scheme or arrangement, irrespective of the nature of business, which attracts investors to invest their funds at the instance of someone else who comes forward to promote such scheme or arrangement in any field and such scheme or arrangement provides for the various consequences to result there from.*"
10. In terms of Section 12(1B) of the SEBI Act, "*no person shall sponsor or cause to be sponsored or cause to be carried on a 'collective investment scheme' unless he obtains a certificate of registration from the Board in accordance with the regulations*". Regulation 3 of the SEBI (Collective Investment Schemes) Regulations, 1999 (hereinafter referred to as "CIS Regulations") provides that no person other than a Collective Investment Management Company which has obtained a certificate under the said regulations shall carry on or sponsor or launch a '*collective investment scheme*'. Therefore, the launching/ floating/ sponsoring/ causing to sponsor any '*collective investment scheme*' by any 'person' without obtaining the certificate of registration in terms of the provisions of the CIS Regulations is in contravention of Section 12(1B) of the SEBI Act

and Regulation 3 of the CIS Regulations. In the instant case, Anmol Agro has launched '*collective investment scheme*' without obtaining certificate of registration from SEBI, contravening the provisions of section 12(1B) of the SEBI Act and Regulation 3 of the CIS Regulations.

11. It is further noted that Mr. Mohammad Khalid Memon, Mr. Mohammad Junaid Memon, Mr. Mohammad Javed Memon and Mr. Mohammad Umar Memon are the directors of Anmol Agro. The activity of illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to carry on any collective investment scheme by any person amounts to a fraudulent practice in terms of Regulation 4(2)(t) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities Market), 2003. Considering the fact that no prior registration was obtained by Anmol Agro in respect of the aforesaid activities in the nature of collective investment scheme, I am of the view that Anmol Agro is illegally mobilizing funds from the public, which *prima facie* amounts to a fraudulent practice in terms of Regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003.
12. Protecting the interests of investors is the first and foremost mandate for SEBI. Under the circumstances, SEBI has to take immediate steps to prevent activities of companies or entities defrauding investors and damaging the orderly development of the securities market. In order to ensure that Anmol Agro and its directors/promoters do not collect any further funds under its schemes and to safeguard the assets/property acquired by Anmol Agro and its promoters/directors from the funds of the investing public until full facts and materials are brought about and a final decision is taken in the matter, it becomes necessary for SEBI to take urgent preventive action by way of an interim measure. In the light of the same, I find no other alternative but to take recourse through an interim measure against Anmol Agro and its promoters/directors.
13. In view of the above, I, in exercise of the powers conferred upon me under Section 11(4) and 11B of the SEBI Act, 1992 and Regulation 65 of CIS Regulations, hereby direct M/s Anmol India Agro-Herbal Farming and Dairies Care Company Limited (PAN:AAGCA6750L) and its Promoters/Directors, *viz.* Mr. Mohammad Junaid Memon (PAN:AIHPM9537D), Mr. Mohammad Umar Memon (PAN:ADUPM0907H), Mr. Mohammad Javed Memon (PAN:AJUPM0965D) and Mr. Mohammad Khalid Memon (PAN:AEYPM7188R):

- a. not to collect any fresh moneys from investors from its existing scheme;*
- b. not to launch any new scheme/plan or float any new companies/firm to raise fresh moneys;*
- c. not to dispose of any of the properties or alienate the assets of the existing scheme;*
- d. not to divert any funds raised from public at large, kept in bank account(s) and/or in the custody of the company;*
- e. to immediately submit the full inventory of the assets owned by Anmol Agro out of the amounts collected from the "purchasers"/investors under its existing schemes;*
- f. to furnish all the information sought by SEBI, including,*
  - i. scheme wise list of "purchasers"/investors as on date and their contact numbers and addresses,*
  - ii. the details of amount mobilized till date,*
  - iii. the details of amount refunded to the "purchasers"/ investors till date along with the details of mode of payment, duly certified by the company's auditors,*
  - iv. all documents/information and clarifications sought by SEBI, vide letters dated March 11, 2014, March 26, 2014, May 23, 2014 etc. and not yet submitted.*

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

**15.** This Order shall also be treated as a show cause notice. Anmol Agro and its abovementioned Promoters/Directors may show cause as to why appropriate directions under the SEBI Act and CIS Regulations including directions for winding up of such plans/schemes in terms of Regulations 65 and 73 of the CIS Regulations should not be issued against them.

**16.** Anmol Agro and its abovementioned Directors shall, within 21 days from the date of receipt of this Order, file their reply, if any, to the prima facie observations made herein. They may also indicate, in such reply, whether they wish to avail an opportunity of personal hearing in the matter.

Place: Mumbai  
Date: March 09, 2015

**S. RAMAN**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**