

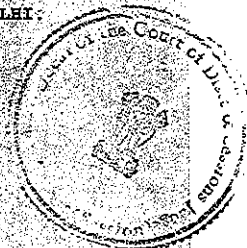


IN THE COURT OF MS. MADHU JAIN, A.C.M.M. TIS HAZARI, DELHI.

COMPLAINT NO. 32 / 2004

IN THE MATTER OF:

14/01/04



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 Mr. Sharad Bansode.

COMPLAINANT

VERSUS

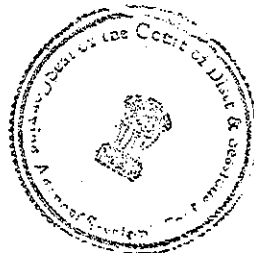
1. TIME FORESTS INDIA LTD.
SCO 179-180, IIIRD Floor,
Sector 17-C,
Chandigarh-160017.
2. Shri. Mohammad Shahnaz,
S/o. Late Jan Mohammad,
R/o. 247, Sector 20-A,
Chandigarh.
3. Shri. Bhanu Pratap Sharma,
S/o. Shri. Bhubuti Prasad Sharma,,
R/o. 2752, Sector 37-C,
Chandigarh.
4. Shri. Tej Bhan Singh,
S/o. Shri. Lalita Singh,
R/o. H. No. 1806, Sector-17,
Panchkula, Haryana.
5. Shri. Mohammad Akram,
S/o. Mr. Shaheed Mohammad,
6. Shri. Joginder Singh,
S/o. Ramji Dass,
R/o. 69, Village Mullanpur,
Garibadass, Tehsil Kharar,
Distt. Ropar, (Punjab).
7. Shri. Devinder Singh,
S/o. Late Arjun Singh,
R/o. 832, New Indira Colony,
Manimajra, Chandigarh.

02401RS22842004

P.O. dt 8/1/04

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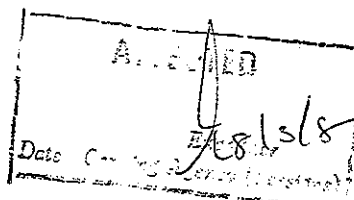


8/1
Shri. Chhotelal Verma,
S/o. Ram Dayal Verma,
R/o. 230, Industrial Area, L.C.4,
Chandigarh.

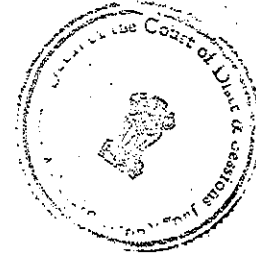
ACCUSED

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.

MOST RESPECTFULLY SHOWETH:



CC No.40/2007



12.03.2008

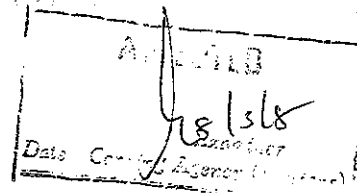
Present: Shri Ashish Aggarwal, advocate for SEBI.

Accused nos. 2, 3 and 5 to 8 are present on bail for self and accused no.1 with Shri Ravinder Aggarwal, advocate.

Vide separate judgment of date dictated and announced in the open court, accused nos. 1 to 3 and 5 to 8, have been held guilty under Sections 24 r/w 27 of Securities and Exchange Board of India Act, 1992.

Arguments on sentence have also been heard. Vide separate order, each one of convict nos. 1, 2 and 5 to 8 is ordered to pay a fine in the sum of Rs.5,000/- failing which the defaulter (except convict no. 1) would undergo S.I. for one month. As regards convict no. 3, in view of the fact that he is also a cancer patient, he is ordered to pay a fine in the sum of Rs.2,500/- and in default of the said payment, he shall undergo S.I. for fifteen days. Out of the amount of fine, if realised, a sum of Rs.5,000/- be paid to SEBI in defraying the expenses incurred by it, in the prosecution of the present case. It is further directed that as per Securities and Exchange Board of India (Collective

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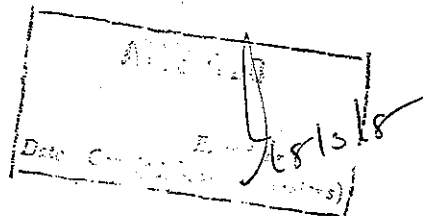
Investment Schemes) Regulations, 1999, convict nos. 1 to 3 and 5 to 8 shall file winding up and repayment report with SEBI within 2 months which shall be got audited by it and it would be free to initiate appropriate action, if any as per law.

Amount of fine has been paid. Copies of judgment and order on sentence be supplied to convicts, free of cost.

Accused is no. 4 is P.O.

On request of Ld. Counsel for SEBI this file be consigned to record room under Section 299 Cr.P.C., 1973 with a liberty to the complainant to get it reopened as and when the said accused is arrested.


(PADAM KANT SAXENA)
ADDL. SESSIONS JUDGE
Delhi: 12.03.2008



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



CC No. 40/2005 (New)

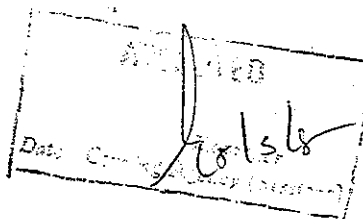
SEBI Vs. M/s. Time Forests India Ltd. *et al.*

ORDER ON SENTENCE

Vide separate judgment passed today, accused nos. 1 to 3 and 5 to 8, have been held guilty under Sections 24 r/w 27 of Securities and Exchange Board of India Act, 1992.

Arguments on sentence have been heard. Ld. Defence Counsel has argued for a lenient view in the matter on the ground that all convict nos. 2, 3 and 5 to 8 have been leading retired life and only a nominal amount had been mobilized by them. It has also been stated that the said convicts have been facing trial for a long time. On behalf of convict no. 3, it has been additionally argued that he is a cancer patient.

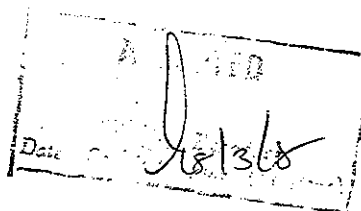
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As discussed in the judgment, convicts being directors of convict no. 1, had been running collective investment schemes and had also mobilized funds to the tune of Rs.30,000/-. It has also been held in the said judgment, that the said schemes were not got registered despite enforcement of Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 and also neither the said schemes were wound up nor repayments were made to the investors. Further as required by the said Regulations, winding up and repayment report was also filed with SEBI.

In exercise of my powers under Section 24 of Securities and Exchange Board of India Act, 1992, each one of convict nos. 1, 2 and 5 to 8 is ordered to pay a fine in the sum of Rs.5,000/- failing which the defaulter (except convict no. 1) would undergo S.I. for one month. As regards convict no. 3, in view of the fact that he is also a cancer patient, he is ordered to pay a fine in the

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sum of Rs.2,500/- and in default of the said payment, he shall undergo S.I. for fifteen days. Out of the amount of fine, if realised, a sum of Rs.5,000/- be paid to SEBI in defraying the expenses incurred by it, in the prosecution of the present case. It is further directed that as per aforesaid Regulations convict nos. 1 to 3 and 5 to 8 shall file winding up and repayment report with SEBI within 2 months which shall be got audited by it and it would be free to initiate appropriate action, if any as per law.

Dictated and announced

in the Open Court

today i.e. on 12.03.2008

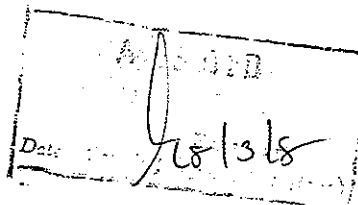
[Signature]
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(PADAM KANT SAXENA)
ADDITIONAL SESSIONS JUDGE:
DELHI.

Copy given to convict
in the Court office
on 12/3/08
12/3/08

[Signature]
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12/3/08

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



CC No.32/04 (Old)

CC No. 40/2005 (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. Time Forests India Ltd.

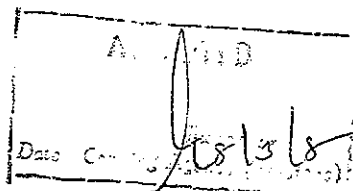
SCO 179-180, IIIrd Floor,

Sector 17-C,

Chandigarh-160017.

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1 of 11



2. Sh. Mohammad Shahbaz,
S/o Late Jan Mohammad,
R/o: 247, Sector 20-A
Chandigarh.



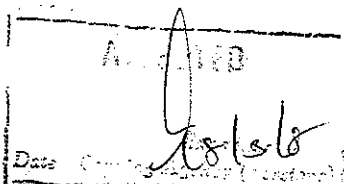
3. Sh. Bhanu Pratap Sharma
S/o Sh. Bhubuti Prasad Sharma,
R/o 2752, Sector 37-C,
Chandigarh.

4. Sh. Tej Bhan Singh,
S/o Sh. Lalita Singh,
R/o H. No. 1806, Sector-17,
Panchkula, Haryana. (Proclaimed Offender)

5. Sh. Mohammad Akram,
S/o Mr. Shahced Mohammad,

6. Sh. Joginder Singh,
S/o Ramji Dass,
R/o 69, Village Mullanpur,
Garibadass, Tehsil Kharar,
Distt. Ropar, (Punjab).

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12/12/18



7. Sh. Devinder Singh,
S/o Late Arjun Singh,
R/o 832, New Indira Colony,
Manimajra, Chandigarh.



8. Sh. Chhotelal Verma,
S/o Ram Dayal Verma,
R/o 230, Industrial Area,
L.C. 4, Chandigarh.

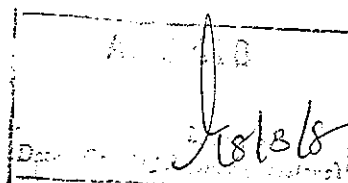
..... Accused

Date of Institution : 14.01.2004
Date of Final Arguments : 28.02.2008
Judgment reserved on : 28.02.2008
Date of Judgment : 12.03.2008

JUDGMENT

1. Accused no. 1 is a company incorporated under Indian Companies Act, 1956 while accused nos. 2 to 8 are its directors.

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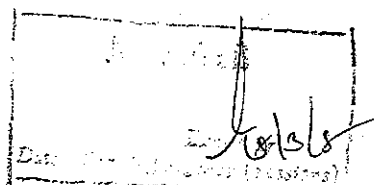




2. The complaint case in question was filed by M/s Securities and Exchange Board of India (for short referred to as 'SEBI'). As per section 12 (1B) of Securities and Exchange Board of India Act, 1992 (for short referred to as the 'SEBI Act, 1992') no person could collect money under Collective Investment Scheme (for short referred to as 'CIS') without getting it registered. Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 (for short referred to as 'CIS Regulations') came into force w.e.f. 15.10.99.

3. In pursuance of order no. F.3 (4)/ADJ/75650 dated 04.12.2004, passed by 'Ld. District and Sessions Judge, Delhi, the complaint case in question came to be transferred to this court by 'Ld. ACMM, Delhi vide order dated 29.01.2005.

4. After filing of complaint before Ld. ACMM, Delhi, notices were issued to the accused to appear.



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5. Accused No. 4 is a proclaimed offender while remaining accused have been facing trial.



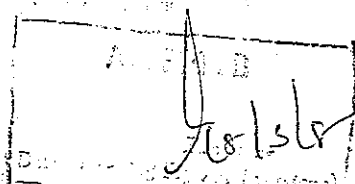
6. Accused no. 3 is about 71 years of age and is therefore a senior citizen.

7. Notice of accusation was given to accused no.1 to 3 and 5 to 8 under Section 251 of the Code of Criminal Procedure, 1973 (for short referred to 'the Code') by ld. predecessor of this court on 07.09.2006 to which each one of them pleaded not guilty and claimed trial.

8. In support of its case, SEBI examined only one witness namely CW1 Sh. Manish Vashisht whereafter ld. counsel for SEBI closed its evidence. Thereafter statement of accused no. 2 for self and on behalf of accused no. 1 was recorded while statements of accused nos. 3 and 5 to 8 were also recorded separately under Section 313 of the Code.

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were recorded. In support of the defence of the aforesaid contesting accused, accused no. 2 gave an application under Section 315 of the Code and on his own request entered the witness box and examined himself as DW 1. Thereafter ld. defence counsel closed defence evidence.



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

10. It has come in the evidence of CW.1 that SEBI issued a public notice dated 10.12.1999 which was published in 'the Hindustan Times' on 19.12.1999 and copy of the same has been proved on record as Ex.CW-1/4. Vide this public notice, companies running collective investment schemes were informed of their obligations in terms of CIS Regulations particularly those of 5, 73 and 74. Thereafter several communications sent by SEBI to accused no.1 were received back unserved. Chairman SEBI issued an order dated 07.12.2000 which was published on 14.01.2001 in

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"The Hindustan Times" and copy of the same has been proved on record as Ex.CW-1/14, directing collective investment schemes to return the money of the investors and file repayment and winding report (for short 'the WRR') and since accused no.1 was a defaulter till then, its name appeared at serial no. 469 of the said public notice.



11. New CW1 was cross-examined by ld. defence counsel wherein a suggestion was put to him to the effect that accused had collected Rs.30,000/- from public under CIS as mentioned in Ex.CW-1/1, which he admitted as correct. The defence sought to be raised by the accused as is reflected in the cross examination of CW1 is that the repayments had been made to the investors and winding up report and proof of repayments had been filed before Registrar of Companies to which he responded by saying that he was not aware about the same.

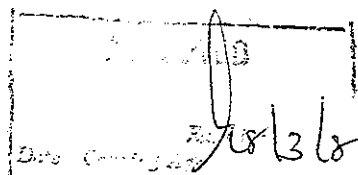
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13. The aforesaid contesting accused, Shri Mohd. Shahnaz, accused no.2 while being examined as DW-1 admitted in his cross-examination by Id. Counsel for SEBI, admitted that WRR had not been filed with SEBI.

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1/1 whereby accused no. 1 company had given names of accused nos. 2 to 8 who were its directors and the amount raised by it under various collective investment / Plantation schemes was stated to be Rs. 30,000/- in all. The said information was given by accused no. 1 in response to the Public Notice dated 18.12.97. Accused themselves have placed on record a compliance certificate dated 26.7.98 along with their list of documents to show that accused no. 1 had floated CIS schemes but was not mobilising any further funds and had also not floated any new CIS. This letter has remained unproved but since it has been filed by the accused themselves, it can be read against them. At the time of writing the judgment it has been marked as Ex. A 1. Even accused nos. 2, 3 and 5 to 8 in their respective statements under Section of 313 of the Code admitted that accused no. 1 had been running CIS. It is not the defence of accused no. 1 that it had got the said CIS registered with SEBI under SEBI Act, 1992. Therefore it was clear violation of Section 12 (1B) of SEBI Act, 1992.



15. Now CIS Regulations came into force w.e.f 15.10.99.



16. Had WRR been filed by the accused with SEBI, in the prescribed proforma, it would have got the same audited and the question, whether repayments had been made to the investors or not, could have been verified. Mere ipse dixit of the accused in this regard cannot be accepted particularly when no investor has been examined before this court. Merely on the basis of Ex. DW-1/2 it cannot be held that repayments stood made particularly when record of receipt of payments by accused no.1 from the investors has not been filed.

17. In view of the aforesaid discussion, it stands proved on record that accused nos.2, 3 and 5 to 8 who were directors of accused no.1, had floated CIS and despite coming into force of CIS Regulations w.e.f. 15.10.1999, failed to obtain registration in respect thereof and also failed

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to repay and to file the WRR with SEBI. Therefore, the said contesting accused nos. 1 to 3 and 5 to 8 are liable to be punished under Section 24 r/w Section 27 of SEBI Act, 1992.

Dictated and announced
in the open court
today i.e. on 12.03.2008



Padam Kant Saxena
12/3/08

(PADAM KANT SAXENA)
ADDITIONAL SESSIONS JUDGE:
DELHI.

Copy given to convict
in the Court of Rec
on 12/3/08
12/3/08

Sh. B. B. B. B.
Sh. B. B. B. B.
Sh. B. B. B. B.

M. *Kan*
Sh. B. B. B. B.
MSB 2008

Direct of the Court of Sessions, Delhi	
Case No.	127
Date	12/3/08
Author	
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