

IN THE COURT OF THE ADDL. CHIEF METROPOLITAN

MAGISTRATE,

TEES HAZARI, DELHI

CC NO: 1310/02
21/12/02

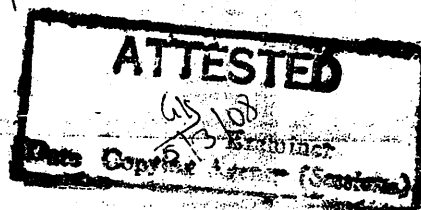
Securities and Exchange Board of India, a
statutory body established under the
provisions of Securities and Exchange
Board of India Act, 1992, having its Head
Office at Mittal Court, B - Wing, 224
Nariman Point, Mumbai - 400 021
represented by its Legal Officer, Shri
Sharad Bansode.

...Complainant

Vs.

1. Bramvim Farms .Ltd., a company
incorporated under the provisions of
Companies Act, 1956 and having its
Regd. office at Katurba Road, Rajpura
Town, Punjab.

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med. 2. Sh. Amarjeet Singh, S/o Not known to
the complainant; Occupation Director of
the Accused No.1; resident of 38, Hira
Nagar, Ghel Road, Ambala City.





3. Smt. Madhu Sheel, W/o Not known to the complainant; Occupation Director of the Accused No.1; resident of C/o Madhu Lika Beauty Parlour, Meena Bazar, Ambala City.

4. Sh. Satish Kaushik, S/o Not known to the complainant; Occupation Director of the Accused No.1; resident of VPO Panjokhra Service, The. & Dist, Ambala

P.O.

5. Smt. Kusum Gupta, W/o Not known to the complainant; Occupation Director of the Accused No.1; resident of Shop No. 5390/2, Old Anaj Mandi, Ambala City.

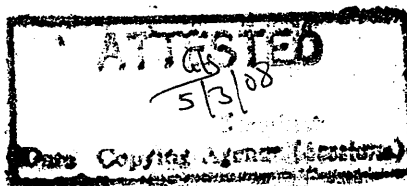
P.O.

...Accused

COMPLAINT UNDER SECTION 190 and 200 OF THE CODE OF CRIMINAL PROCEDURE, 1973 READ WITH SEC. 24(1) AND 27 OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,

1992

It may please Your Honour:



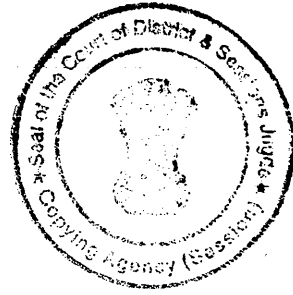


23/6/87 R. M. Sanjay Ram, B.A. &
B.Sc. P.W. No. 25 put in
his name. Later he was
asked to sign a
statement dated 1/8/87,
which has been
given to the P.W. of the
Mun. B.M. in
Jalandhar.

[Signature]

Shri Padam Kant Saxena
Addl Sessions Judge
Room No. 271 1st Floor
Tis Hazari Courts Delhi

ATTESTED
23/08
Date Copying Agency (Sessions)



CC No. 161/2005

06.09.2007

Present: Shri Sanjay Maan, advocate for SEBI.

Convict no.3 is present bail with Shri Rakesh Wadhwa,
advocate.

Vide judgment dated 23.8.2007 accused no.3 was held
guilty. Arguments on sentence have been heard. In terms of the
separate order passed today, accused no.3 has been ordered to pay a
fine of Rs.5000/- failing which she will undergo S.I. for one month.
Fine has been paid.

Accused nos.1, 4 & 5 did not appear and in fact accused
nos. 4 & 5 were declared proclaimed offenders. Accused no.2 was
reported to have died. Therefore, vis-a-vis these accused file be
consigned to record room under Section 299 Cr.P.C. with a liberty to
the complainant to get it reopen as and when desire or as and when
accused nos. 4 & 5 are arrested.

Bail bonds of accused no.3 stand cancelled. Her surety
stands discharged. Documents, if any, pertaining to surety be released
against proper receipt. Copies of judgment and order on sentence be
given to the convict.

(PADAM KANT SAXENA)
ADDL. SESSIONS JUDGE:
Delhi 06.09.2007

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**IN THE COURT OF SHRI PADAM KANT SAXENA,
ADDITIONAL SESSIONS JUDGE: DELHI.**

CC No. 1310/02(Old)

CC No.161/05 (New)

SECURITIES AND EXCHANGE BOARD
OF INDIA, (a statutory body established
under the provisions of Securities
and Exchange Board of India Act, 1992).
having its Regional Office at
Rajendra Place, New Delhi
represented by its Legal Officer,

Sh. Sharad Bansode Complainant

Versus

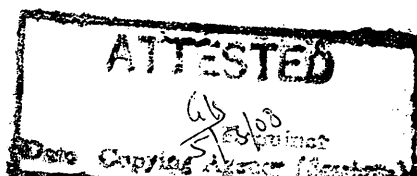
1. Bramvim Farms Ltd., a Company
incorporated under the provisions
of Companies Act, 1956 and
having its Registered Office at
Katurba Road, Rajpura Town, Punjab.

2. Sh. Amarjeet Singh

S/o not known to the (Since dead)
complainant; Occupation Director of the

Ram 67

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Accused No. 1,

R/o 38, Hira Nagar, Ghel Road, Ambala City.

3. Smt. Madhu Sheel, W/o not

known to the complainant; Occupation

Director of Accused No.1,

R/o C/o Madhu Lika Beauty Parlour,

Meena Bazar, Ambala City.

4. Sh. Satish Kaushik, (Proclaimed Offender)

S/o not known to the complainant;

Occupation Director of accused no.1,

R/o VPO Panjokhra Service, The.

& Distt. Ambala.

5. Smt. Kusum Gupta, (Proclaimed Offender)

W/o not known to the complainant;

Occupation Director of accused no.1,

R/o; Shop No. 5390/2, Old Anaj Mandi,

Ambala City.

..... Accused

Date of Institution : 21.12.2002

Date of Final Arguments : 16.08.2007

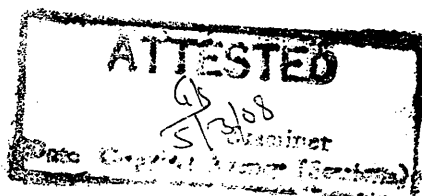
Judgment reserved on : 16.08.2007

Date of Judgment : 23.08.2007

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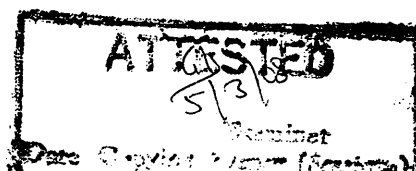


JUDGEMENT

1. Complaint dated 21.12.2002 was filed on that very date by the Securities and Exchange Board of India ~~Sec~~ (for short referred to as 'SEBI') a Statutory body established under the provisions of Securities and Exchange Board of India Act, 1992 (for short referred to as 'the Act') before Ld. A.C.M.M., Delhi. There it was registered as CC No. 1310/02. Consequent upon the institution of the instant complaint case, all accused were ordered to be summoned by the said Court.

2. In pursuance of order no. F.3 (4)/ADJ/75650 dated 04.12.2004, passed by Ld. District and Sessions, Judge, Delhi, this case stood transferred to this Court vide order dated 04.03.2005 passed by Ld. ACMM, Delhi.

3. In brief case of the complainant as disclosed in the complainant is that the last decade had





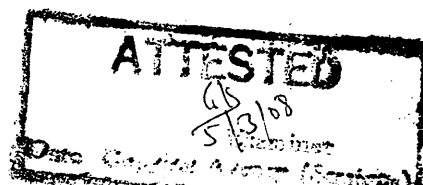
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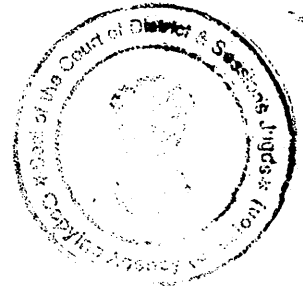
witnessed initiative by private entrepreneurs to undertake plantation activities on a commercial scale, that it was noticed that the promoters themselves invested a minimal amount in such ventures and raised a majority of the funds from ordinary investors in the absence of any regulatory mechanism, that the Government of India, after detailed consultations with the regulatory bodies, decided that an appropriate regulatory framework for regulating entities, which issued instruments like Agro Bonds, Plantation Bonds etc., had to be put in place, that in pursuance thereof a press release was issued by the Government on November 18, 1997, conveying that such schemes should be treated as Collective Investment Schemes coming under the Act, that SEBI in the year 1999 notified regulations for the regulation of the activities of collective investment schemes, titled as Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 (hereinafter referred to as 'CIS Regulations' or 'the said regulations'), that accused no. 1 was operating collective investment schemes and raised substantial amount of more than

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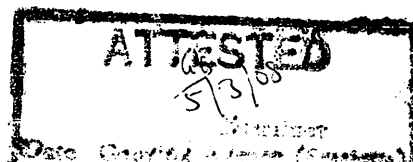




directions, that accused no.1 had committed violation of Sections 11 B, 12 (1B) of the Act, and Regulation 5 (1) read with Regulation 68 (1), 68 (2), 73 and 74 of the said Regulations, which is punishable under Section 24 (1) of the Act, that accused nos. 2 to 5 were directors and in charge of affairs of accused no.1 and were responsible to it i.e. accused no.1 for conduct of its business but have deliberately and intentionally violated Section 27 of the Act and hence the present complaint.

4. As per the complaint, accused nos. 2 to 5 were directors of and/or persons in charge of and responsible to accused no. 1 for conduct of its business and therefore were liable for violations committed by accused no.1 in terms of Section 27 of the Act, at the relevant time.

5. During the course of proceedings, no appearance was put on behalf of accused no.1 whereas accused no.2 was reported to have died as it





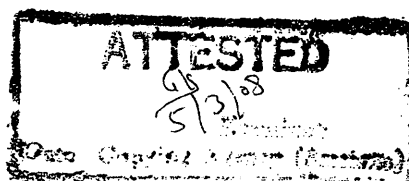
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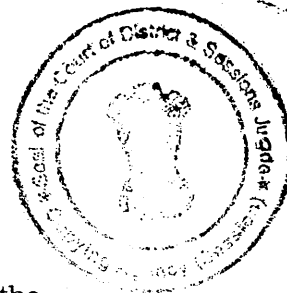
clear from the order sheet dated 11.05.2006 passed by Ld. predecessor of this Court. In view his death proceedings against accused no.2 stood abated. As regards accused nos. 4 and 5, they were declared proclaimed offenders.

6. Out of the total five accused, only accused no.3 Smt. Madhu Sheel has contested the present case. In fact, after her appearance i.e. of accused no.3 Smt. Madhu Sheel, notice dated 28.09.2006 under Section 251 Cr.P.C., 1973 was given to accused nos. 1 and 3 by learned predecessor of this court, to which accused no.3 pleaded not guilty for self and on behalf of accused no.1 and claimed trial.

7. At this stage itself I may point out that there was no representation on behalf of accused no.1 in the present case. In fact, even as per complainant's own documents namely various letters such as Ex.CW1/3, Ex.CW1/6, Ex.CW1/11, Ex.CW1/13, Ex.CW1/15, etc. which were sent by it to accused

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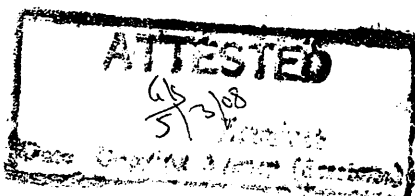


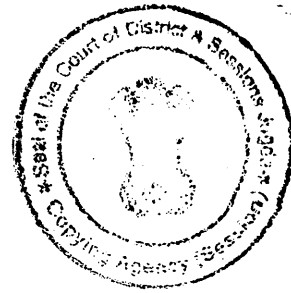


no.1 at its registered office prior to institution of the present case, were received back undelivered with the reports 'Left Without Address referred to sender'. In the instant complaint also that very address of accused no.1 was mentioned and as such it appears that it could not be served. Even during the course of arguments learned counsel for SEBI stated that no fresh address of accused no.1 is available. Accused no.1 on the face of its could not have been declared a proclaimed offender. Question of attachment of its property under Section 83 Cr.P.C., 1973 also does not arise in the absence of its present address.

8. In support of its case, complainant examined its solitary witness viz. CW1. Ms. Radhika Verma, Manager, SEBI, whereafter Ld. Counsel for the complainant closed his evidence. Thereafter statement of accused no.3 Smt. Madhu Sheel was recorded wherein it was claimed by her that she did not know about the affairs of accused no.1 since she had been engaged as Director Administration by one

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Kuldeep Mahajan on a monthly salary of Rs. 6,000/- and in fact she used to be paid only Rs.2,000/-. Further according to her, she had resigned from directorship of accused no.1 w.e.f. 01.05.1998, vide Form no. 32 Ex. CW-1/DA and pleaded her false implication in this case. However, she did not lead any evidence in her defence.

9. I have heard Ld. Counsel for the parties and have gone through the records carefully.

10: Ld. counsel for SEBI has vehemently argued that accused no. 1 of which accused nos. 2 to 5 were directors floated investment schemes and collected funds from investors but failed to obtain registration under Section 12(1 B) of the Act. Further according to him, despite coming into force of the Regulations w.e.f. 15.10.1999, accused no.1 neither obtained registration nor repaid money to the investors. Yet another argument advanced by learned counsel is that accused no.1 also failed to file winding up and

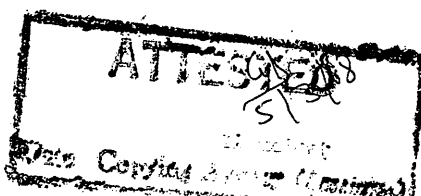
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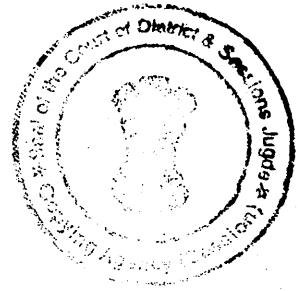




repayment report as contemplated by the Regulations. Based on those arguments, there is a prayer that all accused persons including accused no.3 who is facing trial, are liable to be punished under Section 24 readwith Section 27 of the Act and the aforesaid Regulations.

11. Per contra, learned defence counsel has argued with great fervour that accused no.3 had resigned from the directorship of accused no.1 company on 1.05.1998 i.e. much prior to the commencement/enforcement of the Regulations and therefore she could not be said to be either incharge of or responsible for its day to day affairs i.e. of accused no.1. In this regard reliance has been placed on two judgments of Hon'ble Delhi High Court one reported as Dr. (Mrs.) Sarla Kumar Vs. Srei International Finance Ltd., 132 (2006) Delhi Law Times 363 and the other dated 01.03.2007 passed in the case of Sanjay Shukla Vs. SEBI bearing Cr. M.C. No. 6247/2006.



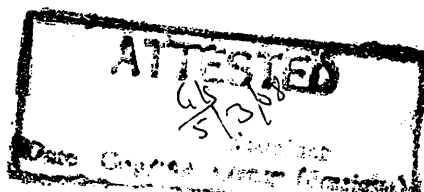


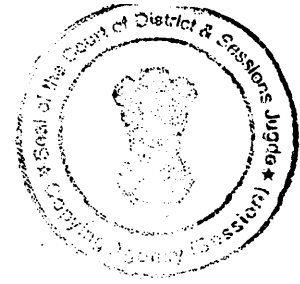
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12. The other limb of the argument of learned defence counsel is that accused no.3 was only Director Administration and not Director in the complete sense of the term, of accused no.1 and that too only for a period of 9 months w.e.f. 16.08.1997 to 01.05.1998 and had been looking after its administrative affairs only i.e. of accused no.1. Therefore according to him, accused no.3 cannot be held liable either under the Act or the Regulations. Reliance in this regard has been placed on a judgment dated 27.10.2006 passed by learned predecessor of this Court in C.C No. 32/2004 titled as SEBI Vs. M/s Trimurti Forestry Ltd. and others wherein it was held that accused no.6 therein who had resigned w.e.f. 10.11.1997 could not be held liable under the regulations.

13. For better appreciation of the rival contentions, it would be useful to keep in mind that the Act was enacted with the object to provide for

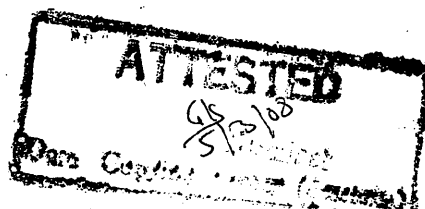
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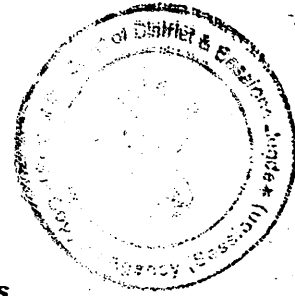




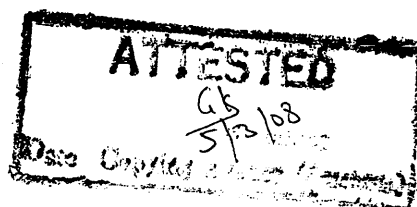
establishment of a Board viz. SEBI to protect the interests of investors in securities etc., and in this background let us try to scrutinize the evidence, both ocular and documentary, available on record. CW-1 Ms. Radhika Verma in her examination-in-chief inter-alia deposed as follows:

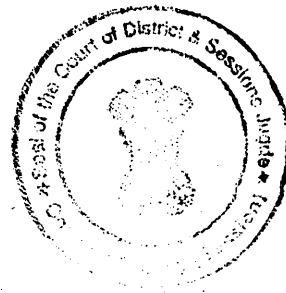
" The company vide letter dated January 10, 1998 received on January 14th, 1998 received on January 14th, 1998 Ext.CW1/1 submitted information and documents regarding its schemes, promoters, directors and mobilization of funds. As per the said letter the total amount mobilized by the company under its Collective Investment Scheme was Rs.46.62 lacs. The company also submitted the bio data of the following persons who were stated to be its promoters and directors; Shri Amarjeet Singh, Shri Arvind Kapoor, Smt. Madhu Sheel and Smt. Kusum Gupta. Thereafter, vide another letter dated April 27, 1998 received on April 28th, 1998 the company submitted the





following documents; certified copies of its Memorandum and Articles of Association as per which its first director were Shri Kuldeep Malik, Shri Balram Chugh, Shri Bachan Lal Jalota and Amarjeet Singh; a copy of its balance sheet for the year ending March 31st, 1997; a statement of deployment of funds as per which its investor fund net of maturities as on March 31st, 1998 stood at Rs.51.98 lacs; a list of its directors consisting of the names of Shri Amarjeet Singh, Shri Satish Kaushik, Smt. Madhu Sheel and Smt. Kusum Gupta and a compliance certificate to the effect that it had not floated any new Collective Investment Schemes (CIS) subsequent to the public notice issued by the SEBI on December 18, 1987, that it was not mobilizing any further funds under its existing scheme and that it shall do so only after obtaining rating for its existing scheme. The letter dated 27.4.1998 is Ext.



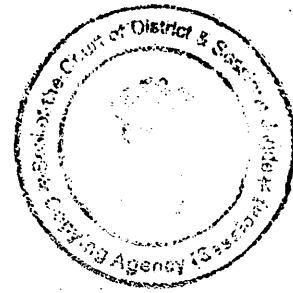


CW1/2."

14. So on a perusal of the said oral deposition of CW.1 it emerges that Ex. CW-1/1 is the letter dated 10.01.1998, on the letter head of accused no.1 written by it to SEBI whereby it had furnished information regarding collective investments. Along with the said letter, accused no.1 inter-alia also enclosed bio-data of Smt. Madhu Sheel, accused no.3, according to which she had been a 'Director since inception of the Company' i.e. accused no.1 (underlining is mine to supply emphasis). However in the other letter Ex. CW-1/1 dated 27.04.1998 issued by accused no.1, accused no.3 was shown as 'Director Administration'.

15. Now 'Director ' is a person who directs or governs. He is a manager, He is also a member of the board that manages the affairs of a company. In other words those persons who are responsible for conduct of the affairs of a company are generally





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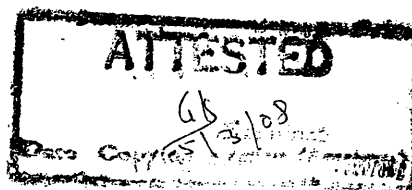
referred to as directors, managers, secretaries, etc. With reference to Sections 291 to 293 of the Companies Act, 1956 it would be evident that what a board of directors of a company is empowered to do, depends upon the roles and functions assigned to directors as per the memorandum & articles of association of a company.

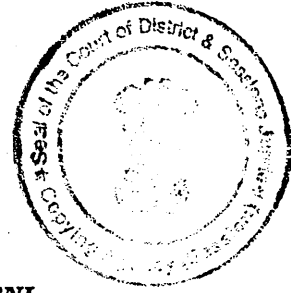
16. It is significant to note that Memorandum & Articles of Association of accused no.1 annexed with Ex.CW1/1 merely inter-alia refers to 'Director'. It does not mention the words 'Director Administration'. Even Ex. CW1/DA and Ex.CW1/DB relied upon by accused no.3 mention her designation as 'Director'. Further CW.1 Ms. Radhika Verma in her ocular testimony inter-alia deposed that accused no.3 was Director of accused no.1 but the said portion of her deposition was not challenged in her cross-examination and therefore is deemed to have been admitted as correct.

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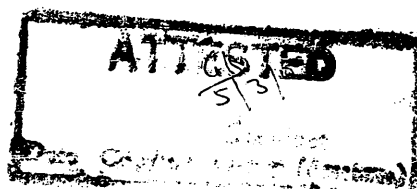


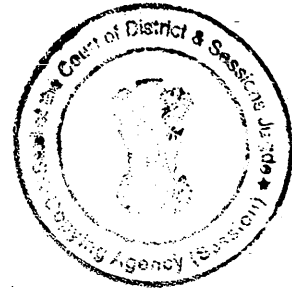
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17. In the case of N. Rangachari Vs. BSNL (2007) 5 SCC 108 it was inter-alia observed by the Apex Court that a person in the commercial world having a transaction company is entitled to presume that the Directors of the company are in charge of the affairs of the company. It was further observed that if any restriction is placed on their powers, by the memorandum or articles of association, it is for the Director to establish it at the trial.

18. Now in the instant case in the face of Ex.CW1/1, Ex.CW1/DA and Ex.CW1/DB it is clear that accused no.3 was 'Director' of accused no.1 and in the absence of any defence evidence, I hold that accused no.3 has failed to establish that any restriction had been placed on her powers in terms of memorandum and articles of association. Hence, in the face of the aforesaid evidence and the law laid down in the case of N. Rangachari (Supra) I hold that at the relevant time accused no.3 was in charge of affairs of accused no.1 and was also responsible to

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17/10/2007
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it for conduct of its business.

19. Now, I will deal with the other argument of learned defence counsel regarding resignation of accused no.3 from the directorship of accused no.1.

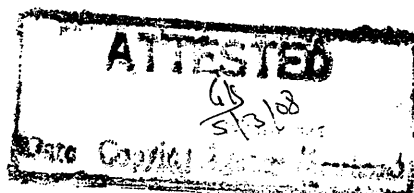
20. Complainant's solitary witness CW.1 Radhika Verma in her cross-examination inter-alia deposed as follows:-

"It is correct that as per Form 32 Ex. CW-1/DA the accused Madhu Sheel had resigned from the Board of Directors of accused company w.e.f. 01.05.1998. It is correct that that as per Ex. CW-1/DB copy of letter addressed by accused Madhu Sheel to the Board of Directors had been submitted to the has been submitted to the ROC. It is correct to suggest that the accused Madhu Sheel is not liable for the compliance of the Regulations as she had been concerned with

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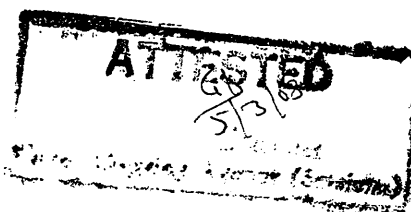
only the administrative aspects of the company and not with its financial affairs. It is correct that we did not carry out any verification of the fact whether accused Madhu Sheel was the director at the time of filing of the complaint."

21. So, on a perusal of the said portion of cross-examination of CW.1 it appears that Form no. 32 Ex. CW-1/DA was put to her by learned defence counsel and on seeing the same, the said witness admitted his suggestion i.e. the suggestion of learned defence counsel to the effect that as per the said document viz. Ex. CW-1/DA accused no.3 had resigned from the Board of Directors of accused no.1 w.e.f. 01.05.1998, as correct. This witness of SEBI during the course of her cross-examination, at another place also admitted the other suggestion put to her by learned defence counsel to the effect that as per Ex. CW-1/DB copy of the letter addressed by accused no.3 to Board of Directors had been submitted to

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Madhu Sheel

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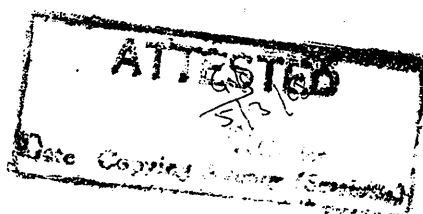


ROC (means Registrar of Companies), as correct. So therefore these are admitted documents and genuineness and/or authenticity thereof is also not in dispute. Ex. CW-1/DA is the certified copy of Form No. 32 submitted by accused no.1 under Section 303 (2) of the Companies Act, 1956 pertaining to appointment of Directors and Manager and changes among them. At serial no. 2 thereof, name of accused no.3 appears and she is stated to have ceased to be Director w.e.f. 01.05.1998. Ex. CW-1/DB is the certified copy of the letter dated 01.05.1998 written by accused no.3 to the Board of Directors stating that she had resigned from the office of 'Director' of accused no.1 with immediate effect.

22. Hon'ble Delhi High Court in the case of Dr. (Mrs.) Sarla Kumar (Supra), relied upon by Ld. defence counsel inter-alia held that certified copy of Form no. 32 issued by ROC is conclusive of the fact that a certain Director had resigned from a particular date i.e. 20.08.1994 mentioned therein. On that

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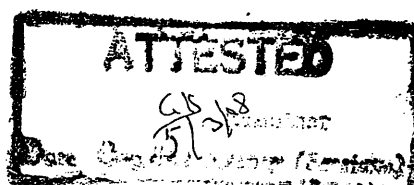




basis, it was held that the said retired Director was therefore not incharge or responsible for day to day affairs of the company and as such could not be held liable in respect of cheques issued in the year 2003.

23. The question whether accused no.3 had resigned on 01.05.1998 from directorship of accused no.1 or not, is a question of fact, which is to be decided on the basis of the materials available on record. In view of the aforesaid discussion and the law laid down by Hon'ble Delhi High Court in the case of Dr.(Mrs.) Sarla Kumar (Supra) I have no hesitation in holding that that w.e.f. 01.05.1998 accused no.3 also ceased to be incharge of and responsible to accused no.1 for its day to day affairs and therefore could not be held liable thereafter for its acts i.e. for acts of accused no.1.

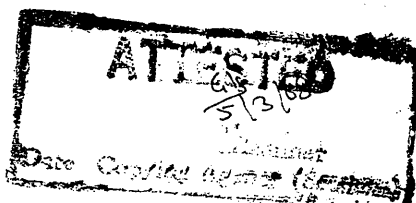
24. At the cost of repetition, I may state that case of the complainant is that in view of admission of accused no.1 as contained in its letter dated





10.1.1998 Ex.CW1/1 it i.e. accused no.1 had been running a Collective Investment Scheme before that date.. As per Section 12(1) B of the Act such a Collective Investment Scheme could be run only after a certificate of registration from SEBI had been obtained in accordance with Regulations. Admittedly the Regulations came into force w.e.f. 15.10.1999. In view of this, as a last effort, learned defence counsel argued that accused no.3 could not be held liable for violation of Section 12(1B) of the Act since she i.e. accused no.3 had resigned w.e.f. 01.05.1998 while the Regulations came into force thereafter i.e. w.e.f. 15.10.1999.

25. On the face of it, the said argument appears to be attractive but on a careful scrutiny turns out to be hollow. Why I say this, is based on the following reason. The Act came into force with effect from 30.1.1992 as mentioned in Section 1(3) thereof. Chapter V of the Act deals with Registration Certificate and Section 12(1B) thereof specifically lays

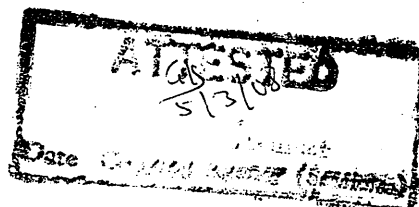




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down that no person shall carry on etc. a Collective Investment Scheme etc. unless he obtains a certificate of registration from SEBI in accordance with the Regulations. However proviso appended thereto states that any person who had been carrying on the said activity before commencement of securities laws (Amendment) Act, 1995 for which no certificate was required, could continue to do so, till regulations under Section 30(2) of the Act were framed. The said Securities Laws (Amendment) Act, 1995, came into force w.e.f. 25.1.1995. Now certified true copy of the certificate of business issued to accused no.1 and which is available in the Memorandum & Articles of Association of accused no.1 annexed with Ex.CW1/1 shows that permission to commence business was granted to it w.e.f. 17.10.1995. So by no stretch of imagination it can be said that accused no.1 had been running a Collective Investment Scheme before enforcement of Securities Laws(Amendment) Act, 1995 i.e. before 25.1.1995. As per law, accused no.1 could have commenced its business including Collective Investment Scheme in question, only w.e.f.

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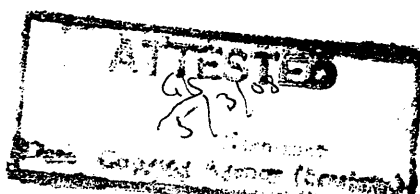


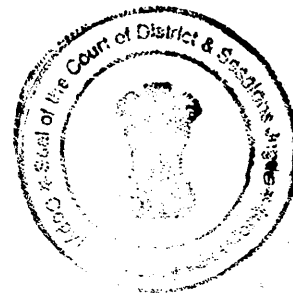


17.10.1995 as mentioned above and this could have been done only after obtaining registration certificate as laid down by Section 12(1B) of the Act. Non obtaining of registration certificate by accused no.1 for running its Collective Investment Scheme after 17.10.1995 but before 01.05.1998, was violative of Section 12(1B) of the Act and therefore both accused no.1 & accused no.3 must be punished for the said lapse particularly in view of the intention of the Act which was to save the investors. However as regards the Regulations *per se*, since they came into force w.e.f. 15.10.1999, accused no.3 who had already resigned w.e.f. 01.05.1998 from directorship of accused no.1, could not be held liable or punished for infraction of the provisions thereof.

26. At this stage a reference may be made to Section 27 of the Act which deals with offences by companies. This provision of law reads as under:-

"(1) Where an offence under this Act has been committed by a company, every person

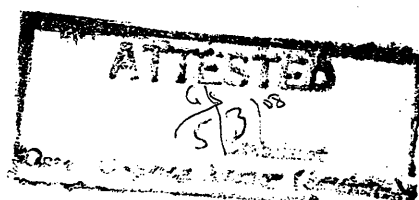




who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this Sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in Sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director,



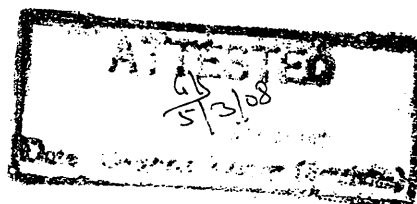


manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly."

27. In the instant case, as discussed above offence of running a Collective Investment Scheme without registration as contemplated by Section 12(1B) of the Act, had been committed by accused no.1 after 17.10.1995 but on or before 10.01.1998 when letter Ex.CW1/1 was sent by it to SEBI. Admittedly at that time accused no.3 was its Director and therefore incharge of its affairs. So in accordance with Section 27(1) of the Act inter alia accused no.3 who is facing trial is also guilty of the offence. Accused no.3 has failed to prove that the said offence was committed without her knowledge or that she had exercised due diligence to prevent the commission of such offence. Even if the defence sought to be raised by accused no.3, as mentioned in her statement under Section 313 Cr.P.C. is to be

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believed, then also it can be said that the offence in question was committed on account of her neglect and therefore in the face of Section 27(2) of the Act, she would also be guilty of the offence.

28. Resultantly, I hold that complainant has been able to prove its case against accused no.3 only to the effect that on or before 10.1.1998, accused no.1 of which accused no.3 was director, had been running a Collective Investment Scheme without registration in violation of Section 12(1B) of the Act. Therefore, she is held guilty and is liable to be punished under Section 24 read with Section 27 of the Act.

Dictated and announced
in the open Court
today i.e. on 23.08.2007

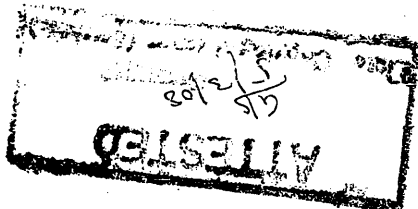
(PADAM KANT SAXENA)

ADDITIONAL SESSIONS JUDGE:

DELHI.

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Copy given to committee
Court at Far on 06/09/07
Madhu Bhatia
6/9/17
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**IN THE COURT OF SHRI PADAM KANT SAXENA,
ADDITIONAL SESSIONS JUDGE: DELHI.**

CC No. 1310/02(Old)

CC No.161/05 (New)

SECURITIES AND EXCHANGE BOARD
OF INDIA, (a statutory body established
under the provisions of Securities
and Exchange Board of India Act, 1992).
having its Regional Office at
Rajendra Place, New Delhi
represented by its Legal Officer,
Sh. Sharad Bansode Complainant

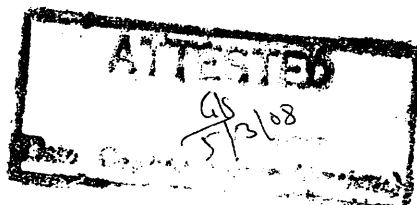
Versus

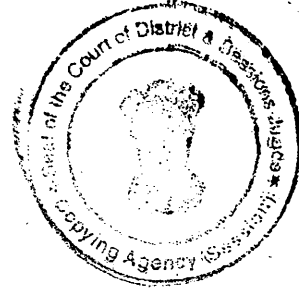
1. Bramvim Farms Ltd., a Company
incorporated under the provisions
of Companies Act, 1956 and
having its Registered Office at
Katurba Road, Rajpura Town, Punjab.
2. Sh. Amarjeet Singh
S/o not known to the (Since dead)
complainant; Occupation Director of the
Accused No. 1,
R/o 38, Hira Nagar, Ghel Road, Ambala City.
3. Smt. Madhu Sheel, W/o not
known to the complainant; Occupation
Director of Accused No.1,

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R/o C/o Madhu Lika Beauty Parlour,
Meena Bazar, Ambala City.

4. Sh. Satish Kaushik, (Proclaimed Offender)

S/o not known to the complainant;
Occupation Director of accused no. 1,
R/o VPO Panjokhra Service, The.
& Distt. Ambala.

5. Smt. Kusum Gupta, (Proclaimed Offender)

W/o not known to the complainant;
Occupation Director of accused no. 1,
R/o; Shop No. 5390/2, Old Anaj Mandi,
Ambala City.

..... Accused

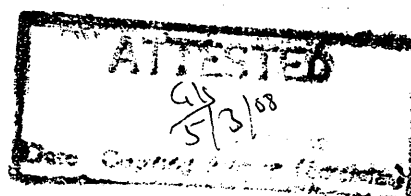
Date of Institution : 21.12.2002
Date of Arguments on
sentence : 06.09.2007
Order on sentence : 06.09.2007

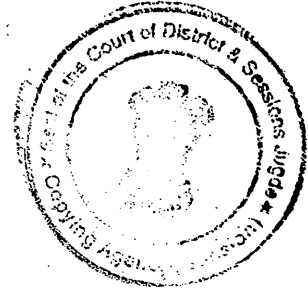
ORDER ON SENTENCE

1. Vide judgment dated 23.8.2007, accused no. 3 Smt. Madhu Sheel, had been held guilty under Section 24 read with Section 27 of Securities & Exchange Board of India Act, 1992 (for short referred to as 'the Act') for committing an offence Under Section 12(1B) thereof for running a Collective Investment Scheme before 10.01.1998 without registration.

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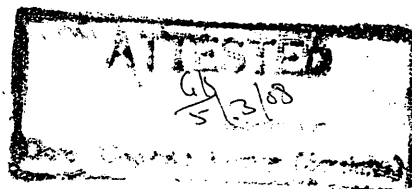


2. I have heard learned counsel for the parties on the point of sentence. Ld defence counsel has prayed for a lenient view on the ground that accused no.3 is a married woman having a family to upbringing and lookafter. Further according to him accused no.3 is the lone contesting accused who has been facing this trial for the last five years and therefore has prayed for mercy.
3. Admittedly accused no.3 is a female and has been facing trial since the year 2003. As per the material on record the Memorandum and Articles of Association of accused no.1 which is part and parcel of Ex.CW1/1 does not mention name of accused no.3 either as promoter or initial director. Ex.CW1/1 was apparently signed by accused no.2, the Managing Director, who is dead. Even Form No.32 Ex.CW1/DA was signed by the said accused no.2. In reply to question no.3 recorded in the statement under Section 313 Cr.P.C. accused no.3 stated that in fact she had been employed on a monthly salary of Rs.6000/- by promoter director Shri Kuldeep Malik of accused no.1 but in fact she used to be paid only Rs.2000/- per month. Even during the course of the proceedings I have been watching the conduct of this accused during trial of this case and looking to her position, possibility cannot be ruled out that in fact she herself has been a victim while the

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Kuldeep Malik

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king pins have been absconding. In view all these facts, I am inclined to take a lenient view in her case. As per Section 24 of the Act, at the relevant time the offence in question was punishable with imprisonment for one year or fine. No fruitful purpose would be served by sending accused no.3 to jail.

4. In the face of the aforesaid facts taking a lenient view of the matter, I impose a fine of Rs.5000/- on this accused no.3 and in default she will undergo SI for one month.

Dictated and announced
in the open Court
today i.e. on 06.09.2007

[Handwritten signature]

(PADAM KANT SAXENA)
ADDITIONAL SESSIONS JUDGE:
DELHI.

Copy given to Convict
in the Court at for
on 06/9/07

[Handwritten signature]
6/9/07

