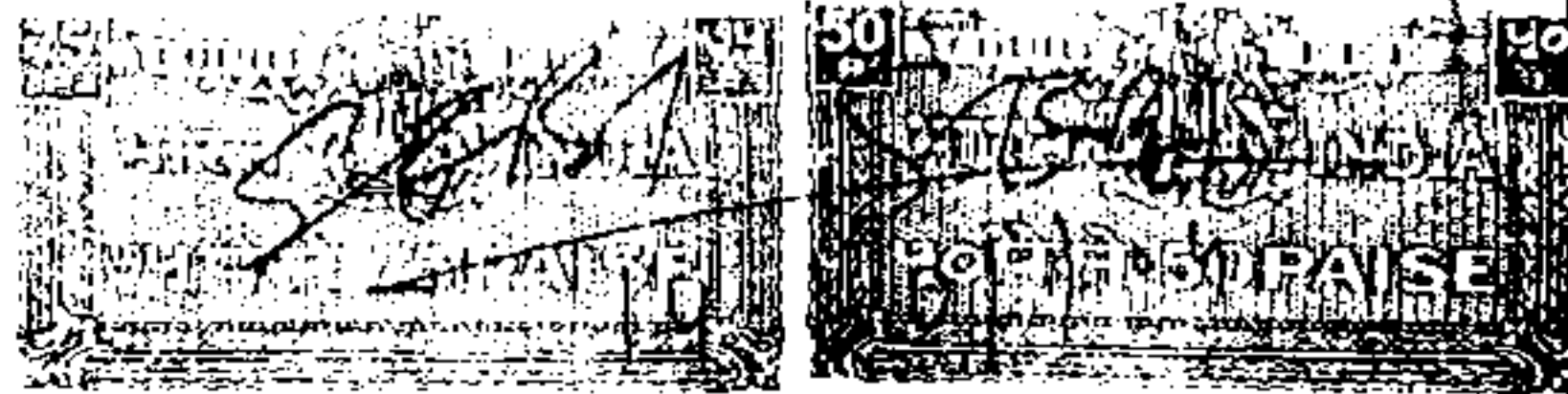


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IN THE COURT OF MS. MADHU JAIN, A.C.M.M. TIS HAZARI, DELHI.

COMPLAINT NO. 65 /2004.

IN THE MATTER OF:

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 New Delhi, represented
by its Legal Officer/Manager/Asst.
General Manager Ms./Mr.

COMPLAINANT

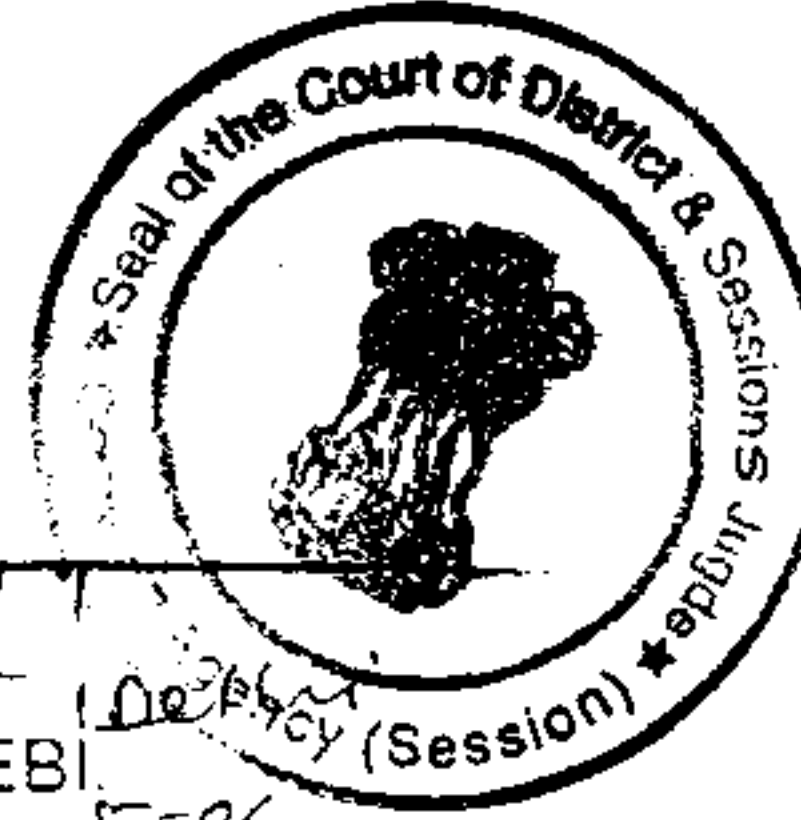
VERSUS

1. SAHAYAK FOREST (INDIA) LTD.
B-100, SWARN PARK,
ROHTAK ROAD,
MUNDA, DELHI-110041.
2. Shri. Raj Kumar,
S/o. Sh. Meer Singh,
R/o. H. No.719/12,
Sikka Colony, Sonapat-131001,
Haryana.
3. Shri. Gulshan Narang,
S/o. Sh. Desraj Narang,
R/o. H. No.1395/D,
New Tara Nagar, Sonapat-131001,
Haryana.
4. Shri. Satish Kumar,
S/o. Sh. Ram Karan,
R/o. VPO Garh Shahjanpur,
Sonapat-131001,
Haryana.

ACCUSED

COMPLAINT UNDER SECTION 200 OF THE CODE OF CRIMINAL
PROCEDURE, 1973 READ WITH SECTION 24(1), 27 OF SECURITIES
EXCHANGE BOARD OF INDIA ACT, 1992.





5.5.2006

Present: Counsel Sh. Mann. proxy for Sh. Sachit Setia for the SEBI.
Ali accused on bail.

Vide separate orders, the accused are found guilty of the offences punishable under Section 24 (1) read with Section 27 of the SEBI Act, 1992 for non-compliance of Regulations 73(1) and 74 of the SEBI (Collective Investment Scheme) Regulations Act, 1999, Section 12(1)(B) read with Regulation 5 (1) read with Regulations 68(1) 68(2) 73 and 74 of the SEBI (Collective Investment Scheme) Regulations 1999. The accused are convicted for the aforesaid offences and sentenced to pay a fine of Rs.3,000/- each, in default of which, they shall undergo SI for one month. The accused are also directed to submit the winding up report in format to the SEBI within two months.

The personal bonds and surety bonds of the accused are cancelled. Sureties are discharged. The file be consigned to record room.

Asha Menon

Announced in the Open Court.
Dated: 5.5.2006

(ASHA MENON)
ADDL. SESSIONS JUDGE:
DELHI.

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IN THE COURT OF MS. ASHA MENON: ASJ: DELHI.

CC NO.0172004

SECURITIES & 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 Asstt. General Manager, Rakesh Bhanot.

... Complainant

VS.

1. Sahayak Forest (India) Ltd.
B-100, Swarn Park,
Rohtak Road, Munda,
Delhi-41.
2. Sh. Raj Kumar, S/o Sh. Meer Singh.
R/o H.No. 719/12, Sikkar Colony.
Sonapat-131001, Haryana.
3. Sh. Gulshan Narang, S/o Sh. Desraj Narang,
R/o H.No. 1395/D, New Tara Nagar,
Sonapat-131001, Haryana.
4. Sh. Satish Kumar, S/o Sh. Ram Karan,
R/o VPO Garh Shahjanpur,
Sonapat-131001, Haryana. Accused

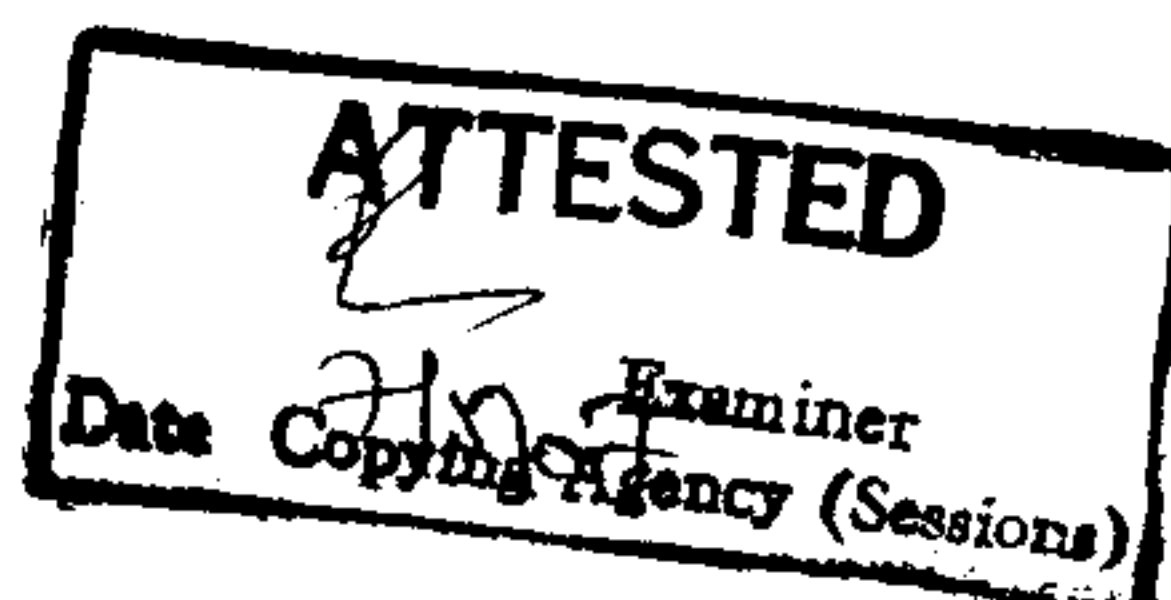
JUDGMENT:

1. The complaint has been filed by the Securities and Exchange Board of India (hereinafter referred to as the SEBI) through its Assistant General Manager Sh. Rakesh Bhanot against Sahayak Forest (India) Limited and against its Directors Sh. Raj Kumar, Sh. Gulshan Narang and Sh. Satish Kumar.

2. The complaint has been preferred under the Securities and

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Exchange Board of India Act, 1992 and the rules made thereunder.

The case as set out in the complaint is that the Government of India after detailed consultations with the regulatory bodies decided that an appropriate regulatory frame work for regulating entities which issued instruments such as Agro Bonds and Plantation Bonds etc., was requires to be created. Thereafter, the Government notified on November 1997, through a press release, that such schemes relating to issue of Agro Bonds etc., would be treated as Collective Investment Scheme governed by the SEBI Act 1992.

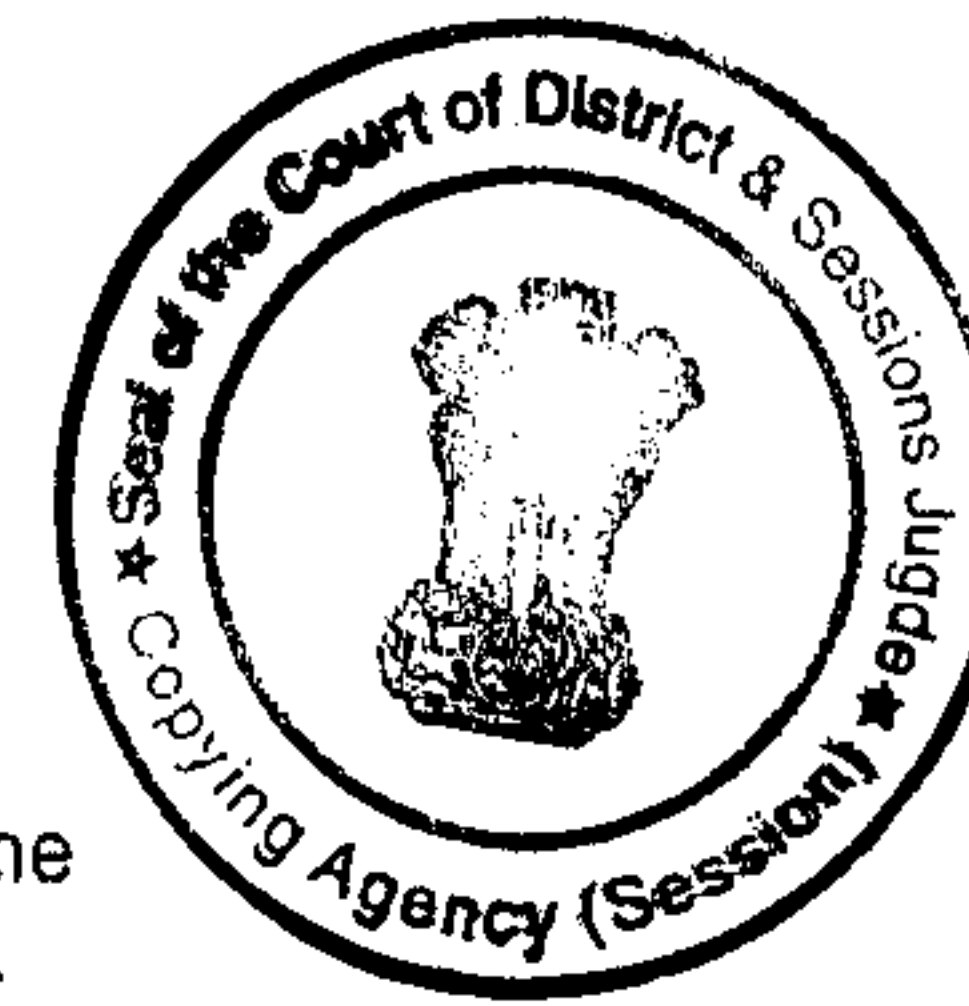
3. The aim of these regulations were to ensure investor protection and to promote legitimate investment activities. The regulations were notified in 1999 as the SEBI (Collective Investment Scheme) Regulation 1999.

4. The entities involving any Collective Investment Scheme were required, vide the press release dated 26.11.97, 18.12.97 to file information with the SEBI giving the detail of the Company, its Scheme and nature of Investment. In response the accused in this case i.e. Sahayak Forest (India) Limited informed that they had collected more than Rs. 2.8 lacs from their Schemes. It also informed who the Directors were.

5. It has been stated in the complaint that after the regulations came into force, the SEBI issued letters dated 15.12.99 and

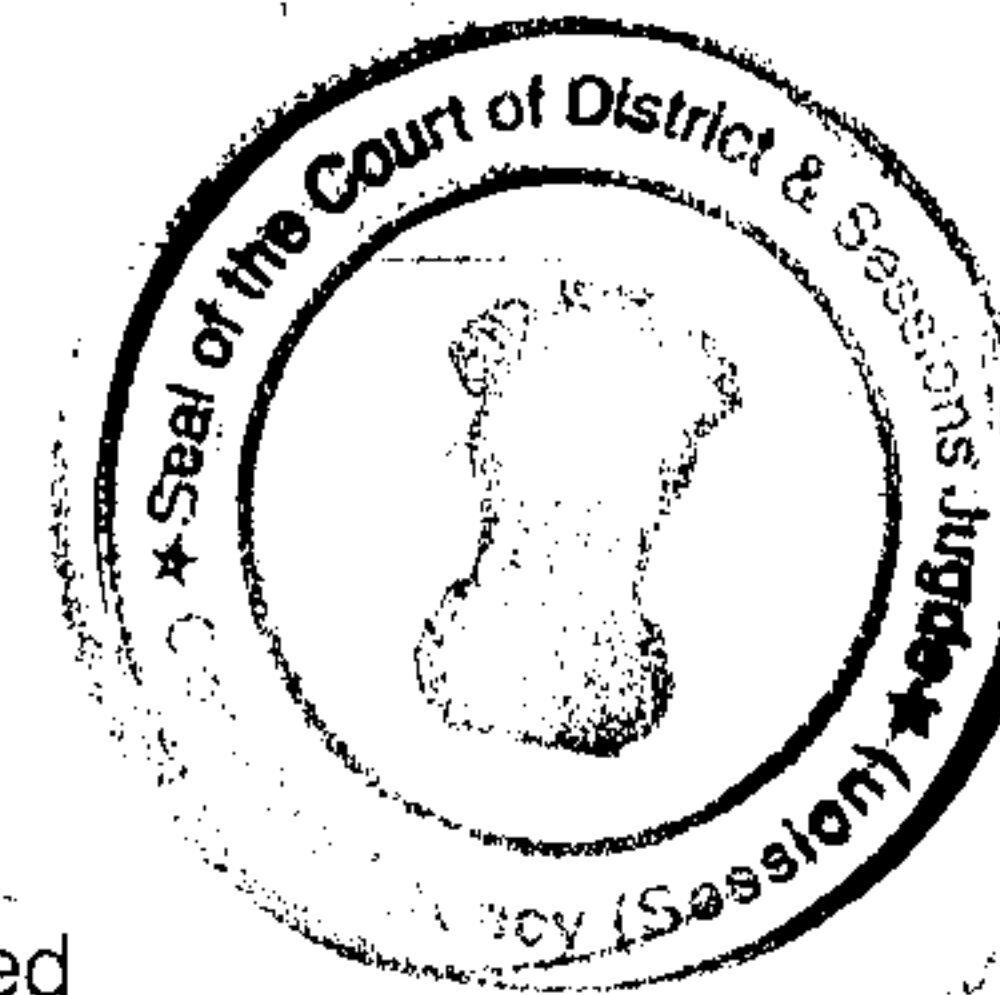
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29.12.99 and also issued public notices dated 10.2.99 informing the accused company of the notification and the regulations and directing it to send information memorandum to all Investors detailing the state of affairs of the Schemes, the amount repayable to each Investors and the manner in which such amount was determined. This information was to be sent by 28.2.2000. Subsequently, the last date for furnishing details was extended up to 31st March, 2000.

6. According to the complainant, the accused No. 1 failed to apply for registration and also failed to submit the repayment report nor did it furnish details for winding up the schemes. Therefore, on December 7th, 2000, orders were issued by SEBI u/s 11 B of the SEBI Act 1992, to the accused company to refund the money collected to the investors within one month and submit the report of repayment and winding up to the SEBI. According to the complainant since there was no compliance of this order, the



7. Vide orders dated 14.1.2004 the accused were summoned for trial. The notice of allegations under Section 251 Cr.P.C was served up on accused Raj Kumar, Gulshan Narang and Satish Kumar and the company Sahayak Forest (India) Limited through them for having failed to comply with the regulations and for thus committing offences punishable under Section 24(1) SEBI Act read with Section 27 of the said Act. The accused pleaded not guilty.

8. Sh. Rakesh Bhanot, AGM was examined as CW-1 on behalf of the SEBI. During his testimony he has brought on record the letter dated 22.1.98 sent by the accused to the SEBI as Ex.CW1/1. The letter contained the names of the directors being the accused Raj Kumar, Gulshan Narang and Satish Kumar. It also contained the information that the company had raised about Rs.2.8 lacs under their different schemes. He has testified that thereafter, letters sent by the SEBI to the accused company informing about the requirements under the regulations were



communication returned undelivered to the SEBI. He deposed to the public notice issued in the Hindustan Times listing the accused company at serial no. 380. He deposed to the non-compliance despite the public notice by the accused company and the accused directors till the filing of the complaint.

9. In the cross-examination, he affirmed that the accused had submitted repayment report to the SEBI which had been audited by the SEBI appointed auditors, which has been placed on the record as Ex.CW1/DA. He denied the suggestion that the complaint had been filed without proper verification.

10. After the evidence was recorded, the statements of the accused have been recorded under Section 313 Cr.P.C. No evidence has been led in defence.

11. I have heard the submissions of learned counsel for the SEBI and the learned counsel for the accused. The contention of the learned counsel for the accused is that the accused company;



12. The learned counsel for the SEBI contended that violation had been duly proved by the SEBI and the details had been submitted to the SEBI regarding repayment only after the commencement of this complaint. But at the same time, the learned counsel for SEBI affirms that Ex.CW1/DA was the affirmation by the SEBI appointed auditors of the claim of the accused that the depositors had been refunded the amount within a short period. However, the learned counsel for the SEBI submitted that the winding up report had yet to be submitted and the accused were still bound to comply with that requirement.

13. After hearing the submissions and assessing the entire evidence on record including the statements of the accused recorded under Section 313 Cr.P.C. it is amply established that the accused were running a Collective Investment Scheme and had collected Rs.2.8 lacs. It is also apparent from Ex.CW1/DA that the



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malafides involved in the closing down of the office by the accused company and it was not intended as an act to avoid communication from the regulatory body. It is also apparent that the violation of the Regulations is only a technical one inasmuch as the accused did not submit the winding up and repayment report in format as required after the regulations came into force in 1999. The mistake they have also committed is in not informing the SEBI immediately after repayment in the year 1998 that the repayments had been effected and the Collective Investment Scheme is no longer in existence. Their mistake was also that they did not chose to respond to the public notice mentioning the name of their company and submit compliance within the prescribed limit to the SEBI.

15. Thus, the accused have to be held guilty of the offence punishable under Section 24 (1) read with Section 27 of the SEBI Act, 1992 for non-compliance of Regulations 73(1) and 74 of the



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undergo SI for one month. The accused are also directed to submit the winding up report in format to the SEBI within two months.

17. The personal bonds and surety bonds of the accused are cancelled. Sureties are discharged. The file be consigned to record room.

Asha Menon.

Announced in the Open Court.
Dated: 5.5.2006

(ASHA MENON)
ADDL. SESSIONS JUDGE:
DELHI.

*Copy given to the accused
in open court at f.o.c
on 5/5/06.*

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5/5/06*

Asst. Registrar

