

# Citizens Whistle Blower Forum vs Union Of India And Ors. on 2 February, 2024

**Author: Suresh Kumar Kait**

**Bench: Suresh Kumar Kait, Neena Bansal Krishna**

\* IN THE HIGH COURT OF DELHI AT NEW DELHI

% Reserved on: October 4, 2023

Pronounced on: February 02, 2024

+ W.P.(C) 9887/2019 & CM APPL. 40877/2019; CM APPL. 40878/2019; CM APPL. 44283/2019; CM APPL. 44284/2019 & CM APPL. 396/2022

CITIZENS WHISTLE BLOWER FORUM ..... Petitioner

Through: Mr. Prashant Bhushan, Ms. Neha  
Rathi and Mr. Kamal Kishore Tyagi,  
Advocates

Versus

UNION OF INDIA AND ORS. ....Respondent

Through: Mr. Anurag Ahluwalia, CGSC for  
respondents No.1, 2 & 6  
Ms. Shobhana Takiar, Advocate for  
respondent No.3  
Mr. Ramesh Babu, Ms. Manisha  
Singh, Ms. Tanya Choudhary &  
Ms. Jagriti Bharti, Advocates for  
respondent No.4  
Ms. Pinky Anand, Senior Advocate  
with Mr. Ashish Aggarwal,  
Ms.Saudamini, Mr. Nishchay Kapoor  
& Mr. Satyajit Yadav, Advocates for  
respondent No.7  
Ms. Pallavi Kumar & Mr. Pranav  
Tanwar, Advocates for respondent  
No.9

CORAM:

HON'BLE MR. JUSTICE SURESH KUMAR KAIT  
HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

W.P.(C) 9887/2019

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Signature Not Verified  
Digitally Signed  
By:ALKA BOBAL  
Signing Date:02.02.2024

17:53

## JUDGMENT

SURESH KUMAR KAIT, J

1. The petitioner-organisation, claims to be a registered organization, working to provide a platform to whistleblowers across the country and to take up litigation on their behalf in order to provide them anonymity and to instill in them the necessary confidence to make disclosures without fear, arrange for their objective and impartial investigation and help to take such cases to their logical conclusions in a time bound manner.

2. The petitioner has filed the instant writ petition under Article 226 of the Constitution of India seeking direction for an in-depth, thorough and time bound investigation by a SIT into various serious illegalities, violations and siphoning of funds committed by the promoters of Indiabulls Housing Finance Limited (IBHFL), its subsidiaries and their promoters. The petitioner has further sought directions to the Ministry of Corporate Affairs, Registrar of Companies (ROC), Serious Fraud Investigation Office (SFIO), National Housing Bank (NHB), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) to take action against IBHFL and its promoters/owners, who through its promoters, subsidiary companies and various group of companies, has been advancing dubious loans to companies owned by large corporate groups which in turn have been routing the money back to the accounts of companies owned by the promoters of Indiabulls, so as to increase their personal wealth.

3. The petitioner alleged that the aforesaid activities of respondent No.7- India Bulls Housing Finance Ltd. and its promoters are in violation of various Statutes and Policies relating to Companies Act, 2013, Rules and Regulations of Reserve Bank of India (RBI), SEBI, National Housing Bank and other laws.

4. The petitioner further alleged that the respondent No.7 and the companies owned by its promoters have been involved in round tripping of funds in violation of the relevant laws and policy guidelines and they have also not disclosed sources thereof and their books of account also do not show the true state of affairs. However, the authorities concerned have failed to do any investigation into these allegations/reports and take required action against them, which poses serious risk and threat to the public interest.

5. The petitioner has also alleged that the respondent - IBHFL group, and the group of companies owned by it i.e. India Bulls Real Estate, Indiabulls Commercial Credit, Indiabulls Ventures, Indiabulls Infra &Power and scores of other privately held companies, with their ownership divided between the partners, has a net worth of over Rs.75,838/- crores, as per its website.

6. According to the petitioner, the IBHFL group of companies has 220 branches in 100 cities across India, which is regulated by the National Housing Bank (NHB). IBHFL contributes 80% of the Indiabulls group's turnover and in the fiscal year 2017-18, it had disbursed loans totaling to a sum of Rs.1,22,578/-.

7. The petitioner has further alleged that IBHFL has extended huge loans to various companies and these companies in turn are routing a substantial part of the money back as investment in equities to companies apparently belonging to the key-shareholders/promoters of IBHFL including Sameer Gehlaut, the founder and Chairman of IBHFL and his family members and thereby, the borrowing companies bestow huge benefits to the key shareholders and Chairman of IBHFL for the favour they get in the form of loans from IBHFL.

8. The petitioner also alleged that a substantial part of the money loaned by IBHFL to various companies has been invested/ploughed back into companies owned by promoters/owners of Indiabulls, either directly or indirectly through subsidiaries. The intent of all these methods is to create private wealth out of public money. The manner in which Indiabull group of companies is manipulating the funds, has been narrated by the petitioner, which is as under:

a. By investing in Preference Shares of IB group subsidiaries. b. By investing Compulsory Convertible Debentures. These debentures have been issued to the investing companies at a rate of interest of 0.01%.

c. By receipt of Mobilization Advance paid to a contractor for mobilization of resources for a project.

9. The petitioner alleged that even though few of the companies belonging to IBHFL did not have any fixed assets or not even involved in any business activity still they have extended small paid-up capital loans. Even the Directors and their office addresses are also common.

10. Petitioner has averred that the Companies Act, 2013 defines „charge as an interest or lien, created on the property or assets of a company or any of its undertakings or both as security and includes a mortgage. It is the duty of every company to register with the Registrar of Companies the specific „charge created by the company on its assets in public domain details of those who contemplate to give credit to a company to know how the property of the company is encumbered.

11. Reliance is placed upon Section 77 of the Companies Act, 2013 to submit that borrowing companies are required to file „Charge document with the Ministry of Corporate Affairs showing the amount borrowed and the security given to the lender company, within 30 days of its transaction. The said Section reads as under:

"77. Duty to register charges, etc.-

(1) It shall be the duty of every company creating a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India, to register the particulars of the charge signed by the company and the charge-holder together with the instruments, if any, creating such charge in such form, on payment of such fees and in such manner as may be prescribed, with the Registrar within thirty days of its creation:

Provided that the Registrar may, on an application by the company, allow such registration to be made

(a) in case of charges created before the commencement of the Companies (Amendment) Act, 2019, within a period of three hundred days of such creation; or

(b) in case of charges created on or after the commencement of the Companies (Amendment) Act, 2019, within a period of sixty days of such creation, on payment of such additional fees as may be prescribed:

Provided further that if the registration is not made within the period specified--

(a) in clause (a) to the first proviso, the registration of the charges shall be made within six months from the date of commencement of the Companies (Amendment) Act, 2019, on payment of such additional fees as may be prescribed and different fees may be prescribed for different classes of companies;

(b) in clause (b) to the first proviso, the Registrar may, on an application, allow such registration to be made within a further period of sixty days after payment of such ad valorem fees as may be prescribed.] Provided also that any subsequent registration of a charge shall not prejudice any right acquired in respect of any property before the charge is actually registered:

[Provided also that this section shall not apply to such charges as may be prescribed in consultation with the Reserve Bank of India.] (2) Where a charge is registered with the Registrar under sub-section (1), he shall issue a certificate of registration of such charge in such form and in such manner as may be prescribed to the company and, as the case may be, to the person in whose favour the charge is created.

(3) Notwithstanding anything contained in any other law for the time being in force, no charge created by a company shall be taken into account by the liquidator [appointed under this Act or the Insolvency and Bankruptcy Code, 2016 (31 of 2016), as the case may be,] or any other creditor unless it is duly registered under sub-section (1) and a certificate of registration of such charge is given by the Registrar under sub-section (2). (4) Nothing in sub-section (3) shall prejudice any contract or obligation for the repayment of the money secured by a charge."

12. The petitioner has alleged that IBHFL has extended huge sums of loans to various group of companies owned by Indiabulls, promoted by Mr. Sameer Gehlaut, which include Americorp Group, Reliance ADAG, Chordia Group, Vatika Group and DLF Group, apart from Indiabulls promoter group companies.

I. Americorp Group:

The details of loans advanced by IBHFL to Americorp Group is as under:-

Sr. No.	Name of the Company
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1.	Transpacific Business Services Pvt. Ltd.
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A copy of Balance Sheet of the Transpacific Business Services Pvt. Ltd. for the FY 2016-17 is annexed herewith as Annexure P6.

2. Americorp Business Services Pvt. Ltd. 32.40 A copy of Balance Sheet of the Americorp Business Services Pvt. Ltd. for the FY 2015-16 is annexed herewith as Annexure P7.

3. Chennai Business Park Pvt. Ltd. 50.00 A copy of Balance Sheet of the Chennai Business Park Pvt. Ltd. for the FY 2017-18 is annexed as Annexure P8.

4. Americorp Capital Pvt. Ltd. 39.00 A copy of Balance Sheet of the Americorp Capital Pvt. Ltd. for the FY 2015-16 is annexed as Annexure P9.

Total 151.90 The petitioner also gave the details how the money note herein above has been funded back to Indiabulls:-

Sr.	Name of the Investee Company	Name of the Investor	Investe No	Company d .	Amount (Rs. in crore)
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1.	Indiabulls Ventures Limited	Jasol Investment & Trading	19.73	A copy of Annual Report of the Co. Pvt. Ltd.	
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Indiabulls Ventures Limited for the A copy of Financial FY 2017-18 is annexed as (Annexure Statement of Jasol Investment PIO & Trading Co. Pvt. Ltd. for the FY 2016-17 are annexed as Annexure P11.

Joindre Finance Pvt. Ltd.

A copy of Financial Statement of the Joindre Finance Pvt. Ltd. 19.85 for the FY 2017-18 are annexed Annexure) P12

2. Indiabulls Housing Finance Co.Ltd. Jasol Investment & Trading 22.88 A copy of Balance Sheet of the Co. Pvt. Ltd.

Indiabulls Housing Finance Co. Ltd. (see Annexure P11) for the FY 2017-18 is annexed as Annexure P13.

3. Myrina Builders Pvt. Ltd. Jasol Investment & Trading 31.00 A copy of Balance Sheet of the Co. Pvt. Ltd.

A copy of balance sheet of Myrina (See Annexure P11) Builders Pvt. Ltd. for the FY 2017-18 is annexed as Annexure P14.

4. Iphito Real Estate Pvt. Ltd. Joindre Finance Pvt. Ltd. 44.00 A copy of relevant pages of Annual (See Annexure P12) Report of the Iphito Real Estate Pvt.

Ltd. for the FY 2016-17 is annexed as Annexure P15.

5. Indiabulls Real Estate Co. Ltd. Jasol Investment & Trading 62.28 A Copy of Standalone Financial Co. Pvt. Ltd.

Statement of the Indiabulls Real Estate Co. Ltd. for the FY 2017-18 is annexed as Annexure P16.

(See Annexure P11)

Joindre Finance Pvt. (See Annexure P12)

Total

## II. Reliance ADAG-

The details of the loans granted by the IBHFL to Reliance ADAG companies are as under:-

Sr. No.	Name of the Company
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A Copy of Financial Statement of Reliance Inceptum Pvt. Ltd. for the FY 2017-18 is annexed as Annexure P17.

A Copy of Financial Statement of Zapak Digital Entertainment Limited for the FY 2017-18 is annexed as Annexure P18 A Copy of Financial Statement of Reliance Big Entertainment Pvt. Ltd for the FY 2016-17 is annexed as Annexure P19

4. Reliance Communications Enterprises Pvt. Ltd. 200

5. Reliance Interactive Advisors Pvt. Ltd. 908 A copy of details of charges registered with ROC of Reliance Interactive Advisors Pvt. Ltd. for the FY 2017-18 is annexed as Annexure P20 Total 1580

According to petitioner, how amount of Rs.570 crores out of the afore-noted funds has been invested back to the Indiabulls of companies, is as under:-

Sr. No. Name of the Borrower Name of the Lender Loaned Amount (Rs. in crore)

1. Iphito Properties Pvt. Ltd. (a Reliance Capital Limited 10 subsidiary of Indiabulls Pvt. Ltd) A copy of Index of Charge of Iphito Properties Pvt. Ltd. is annexed as Annexure P21.

2. Iphito Real Estate Pvt. Ltd. (a Reliance Capital Limited 20 subsidiary of Indiabulls Pvt. Ltd) A copy of index of charges of Iphito Real Estate Pvt. Ltd.

annexed as Annexure P22.

3. Myrina Real Estate Pvt. Ltd. (a Reliance Capital Limited 10 subsidiary of Indiabulls Pvt. Ltd) A copy of Index of Charges with ROC of Myrina Real Estate is annexed as Annexure P23.

4. Myrina Builders Pvt. Reliance Capital Limited 10 Ltd. (a subsidiary of Indiabulls Pvt. Ltd)

5. Orthia Real Estate Pvt. Ltd. (a Reliance Capital Limited 35 subsidiary of Indiabulls Pvt. Ltd) A copy of Index of Charges showing Orthia Real Estate Pvt.

Ltd. is annexed as Annexure P24.

6. EMU Constructions Pvt. Ltd. (a Reliance Capital Limited 50 subsidiary of Indiabulls Pvt. Ltd) A copy of index of charges of EMU Constructions is annexed as Annexure P25.

7. Galax Minerals Pvt. Ltd. (a Reliance Corporate Advisory 50 subsidiary of Indiabulls Pvt. Ltd) Pvt. Ltd.

A copy of index of charges Galax Minerals Pvt. Ltd. is annexed as Annexure P26.

8. Meru Minerals Pvt. Ltd. (a Reliance Corporate Advisory 185 subsidiary of Indiabulls Pvt. Ltd) Pvt. Ltd.

A copy of index of charges of Meru Minerals Pvt. Ltd. is annexed as Annexure P27

9. Paidia Conconnection Pvt. Ltd. Reliance Corporate Advisory 200 (a subsidiary of Indiabulls Pvt. Pvt. Ltd.

Ltd) A copy of index of charges of Paidia Conconnection Pvt. Ltd. is annexed as Annexure P28.

III. Chordia Group Companies-

According to petitioner, the details of loans given by IBHFL to Chordia Group of Companies, is as under:-

Sr. Name of the Year Loaned Current Status No. Company Amount (Rs. in crore)

1. AC Realty 2017-18 19.50 A copy of balance sheet FY 2017-

Spaces LLP 18 of AC Realty Spaces is annexed herewith as Annexure P33.

2. Built To Live 2017-18 450 This loan was repaid with money Realty LLP Mahalunge Land Developers borrowed from IBHFL.

A copy of Balance Sheet of Built To Live Realty FY 2017-18 is annexed herewith as Annexure P34.

3. Mahalunge Land 2017-18 740 A copy of Balance Sheet of Developers LLP Mahalunge Land Developers FY 2017-18 is annexed herewith as Annexure P35.

Total 1209.550

#### IV. Vatika Group Companies:

Petitioner averred that Vatika Group of Companies has as many as 51 companies with paid-up capital of Rs.1 lakh only whereas IBHFL has granted huge loan of Rs.4,600/- crores to these companies in a dubious manner. Petitioner has alleged that out of 51 such companies, 40 companies have paid-up capital of Rs.1 lakhs who have been granted loans ranging from 16 crores in case of Garin Developers Pvt. Ltd. to Rs.184.50/- crores in the case of Timor Developers. The details of IBHFL loan to Vatika Group Companies are as under:-

Sr. No. Name of the Company Paid-up Loaned Capital (Rs. Amount (Rs.

in crore)

in crore)

7.	Misaki Developers Pvt. Ltd.	0.01	41.50
8.	Zina Developers Pvt. Ltd.	0.01	43.30

13.	Acklin Developers Pvt. Ltd.	0.01	21.50
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27.	Persea Developers Pvt. Ltd.	0.01	46.50
28.	Quon Developers Pvt. Ltd.	0.01	41.50
29.	Pemba Developers Pvt. Ltd.	0.01	85.50
32.	Ambrym Developers Pvt. Ltd.	0.01	31.50
37.	Gabby Developers Pvt. Ltd.	0.01	32.50
39.	Haben Developers Pvt. Ltd.	0.01	148
40.	Haldis Developers Pvt. Ltd.	0.01	159
41.	Aplin Developers Pvt. Ltd.	0.01	104
42.	Timor Developers Pvt. Ltd.	0.01	184.5
43.	Shivsagar Builders Pvt. Ltd.	0.25	1575
			amount
			disco
44.	Salton Developers Pvt. Ltd.	5.00	175.5
45.	Ignacio Developers Pvt. Ltd.	0.01	178.5
46.	Velte Developers Pvt. Ltd.	0.01	28
47.	Kepa Developers Pvt. Ltd.	1.01	185
48.	Aspire Promoters Pvt. Ltd.	0.02	100
49.	Fermina Developers Pvt. Ltd.		148.9
50.	Sh Tech Park Developers Pvt. Ltd.	0.13	222.5
			(Rs.3
			recei
			India
			Infra
51.	Sahar Land & Housing Pvt. Ltd.		50.30
		Total	4601.

With regard to the Vatika Group Companies, the petitioner further averred that 40 of its companies were operating from Flat No.621-A, 6th Floor, Devika Towers 6, Nehru Place, New Delhi, which shows that IBHFL did not doubt diligence while granting huge loans to these promoters. The petitioner has alleged that none of these companies filed „Charges with the MCA and for many of these companies, ownership was transferred after availing the loans, even to some employees. Thereby attempts have been made to omit the name of IBHFL in the balance-sheets.

Petitioner also stated that one of the Vatika Group Companies, namely, Agnes Developers has invested back in Karkinos Constructions which is 100 percent owned by Sameer Gehlaut. Petitioner has alleged that Karnikos Constructions received Rs.200/- crores from Agnes Developers owned by Vatika Group Companies in the form of debentures and has also received a substantial amount in the form of loan from IBHFL but this company has filed no „Charge with the MCA.

Petitioner also pointed out that Karnikos Constructions has no significant asset and as per balance-sheets pertaining to the year 2017-18, has recorded Rs.724 crores in security deposit under the head „Long Term Loan which is a clear deviation from the standard accounting procedure. Petitioner averred that security deposit is purely an accommodation entry to avoid disclosure of terms of loan and identical interest.

#### V. DLF Group Companies:

Petitioner alleged that IBHFL has given loan of more than Rs.1705.54 crores in 48 companies owned by DLF Group Companies which is promoted by K.P.Singh. Petitioner also alleged that most of these companies have negative worth and have not filed any charge with the MCA. Petitioner further alleged that IBHFL, despite a negative worth, gave a loan of Rs.173.40 crores to Atherol Builders & Developers Pvt. Ltd., which is a subsidiary of Felicite Builder & Constructions holding 30 subsidiary group of companies under it.

During the course of hearing, the attention of this Court was drawn to Annexure P-53 wherein details of IBHFL directing the loan to different DLF Companies has been mentioned as under:-

Sr. Particulars Sanct Loan Remarks No. ioned Amoun Amou t as on nt 31st (Rs. March, in 2018 crore) (Rs. in crore)

1. Kokolath Builders & 111 60.82 100% subsidiary of Atherol Developers Pvt. Ltd. Builders & Developers Pvt. Ltd.

Loaned money used to purchase land and advance loan to related party.

A part of the land is acquired again by the government at a much higher value.  
(Charges filed on June 11, 2019 after PIL was filed in the SC)

2. Cadence Builders & 143 84.64 100% Subsidiary of Atherol Constructions Pvt. Builders & Developers Pvt. Ltd. Ltd. Loaned money used to purchase land and advance loan to related party.

A part of the land is acquired again by the government at a higher compensation.  
(Charges filed on June 11, 2019 after PIL was filed in the SC.)

3. Alana Builders & 83 44.30 100% subsidiary of Atherol Developers Pvt. Ltd. Builders & Developers.

Loaned money used to purchase land and advance loan to related party. (Charges filed on June 11, 2019 after the PIL was filed in the SC)

4. Cadence Real 74 34.95 100% subsidiary of Atherol Estates Pvt. Ltd, Builders & Developers.

Loaned money used to purchase land and advance loan to related party. (Charges filed on June 11, 2019, after the PIL was filed in the SC.)

5. Camden Builders & 15 10.00 100% subsidiary of Atherol Developers Pvt. Ltd. Builders & Developers.

Loaned money used to purchase land and advance loan to related party. Further, the land purchased by the company out of the loaned money has been mortgaged to create security interest in favour of Standard Chartered Bank for Rs. 400 crore loan availed by DLF Utilities Ltd. (Charges not filed;

6. Jayanti Real Estate 39 24.82 100% subsidiary of Atherol Developers Pvt. Ltd. Builders & Developers.

Loaned money used to purchase land and advance loan to related party. (Charges filed on June 11, 2019, after PIL was filed in the SC.)

7. Nadish Real Estate 76 48.37 100% subsidiary of Atherol Pvt. Ltd. Builders & Developers Pvt. Ltd.

Loaned money used to purchase land and advance loan to related party. (Charges filed on June 11, 2019, after PIL was filed in the SC.)

8. Rosalind Builds & 42 26.73 100% subsidiary of Atherol Constructions Pvt. Builders & Developers. Ltd. Loaned money used to purchase land and advance loan

to related party.

9. Tane Estates Pvt. 29 12.43 100% Subsidiary of Atherol Ltd. Builders & Developers.

Loaned money used to purchase land and advance loan to related party.

10. Unicorn Real Estate 69 40.52 100% subsidiary of Atherol Developers Pvt. Ltd. Builders & Developers.

Loaned money used to purchase land and advance loan to related party. (Charges filed on June 11, 2019, after PIL was filed with the SC.

11. Garv Promoters Pvt. 24 16 100% subsidiary of Atherol Ltd. Builders & Developers.

Loaned money used to purchase land and advance loan to related party. (Charges filed on June 11, 2019, after the PIL was filed in the SC.)

12. Aaralyn Builders & 47 29.91 100% subsidiary of Atherol Developers Pvt. Ltd. Builders & Developers.

Loaned money used to purchase land and advance loan to related party. (Charges filed on June 6, 2019.)

13. Garv Developers Pvt. 17 1.89 100% subsidiary of Ananti Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

14. Naja Builders & 111 49.32 100% subsidiary of Ananti Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

The company has invested Rs.22 crore in EMU Realcon, a company owned by Sameer Gehlaut. (Charges filed on June 11, 2019 after the PIL was filed in the SC, charges satisfied on June, 24.

15. Mohak Real Estate 66 42.84 100% subsidiary of Ananti Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019, after the PIL was filed in the SC, charges satisfied on June 24.)

16. Blanca Builders & 77 27.38 100% subsidiary of Ananti Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed June 11, after the PIL was filed in the SC, 2019, charges satisfied on June 24.)

17. Adsila Builders & 50 5.56 100% subsidiary of Ananti Developers Pvt. Ltd. Builders & Construction.

Loan money received from Group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019, after the PIL was filed in the SC, charges satisfied on June 24.)

18. Zanobi Builders & 60 21.71 100% subsidiary of Ananti Constructions Pvt. Builders & Construction. Ltd. Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019 after the PIL was filed in the SC, charges satisfied on June 24.)

19. Damalis Builders & 110 58.07 100% subsidiary of Ananti Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

20. Luvkush Builders Pvt. 36 19.06 100% subsidiary of Ananti Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

21. Talvi Builders & 100 59.23 100% subsidiary of Ananti Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

22. Abheek Real Estate 83 22.91 100% subsidiary of Ananti Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

23. Musetta Builders & 27 18 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 13, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

24. Karida Real Estates 83 53.28 100% subsidiary of Felicite Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

25. Vamil Builders & 20 13.33 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

26. Nayef Estates Pvt. 36 24.00 100% subsidiary of Felicite Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 13, 2019 after the PIL was filed in the SC; charges satisfied on June 27.)

27. Pegeen Builders & 14 11.67 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 11, 2019 after the PIL was filed in the SC)

28. Shikhi Estates Pvt. 20 16.67 100% subsidiary of Felicite Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 13, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

29. Rajika Estate 31 20.67 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

Compensation received from LAC, Haryana. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 27.)

30. Karena Estates 19 15.83 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 13, 2019 after the PIL was filed in the SC; charges satisfied on June 24)

31. Afaaf Builders & 30 12.86 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 8, 2019, after the PIL was filed in the SC; charges satisfied on June 24.)

32. Ati Sunder Estates 32 13.71 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

33. Alfonso Builders & 40 17.14 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

34. First India Estates & 37 15.86 100% subsidiary of Felicite Services Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party.

35. Sagardutt Builders & 35 15.00 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 11, 2019 after the PIL was filed in the SC; charges satisfied on June 24)

36. Ethan Estates 30 0.11 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to, purchase land and advance loan to related party.

37. Akina Builders. & 35 22.27 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 11, 2019 after the PIL was filed in The SC, charges satisfied on June 24.)



38. Laxmibanta Estates 37 30.83 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 13, 2019 after the PIL was filed in the SC; charges satisfied on June 24)

39. Arlie Builders 90 52.08 100% subsidiary of Felicite & Developers Pvt. Builders & Construction.

Ltd. Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 13, 2019 after the PIL was filed in the SC; charges satisfied on June 24)

40. Fabrizio Real Estates 29 24.17 100% subsidiary of Felicite Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 13, 2019 after the PIL was filed in the SC, charges satisfied on June 24)

41. Ophira Builders & 45 28.64 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 6, 2019 after the PIL was filed in the SC, charge:

satisfied on June 27)

42. Caprice Builders & 24 15.28 100% subsidiary of Felicite Constructions Pvt. Builders & Construction. Ltd. Loan money received from group companies used to purchase land and advance loan to related party.

43. Rinji Estates 37 30.83 100% subsidiary of Felicite Developers Pvt. Ltd. Builders & Construction.

Loan money received from group companies used to purchase land and advance loan to related party. (Charges filed on June 13, 2019 after the PIL was filed in the SC; charges satisfied on June 24.)

44. Atherol Builders & 173.40 Owned by Felicite Builder & Developers Pvt. Ltd. Constructions Pvt. Ltd.

Holding company for 30 companies which have taken loans from IBHL. The loan taken by the subsidiary company is infused in the company in the form of unsecured, loan/current liability.

The money is used to purchase land. A part of the land is acquired again by the government back at a much higher value.

45. DLF Home 500 338.45 Owned by DLF Ltd.

Developers Ltd. Rs. 1000 crore Exposure to Franklin Mutual Fund in NCDs.

Loan money used for onward investment.

13. Petitioner also gave details of DLF Group of Companies who had transferred a substantial part of loaned amount money from IBHFL to EMU Realcon, which is owned by Sameer Gehlaut being 100 percent owner of Mughwort Real Estate. Besides, EMU Realcon has also three other companies. Petitioner gave the details of receipt of infusion of Rs.66 crore in the form of preference shares by the EMU Realcon which are as under:-

Sr. Name of the Company Amount Received (Rs. in No. crore)

1. Cotys Buildcon Pvt. Ltd. (DLF Group Company) 22.00
2. Malayeka Builders & Developers Pvt. Ltd. (DLF 22.00 Group Company)
3. Naja Builders & Developers Pvt. Ltd (DLF Group 22.00 Company).

A copy of relevant pages of Annual Return of Naja Builders & Developers for FY 2017-18 is annexed herewith as Annexure P58.

The amount given in 2014-15 and is still outstanding.

A copy of relevant of pages of Balance Sheet for FY 2014-15 of Naja Builders & Developers Pvt.

Ltd. Is annexed herewith as Annexure P59.

Total 66.00 Petitioner has alleged that companies owned by DLF Group Company have received huge loans from IBHFL.

14. During the course of hearing, learned counsel appearing on behalf of petitioner alleged that various irregularities have been committed by the companies promoted by the Indiabulls Group, primarily ploughing away public money into private equity by issuing compulsory convertible debentures and even though these instruments are not generally redeemable, however, the Indiabulls Group of Companies has promoted redemption thereon. It has been alleged that the amount worth thousands of crores is involved in the malpractices adopted by these companies.

15. Learned counsel relied upon afore-noted table to show that company has received Rs. 726.50 crore, from Reliance Corporate, Myrina Real Estate and Iphito Real Estate (Rs. 50 crore, Rs. 589 crore and Rs. 87.5 crore, respectively). According to petitioner, the loan from Reliance Corporate Advisory, is in the form of debentures carrying 0.01% interest per annum. The loan is secured by hypothecation of current assets. However, Galax Minerals' books of accounts show there are no

current assets or insignificant current assets available except for investment which is not charged. Thus, the security is an eye wash leading one to conclude that the transaction is round tripping and accommodation entry.

16. The petitioner has alleged that some other companies where malpractices are apparent are:-

Myrina Real Estate:- The fund invested by Myrina Real Estate is from the following sources:

Sr.No. Name of the Instrument/Mode Investments Remarks Company (Rs. in crore)  
(31 Mar 2018)

1. Karkinos Construction 0.01 % 847.13 Pvt. Ltd. Debentures

2. Source unknown Mobilization 114.25 Facts advance concealed as there is no business activity in the company, the receipt of the mobilization advance is an accommodation on entry to avoid incidence of interest.

3. EMU Construction 0.01% Debentures 56.39 Pvt. Ltd.

Total 1017.77 The petitioner has alleged that a huge sum of Rs.1,142/- crore was used out of capital resources raised by shares of IBHFL and Indiabulls Real Estate and make investments in other subsidiary companies through Myrina Real Estate, even though this company has no work history of the past and the transactions were sham and were made with the mala fide intent to fight levy of interest or to fight disclosure of name in the financial statement.

Besides, the petitioner has also alleged that Myrina Real Estate is owned subsidiary of EMU Construction, which is owned by Sameer Gehlaut through Mugwort Real Estate Limited.

To demonstrate the chain of group of companies owned by Indiabulls, the petitioner has shown it through the following flow chart:-

FLOW OF MONEY PROMOTER/DIRECTOR/ SHAREHOLDER TO AND SAMEER  
FRO GEHLAUT MYRIN A REAL INDIABULLS ESTAT HOUSING 100% SG E PVT.  
OWNED ADVISOR LTD Y Advanced MUGWORT loans PROMOTE AMERICORP  
REAL ESTATE R/ COMPANI 100% ES OF RELIANCE / SUBSIDIAR GALAXY  
RELIANCE YES Y MINERAL / YES EMU S CONSTRUCTIO ADVANCED LOAN N  
JASOL INV & TRADING PVT LTD RS 190 OTHERS CRORE % KEYSHA CROR SUB  
Rs 85 CRORE RS 310 MINING E\* SIDI CRORE CCD RS 30 ARY CRORE PAIDIA  
BOBINAR CON CCD RS 60 SHARES CONSTRUCTION CRORE MYRINA OF  
CONNECTI ON REAL ESTATE INDIAB MOB ADVANCE RS ULLS 114.25 CRORE  
HOUSIN G RS RS 56.39 RS 847 CRORE\* CRORE\* CROR E KARNIKOS EMU  
SHARES OF CONSTRUCTION CONSTRUCTION INDIABULLS REAL ESTATE

**Myrina Builders:-** The company is a fully owned subsidiary of EMU Construction, which in turn is owned by Sameer Gehlaut through Mugwort Real Estate Limited. Attention of this Court was drawn to the chart Annexure P64. To show that investment of about Rs.614/- crores in India Best Buy flowing of money to and from Myrina Builders Pvt. Ltd.

17. Mugwort Real Estate- It is a company stated to be owned by Sameer Gehlaut and has no work history and resources of finance in the financial statement. The proceeds of mobilised advance have been used to acquire equity shares of Gloxina Infrastructure, EMU Construction and Keysha Mining. Petitioner has averred that all these companies are owned and managed by Sameer Gehlaut.

18. Petitioner has alleged that in July, 2016, the Income Tax Department had carried out massive raids in the premises of Indiabulls and its companies located in Mumbai and Delhi and in the year 2019, directed Indiabulls to pay Rs.3 crores as tax and interest charges on the undisclosed income. Reliance is placed upon news report dated 14.06.2019 published in Business Standard (Annexure P-67). Petitioner alleged that in December, 2018, the Indiabulls had settled a few cases before SEBI and paid Rs.48 lakhs as settlement fees. To submit so, reliance is placed on news report published in Economic Times (Annexure P-68).

19. According to petitioner, in terms of Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016, all housing finance companies shall disclose transparently the loans advanced, to enable the National Housing Board to regulate housing finance system in the country. The petitioner is aggrieved that in terms of aforesaid directions, the Central Government, the Registrar of Companies or the Ministry of Corporate Affairs ought to have filed a complaint and taken action on the violation of Sections 77 and 86 of Companies Act, 2013.

20. Petitioner also alleged that the Central Government should have entrusted the investigation of the questionable details of IBHFL to the SFIO.

Also the National Housing Bank under the National Housing Bank Act, 1987 ought to have exercised its power to inspect the reports and to collect information from housing finance companies.

21. Petitioner has further alleged that the National Housing Board ought to have directed for a special audit of the accounts of IBHFL as envisaged in Section 33 of National Housing Bank Act, 1987 and the irregularities should have been pointed out and a complaint under Section 50 of the Act should have been made. Also, SEBI should have taken action under Sections 11, 11A, 11B, 11C and 11D to investigate the affairs of the IBHFL. Hence, the petitioner has prayed that since these authorities have failed to take requisite action against Indiabulls, its subsidiary companies as well as group of companies, to ensure a corruption free society, a time-bound investigation by SIT, comprising expert members, be directed.

22. A prayer is also made to direct the Ministry of Corporate Affairs to conduct a fair investigation through the SFIO into the irregularities committed by Indiabulls and companies. A direction is also sought to Reserve Bank of India, National Housing Bank to investigate the financial affairs of IBHFL

and direct a special audit.

23. To rebut the allegations of the petitioner, the Ministry of Corporate Affairs its interim affidavit dated 22.10.2019 by it has been stated that an inspection under Section 206 (5) of the Companies Act, 2013 has already been directed in respect of three companies Indiabulls Ventures Limited, Indiabulls Housing Finance Limited and Indiabulls Real Estate Limited. In its second Affidavit filed on 28.11.2019, it is stated that inspection was in progress. Vide its third additional Affidavit filed on 05.09.2023, Ministry of Corporate Affairs has stated that it had ordered inspection under Section 206(5) of the Companies Act, 2013 on 23.07.2018 in respect of three companies i.e., IBVL, IBHFL and IBREL and the report was awaited. However, as per Inspection reports dated 15.11.2019 and 19.11.2019, the loans given by IBHFL to five companies, i.e. DLF, Americorp, Vatika, ADRG, Chordia, which was the subject matter of the present writ petition have been repaid and the loans given to the other entities, i.e. Vatika and Chordia, are reported to be „Standard Accounts and the remaining issues/violations reported in the Inspection Report were under examination. (PDF-2388) The inspection report in respect of Indiabulls Housing Finance Limited were submitted to the Central Government on 15.11.2019 and 03.02.2022 respectively and based upon these reports the Central Government vide Letter dated 13.12.2019 and 23.05.2022 issued instructions in respect of Indiabulls Housing Finance Limited. Pursuant thereto, Inspection Report and Supplementary Inspection Report in respect of Indiabulls Housing Finance Limited was submitted to the Central Government on 28.01.2020 and 03.03.2022 respectively. Based upon these Inspection reports, the Central Government vide letter dated 20.02.2020 and 25.07.2022 issued directions for further inspection in respect of certain procedural violations of compoundable nature, which had been duly compounded by the companies under inspection and the concerned persons. These inspection reports were shared with SEBI, NHB and State Government of Haryana. Based upon these inspections, the Ministry has ordered inspection of books of accounts of following companies:-

(a) Jasol Investment & Trading (P) Ltd.

(b) Joindre Finance (P) Ltd.

(c) Myrina Real Estate (P) Ltd.

(d) Karabhumi Estate (P) Ltd.

(e) Kritikka Infrastructure (P) Ltd.

(f) Indiabulls Infraestate Ltd.

The Ministry has also directed separate investigation into the affairs of Built to Live Reality LLP.

24. Consequent upon the conclusion of inspection of Indiabulls Housing Finance Ltd. & other two entities mentioned above wherein compoundable violations under the Companies Act, 2013 were reported, the cases having arisen as an off shoot of the aforesaid inspections, are underway.

25. In the counter-Affidavit filed on behalf of respondent -SEBI, it has been stated that IBHFL is a Housing Finance Company and is primarily indulged in providing loans and advances, which fall

under Regulatory purview of National Housing Board and Reserve Bank of India, therefore, the allegations of diversion and misappropriation of funds by issuance of dubious loans by IBHFL or its promoters or its group of companies or its subsidiaries and so, a letter dated 20.08.2019 was sent to National Housing Board stating that SEBI is neither a proper party nor a necessary party to the present proceedings.

26. Respondent-NHB in its Affidavit has stated that it has no regulatory power over any of the companies mentioned in the writ petition as power of NHB stands transferred to RBI w.e.f. 09.08.2019 and, therefore, this respondent has forwarded the complaint in the present petition for necessary action to SEBI, ROC, SFIO and RBI who have the regulatory power. However, it is stated that Ms. Indiabulls Housing Finance Ltd. (IHFL) was granted certificate of registration by NHB to carry on the business of housing finance institution and is amenable to the provisions of NHB Act and in exercise of its powers conferred under Section 33 of NHB Act, a special audit of IHFL was conducted.

It is further stated that since NHB had the supervisory power to purview the functioning of Indiabulls Housing Finance Ltd. having granted certificate of registration by NHB, no other company mentioned in the present writ petition could be audited.

In the counter-Affidavit, the NHB has further stated that the audit was conducted by M/s Ravi Ranjan & Co. LLP, (Chartered Accountants) hereinafter referred to as the Auditor.

Respondent-NHB has stated that none of the companies mentioned in the writ petition except Indiabulls Housing Finance Ltd. were in the regulatory, therefore, the NHB could not get the records/transactions of the said companies verified and a Special Auditor has conducted an audit of the records/transactions of the Indiabulls Housing Finance Limited and submitted its report vide e-mail dated 07.04.2020. As per the Auditor, the investment made in Americorp Group, namely, Jasol Investment & Trading Pvt. Ltd. and Joindre Finance Pvt. Ltd. are as under:-

Details of Investment by Jasol Investment and Trading Company Private Limited  
(Rs. In Crore) Name of the Company Mode 31.03.2 31.03. 31.03.2 31.03.2 016 2017  
018 019 Indiabulls Real Estate Limited Equity 72.50 62.27 - -

Shares Indiabulls Housing Finance Equity 3.82 22.88 - -

Limited	Shares			
Indiabulls Venture Limited	Equity	-	19.73	-
	Shares			
Myrina Builders Private Limited	OCD	15.00	31.00	31.00
Myrina Real Estate Private Limited	OCD	18.00	31.00	31.00
	Total	109.32	166.89	

27. SG Group Company, Myrina Real Estate Private Limited, which was not mentioned in the writ petition, had received investment from Jasol Investment. Besides funds by Jasol Investment in financial years 2014-15, 2015-16 and 2016-17 are from other entities like Prabhudas Liladhar Financial Services Private Limited (secured against equity shares of IBREL, IHFL, Infosys Limited and Edelweiss Financial Services Limited), loan from Kotak Mahindra Investment Limited (secured against equity shares of IBREL & Edelwis Financial Services), loan from JM Financials Product Limited (secured against equity shares of IBREL and Infosys Limited). Further, funds were raised from other AG companies, including Indialand Tech Park Private Limited and Americorp Capital Private Limited.

With regard to investment by Joindre Finance in Indiabulls Group/SG Group companies, the Auditor has furnished the following report:-

Details of Investment by Joindre Finance Private Limited (Rs. In Crore) Name of the Company Mode 31.03.2 31.03. 31.03.2 31.03.2 016 2017 018 019 Indiabulls Real Estate Limited Equity 70.38 55.13 - -

Shares Iphito Real Estate Private Limited OCD 11.00 44.00 44.00 - Indiabulls Housing Finance Equity 3.26 32.07 - -

Limited	Shares		
Indiabulls Venture Limited	Equity	19.85	-
	Shares		
Cleta Infracon Private Limited	OCD	-	-
	Total	84.64	151.05

28. Reliance ADAG Group Companies - With regard to allegations of the writ petitioner that IHFL had given loans to five Reliance ADAG Companies (ADAG), Reliance Big Entertainment Pvt. Ltd., Reliance Communications Enterprises Pvt. Ltd., Reliance Interactive Advisors Private Limited, Reliance Inceptum Pvt. Ltd & Zapak Digital Entertainment Ltd. and that two ADAG companies, namely, Reliance Capital Ltd. & Reliance Corporate Advisory Pvt. Ltd. had infused funds in SG Group Companies. The Auditor's observation is that the ADAG Companies had repaid the loans during the review period.

Sr. No. Borrower's Name As on 31st March, 2019 O/s 1 Reliance Big Entertainment Pvt. Ltd. Nil

2. Reliance Communications Enterprises Pvt. \*\* The Ledger accounts of Ltd. the same could not be

3. Reliance Interactive Advisors Private Limited extracted as Loans were \*\* fully repaid before the

4. Reliance Inceptum Pvt. Ltd. beginning of period under

5. Zapak Digital Entertainment Ltd. review.

6. Big Flicks Pvt. Ltd.

7. Reliance Land Private Limited

29. With regard to investment made by Reliance Corporate Advisory Services Ltd. in SG Group Companies, the report of the Auditor observed that OCDs were issued to Reliance Capital Advisory Services Pvt. Ltd., however, the Auditor could not identify further utilisation of the funds realised through issue of the OCDs in case of Reliance Minerals Pvt. Ltd. and Meru Minerals Pvt. Ltd. The Auditor also reported that Reliance Interactive Advisors Private Limited did not have loan outstanding during the period under review. The Auditor has remarked that the analysis of SG Group Companies is limited to the extent that the same has been based on the year-end outstanding appearing in the AFS of these companies. Hence, they were unable to comment on the dates/timelines of flow of funds/transactions between these companies in the absence of respective ledgers and bank statements during the year.

30. C. Chordia Group:- With regard to the allegations of petitioner that IHFL had given loans to three Chordia Group Companies and two companies out of these companies, namely, Built to Live Realty LLP and Mahalunge Land Developers LLP had diverted the funds. The Auditor's report observed that apart from these three companies, ten more companies belonging to Chordia Group Companies were provided loans by IHFL and out of these 23 sanctioned loans, loan of twelve accounts was „NIL .

31. AC Realty Spaces LLP: - As per AFS, Loan from NBFC stood at Rs.184.07 crores and Rs.133.40 crores as on 31.03.2019 and 31.03.2018, respectively. As per loan book of IHFL, balance loan outstanding as on 31.03.2019 and 31.03.2018 was Rs. 29.64 Cr and Rs. 133.17 Cr respectively and thereby indicating that the Firm did not disclose the loan taken from IHFL in AFS of FY 2017-18. Further, Charge was not filed with RoC for the loan availed.

32. Built to live Realty LLP:

Loan of Rs. 305 crore sanctioned to Built to Live Realty LLP was disbursed to Classic Hotel Management (India) Private and same is appearing as Long Term Borrowings in the financial statements of later. The audit report suggested that as on 31.03.2018, payments were made to Kumar Urban Pvt Ltd. and Deloitte, however, no payment was traced to Indiabulls Real Estate Limited.

33. D.Vatika Group Companies: With regard to allegations against the Vatika Group Companies, the Auditor has observed that out of the fifty three companies, one company, namely, Aspire Promoters Private Limited was not provided loan during the period under the review.



34. During inspection, the auditor was informed by IHFL that Vatika group was jointly managed by the brothers, namely, Mr. Gaurav Bhalla and Mr. Gautam Bhalla, till 2012, however, in 2012-13 both brothers have entered into a family settlement and businesses have been separated in two groups i.e. Vatika Group, headed by Mr. Gautam Bhalla and Dream Cart Group, headed by Mr. Gaurav Bhalla and therefore companies are not related or belong to same group. However, while verifying the end use of funds from AFS the auditor observed that borrowed fund has been transferred from Dream Cart group companies to Vatika Ltd for purchase of land.

35. One hundred ninety eight loans were advanced by IHFL to fifty two Vatika Group entities as alleged in the petition and out of it, three loans were fully repaid by Vatika Group to IHFL as on 31.03.2019 and some of the loan accounts were nil as on 31.12.2019. Out of fifty two companies, one company, namely, Aspire Promoters Pvt. Ltd. did not have any outstanding. Besides ADPL, i.e. Agnes Developers Private Limited, who had further invested amount in Karkinos Construction Private Limited and India Best Buy Private Limited, the Auditor observed that the loans stood completely paid.

36. DLF Group Companies:- With regard to three companies belonging to DLF Group, namely, Naja Builders and Developers Private Limited, Cotys Buildcon Private Limited and Malayeka Builders and Developers Private Limited had advanced loans to fifty two DLF Group of Companies as on 31.12.2019 and there was outstanding balance of 0.03 crores in case of DLF Home Developers Ltd. and rest of the loans granted to the other companies were fully repaid.

37. The Auditor has thereby observed as under:-

"Auditor's Observation:

The Auditor has observed certain instances of non-compliances/violations by IHFL of the provisions of NHB Act and the Guidelines, Directions, Policy Circulars etc. issued by NHB. A copy of the Special Auditor's report dated 07.04.2020. A show cause dated 09.07.2020 for the contraventions observed in special audit has been issued and IHFL has submitted its reply to the said show cause and the same is under process.

In addition to the above, NHB has issued show cause with respect to the contraventions/non-compliances observed during the regulatory inspection as on 31.03.2019 and after examining the reply submitted by IHFL, NHB has already imposed penalties to the tune of Rs.3,45,000/- for various non-compliances.

5. Further, with regard to the transactions between above mentioned SG Group and the alleged companies and vice versa; NHB is sharing the audit report with MCA, RBI & SEBI, for necessary action, as these companies do not fall under the supervisory purview of the National Housing Bank."

38. In the counter Affidavit filed on behalf of the respondent-RBI, it is averred that prior to the amendment of the National Housing Bank Act, 1987 (NHB Act) by Finance Act (2) of 2019 ( Act 23 of 2019), the powers of National Housing Bank (NHB) established under NHB Act, in relation to companies which are housing finance institutions, were similar to the powers conferred on Reserve Bank of India under Chapter III B of the RBI Act. Therefore, the Reserve Bank in exercise of its powers under Section 45 NC of the Reserve Bank of India Act, by notification dated 15.11.1997 had exempted housing finance institutions from the provisions of Chapter III B of the Reserve Bank of India Act. The Finance Act (2) of 2019 (Act 23 of 2019) has since amended the National Housing Bank Act, 1987 specifically conferring certain powers on the Reserve Bank of India in respect of housing finance institutions and these provisions of the Finance Act amending the NHB Act has come into force with effect from 09.08.2019. Further, the Reserve Bank has since issued Notification dated 09.08.2019 in exercise of its powers under section 45 NC of the RBI Act rescinding its earlier notification exempting housing finance institutions from the provisions of Chapter IIIB of the RBI Act except section 45-IA of that Act. Therefore, consequent to the amendment of the NHB Act and the notification dated issued by the Reserve Bank of India, the Reserve Bank has the powers to regulate and supervise housing finance companies as provided in the NHB Act as well as in Chapter IIIB (except section 45 -IA) of the RBI Act.

39. The respondent-RBI has further averred that some of the companies mentioned in the petition, namely, Americorp Capital, Jasol Investment & Trading, Joindre Finance Pvt Ltd., Reliance Capital Limited etc. are Non Banking Financial Companies (NBFC) as per under Section 450 IA of the RBI Act, however, RBI has no information on the companies mentioned in the petition which are not NBFC nor housing finance institutions. The RBI had also conducted a scrutiny of three Americorp group of companies, namely, Jasol Investment & Trading Company Pvt. Ltd., Joindre Finance Pvt. Ltd. and Americorp Capital Pvt. Ltd., from 08.01.2020 to 10.01.2020 with regard to IBHFL had extending loans, which have been ploughed back to Indiabulls group companies through Equity investment, and it was found that IBHFL had actually lent Rs.39 crore to Americorp Capital Pvt. Ltd. on 30.03.2016 "as per usage defined in AOA/MOA and/or General Corporate Purpose" at variable interest rate, which was calculated at 14% per annum (at the time of sanction), and on the same day, the amount was further lent by Americorp Capital Pvt. Ltd. to other Americorp group companies. The loan availed by Americorp Capital from IBHFL was repaid on 01.09.2016.

40. The RBI has further averred that five Reliance ADA Group companies, which were not NBFCs, had obtained loans worth Rs.1568 Crore from IBHFL, which was later repaid, details whereof are as under:-

S.	Reliance ADA Group	Amount	Agreement	Repayment	No.	Borrower	Entity	Date
1.	Reliance Inceptum Private	106	26.11.2016	16.01.2019	Limited			
2.	Zapak Digital Entertainment	156	28.12.2016	25.09.2017	Limited			
3.	Reliance Big Entertainment	210	24.09.2015	23.11.2017	Pvt. Ltd.			

4. RCom Enterprises Pvt. Ltd. 200 28.11.2016 14.06.2018

5. Reliance Interactive Advisors 300 30.11.2014 31.03.2015 Pvt. Ltd.

6. Reliance Interactive Advisors 300 27.02.2015 30.09.2015 Pvt. Ltd.

7. Reliance Interactive Advisors 296 22.09.2015 29.12.2016 Pvt. Ltd.

Total 1568

41. In the light of afore-noted arguments advanced by learned counsel representing both the sides, this Court has gone through the material placed on record.

42. The petitioner in the present petition has alleged that the modus adopted by the group of companies owned by Indiabulls of investing money back to the Indiabulls promoter companies is in three ways, which has been noted herein above, however reiterated for the sake of convenience:-

a. By investing in Preference Shares of IB group subsidiaries. b. By investing Compulsory Convertible Debentures. These debentures have been issued to the investing companies at a rate of interest of 0.01%.

c. By receipt of Mobilization Advance paid to a contractor for mobilization of resources for a project.

43. In the preceding paragraphs of this judgment, this Court has noted the claims of petitioner in respect of amounts allegedly siphoned away by the Indiabulls of companies, which have been advanced as loan by IBHFL to its own group of companies. The nutshell whereof is that:-

"i. Four Americorp Group companies received about Rs. 151 crores from IBHFL, which is invested back in four Indiabulls Group companies, including IBHFL.

ii. Out of a total loan of Rs. 1580 crore that five Reliance ADAG companies received from IBHFL in loans, Rs. 570 crores was invested back in nine Indiabulls subsidiaries through debentures iii. Three Chordia Group companies received Rs. 1209.50 crores from IBHFL in loans. This loan was squared up through money diverted from Mahalunge Land Developers (group Company of Chordia) from the amount borrowed from IBHFL. In addition Rs.50 crores was paid as professional fee to Indiabulls Real Estate Limited.

iv. IBHFL loaned about Rs. 4600 crore to 51 companies of Vatika Group, many of which were pass-through companies, with a paid-up capital of barely Rs. 1 lakh. Agnes Developers, one of the Vatika Group companies, ploughed back Rs. 400 crores

in Karkinos Constructions and India Best Buy in 2014-15 in the form of debentures. V. Similarly, IBHFL has put in more than Rs. 1705 crore in 48 companies of DLF Group, many of which have negative worth."

44. For alleging the afore-noted siphoning of funds by the IBHFL and other Indiabull group of companies, the petitioner has relied upon news report dated 14.06.2019 published in Business Standard and news report published in December, 2018 in Economic Times, to submit that in July, 2016, the Income Tax Department had carried out massive raids in the premises of Indiabulls and its companies located in Mumbai and Delhi and directed Indiabulls to pay Rs.3 crores as tax and interest charges on the undisclosed income in the year 2019. Petitioner has alleged that in December, 2018, the Indiabulls had settled a few cases before SEBI and paid Rs.48 lakhs as settlement fees.

45. It is relevant to note here that the Business Standard in respect of its article published on 15.10.2019, has acceded that the contents of the Article were erroneous. Vide letter dated 18.10.2019 written to the Advocate of respondent, it sought to clarify stating as under:-

"Dated: October 18, 2019 To, Mr. Rishi Agarwala Agarwal Law Associates Advocates  
Supreme Court 19, Babar Road, Bengali Market, New Delhi- 110001 Also At:

Chamber 48, Lawyers Chamber Supreme Court of India New Delhi - 110001 Subject :  
Your legal notice dated October 09, 2019 in respect of article published and appeared  
on our website titled "Indiabulls - LVB merger hinges on a dozen NOCs - Pending  
investigations delay Reserve Bank nod" and our reply dated October 11, 2019 Dear  
Sir,

1. Please note we discussed the captioned matter with your client namely Indiabulls  
Housing Finance Limited to explore settlement.

2. It may be noted that it was inadvertent on our part. Further, as discussed and  
agreed during our meeting, the matter stands settled between your client and us.

3. Under these circumstances we request you to kindly withdraw the said notice  
dated October 09, 2019.

Yours sincerely, For Business Standard Private Limited"

46. The above-referred shows that pursuant to legal notice issued by the respondent- Indiabulls, the Business Standard has acknowledged that the information given by them was inadvertent and without any premise. The Business Standard has offered settlement for making false allegations against the respondent-Indiabulls.

47. The categoric stand of respondent-Ministry of Corporate Affairs is that inspection under Section 206(5) of the Companies Act, 2013 in respect of three companies i.e. IBVL, IBHFL and IBREL was

directed on 23.07.2018 and as per Inspection reports dated 15.11.2019 and 19.11.2019, the loans given by IBHFL to five companies, i.e. DLF, Americorp, Vatika, ADRG, Chordia, which is the subject matter of the present writ petition, have been repaid and the loans given to the other entities, i.e. Vatika and Chordia, are reported to be „Standard Accounts and the remaining issues/violations reported in the Inspection Report were under examination. The final inspection reports in respect of Indiabulls were submitted to the Central Government on 15.11.2019 and 03.02.2022 and in respect of Indiabulls Real Estate limited, reports were submitted to the Central Government on 28.01.2020 and 03.03.2022. These reports were also shared with SEBI, NHB and State Government of Haryana.

48. The respondent-SEBI has in crystal clear words taken the stand that the loans advanced by the Indiabulls or its subsidiaries or group of companies fall under the purview of National Housing Board and Reserve Bank of India. In turn, the respondent National Housing Board (NHB) in its Affidavit has stated that even though its powers stand transferred to RBI w.e.f. 09.08.2019, however, since it had granted certificate of registration to the Indiabulls to carry on the business of housing finance institution, in its powers under Section 33 of the NHB Act, a special audit of IHFL only was conducted by M/s Ravi Ranjan & Co. LLP, (Chartered Accountants), and not other companies mentioned in the writ petition.

49. The Auditor of NHB has in its report stated that Myrina Real Estate Private Limited, had received funds from Prabhudas Liladhar Financial Services Private Limited (secured against equity shares of IBREL, IHFL, Infosys Limited and Edelweiss Financial Services Limited), Kotak Mahindra Investment Limited (secured against equity shares of IBREL & Edelwis Financial Services), JM Financials Product Limited (secured against equity shares of IBREL and Infosys Limited and other AG companies, including Indialand Tech Park Private Limited and Americorp Capital Private Limited.

50. The Auditor has also reported that loans given to five Reliance ADAG Companies (ADAG), namely, Reliance Big Entertainment Pvt. Ltd., Reliance Communications Enterprises Pvt. Ltd., Reliance Interactive Advisors Private Limited, Reliance Inceptum Pvt. Ltd & Zapak Digital Entertainment Ltd. and that two other ADAG companies, namely, Reliance Capital Ltd. & Reliance Corporate Advisory Pvt. Ltd. by the IHFL, have been repaid by the ADAG Companies. The Auditor also reported that loans advanced to Chordia group, Built to Live Realty LLP and Mahalunge Land Developers LLP and other ten companies; loan of twelve accounts was „NIL .

51. Similarly, the Auditor of NHB in its report has stated that out of the twenty three loans sanctioned to Chordia Group of Companies, twelve accounts were "Nil", payment was reflected on 31.03.2018 to Kumar Urban Pvt Ltd. and Deloitte however, no payment was made to Indiabulls Pvt Ltd.

52. The Auditor s report further suggested that 198 loans were advanced by IHFL to 52 Vatika Group entities and three of it, were fully repaid by Vatika Group to IHFL as on 31.03.2019 and some of the loan accounts were nill as on 31.12.2019. Out of fifty two companies, one company, namely, Aspire Promoters Pvt. Ltd. did not have any outstanding. Besides ADPL, i.e. Agnes Developers Private Limited, who had further invested amount in Karkinos Construction Private Limited and

India Best Buy Private Limited, had fully repaid the loan.

53. Hence, the Auditor's report of NHB speaks a volume that necessary investigations and inspections were carried out pertaining to the financial accounts of the companies belonging to the Indiabulls group of companies and in most of the cases, the loans advanced by IBHFL stood repaid and for the remaining, the investigation was in progress.

54. The petitioner has also relied upon a letter dated 28.07.2019 written by Dr. Subramanian Swamy to the Prime Minister in respect of alleged embezzlement of amounts by Indiabulls and his tweets in this regard. The respondent-Indiabulls is stated to have preferred CS(OS)475/2019, against Dr. Subramanian Swamy, which was dismissed as withdrawn on 11.10.2019, however, this Court vide order dated 13.09.2019 had passed interim directions to remove/ take down the offending false messages from their portals.

55. What is relevant to note here is that petitioner has also relied upon a hype created in news reports on filing of a writ petition filed by Abhay Yadav (W.P.(Crl.) 20710/2019) in the Hon'ble Supreme Court, however, according to respondent- Indiabulls the said present petition was withdrawn by him on 13.06.2019 i.e. within two days of filing it and the present petition is a copy-paste version the said petition. Infact, Abhay Yadav, in his letter dated 13.06.2019 written to the Hon'ble Prime Minister and other Ministers, had stated that "he had no knowledge of the contents of the complaint and does not know anything about Indiabulls or its promoters, directors, officers etc. and has not drafted any such complaint. He was asked to sign bulk documents and had no knowledge of its contents." The complainant, Abhay Yadav, also stated that he disown the complaint and requested that the same be discarded as false and frivolous.

56. In his another letter, Abhay Yadav, while seeking his withdrawal of his vakalatnama, he stated that through newspaper publications he came to know that one case was filed in his name in the Supreme Court against Indiabulls of companies though he had never met the AoR Ms. K.R. Chitra and the complaint has been filed on false and fabricated documents, by using his name, address and signatures, for their personal gain.

57. Attention of this Court was drawn to the a certificate issued by Hitesh Aggarwal and Chartered Accountants, who has furnished complete status of transactions of loans (Annexure A-7) advanced and repayments made by different companies with Indiabulls, which shows that Americorp Group, Reliance ADAG and DLF Group has no outstanding loan as on 26.09.2019 and Vatika Group has outstanding loan of Rs.639.11crores and Chordia Group has Rs.574.34 crores.

58. Also, in the additional Affidavit dated 04.10.2023 filed on behalf of respondent- Ministry of Corporate Affairs, it is stated that loans provided to these group of companies have been examined and were found to be standard. Further investigations into the affairs of the Built to Live Reality LLP is in progress.

59. The Hon'ble Supreme Court in Vishal Tiwari Vs. Union of India & Ors. 2024 SCC OnLine SC 15, while dealing with a batch of petitions in February 2023, under Article 32 of the Constitution ,

raising concerns over the precipitate decline in investor wealth and volatility in the share market due to a fall in the share prices of the Adani Group of Companies, which was purportedly caused by a report published on 24.01.2023 by an "activist short seller", Hindenburg Research, wherein it was alleged that the Adani group manipulated its share prices and failed to disclose transactions with related parties and other relevant information in violation of the regulations framed by SEBI and provisions of securities legislation, observed as under:-

"34. This Court does have the power under Article 32 and Article 142 of the Constitution to transfer an investigation from the authorized agency to the CBI or constitute an SIT. However, such powers must be exercised sparingly and in extraordinary circumstances. Unless the authority statutorily entrusted with the power to investigate portrays a glaring, willful and deliberate inaction in carrying out the investigation the court will ordinarily not supplant the authority which has been vested with the power to investigate. Such powers must not be exercised by the court in the absence of cogent justification indicative of a likely failure of justice in the absence of the exercise of the power to transfer. The petitioner must place on record strong evidence indicating that the investigating agency has portrayed inadequacy in the investigation or prima facie appears to be biased.

35. Recently, in Himanshu Kumar v. State of Chhattisgarh, this Court, speaking through one of us (JB Pardiwala, J) relying on a judgment of a three judge Bench of this Court in K.V. Rajendran v. Superintendent of Police CBCID South Zone, Chennai reiterated the principle that the power to transfer an investigation to investigating agencies such as the CBI must be invoked only in rare and exceptional cases. Further, no person can insist that the offence be investigated by a specific agency since the plea can only be that the offence be investigated properly. The Court held as follows:

"49. Elaborating on this principle, this Court further observed and held as under:-  
"17. ... the Court could exercise its constitutional powers for transferring an investigation from the State investigating agency to any other independent investigating agency like CBI only in rare and exceptional cases. Such as where high officials of State authorities are involved, or the accusation itself is against the top officials of the investigating agency thereby allowing them to influence the investigation, and further that it is so necessary to do justice and to instil confidence in the investigation or where the investigation is prima facie found to be tainted/biased."

50. The Court reiterated that an investigation may be transferred to the CBI only in "rare and exceptional cases". One factor that courts may consider is that such transfer is "imperative" to retain "public confidence in the impartial working of the State agencies." This observation must be read with the observations made by the Constitution Bench in the case of Committee for Protection of Democratic Rights, West Bengal (supra), that mere allegations against the police do not constitute a sufficient basis to transfer the investigation.

52. It has been held by this Court in *CBI v. Rajesh Gandhi*, 1997 Cri LJ 63, that no one can insist that an offence be investigated by a particular agency. We fully agree with the view in the aforesaid decision. An aggrieved person can only claim that the offence he alleges be investigated properly, but he has no right to claim that it be investigated by any particular agency of his choice.

53. The principle of law that emerges from the precedents of this Court is that the power to transfer an investigation must be used "sparingly" and only "in exceptional circumstances". In assessing the plea urged by the petitioner that the investigation must be transferred to the CBI, we are guided by the parameters laid down by this Court for the exercise of that extraordinary power."

(emphasis supplied)"

60. The Hon ble Supreme Court in *Vishal Tiwari Vs. Union of India* (Supra), held as under:-

"73. Before concluding, we must observe that public interest jurisprudence under Article 32 of the Constitution was expanded by this Court to secure access to justice and provide ordinary citizens with the opportunity to highlight legitimate causes before this Court. It has served as a tool to secure justice and ensure accountability on many occasions, where ordinary citizens have approached the Court with well-researched petitions that highlight a clear cause of action. However, petitions that lack adequate research and rely on unverified and unrelated material tend to, in fact, be counterproductive. This word of caution must be kept in mind by lawyers and members of civil society alike."

61. Applying the dictum of the Hon ble Supreme Court to the case in hand, this Court is of the opinion that the allegations levelled by the petitioner are not substantiated as these are not supported by any evidence. The balance sheets or other material placed on record is already available on the website of these companies and is thus already in public domain. Not only a large portion of alleged loans were repaid by the respondent- companies but also the loans were advanced against mortgages and securities furnished by the borrowers. Moreover, due to alleged complaints, the Government functionaries have already set in motion and necessary inspections have been carried out by NHB. The Ministry of Corporate Affairs is also in the process of further investigation.

62. In the considered opinion of this Court, due to articles published in magazine and newspaper, the tweets made by member of the petitioner-firm or a Member of Parliament, the share holders of accused-companies were jolted and they were made to suffer huge losses. It is settled position of law that the jurisdiction of investigation lies within the realm of investigating agency and a Court has no authority to interfere in the investigation until and unless there is grave miscarriage of justice or misuse of process of law. The investigation has to be transferred to CBI or SIT or any other agency only in exceptional cases and not as a matter of routine. There is no dispute to the position that necessary investigation in the present case has already been carried out by NHB and also the Ministry of Corporate Affairs is in the process of further investigation.



63. Finding no merit in the present petition, it is accordingly dismissed. Pending applications are disposed of as infructuous.

(SURESH KUMAR KAIT) JUDGE (NEENA BANSAL KRISHNA) JUDGE FEBRUARY 02, 2024 r/rk