

IN THE COURT OF MS. VANDANA JAIN:
ADDL. SESSIONS JUDGE-03/SPECIAL JUDGE
(COMPANIES ACT), DWARKA COURTS, NEW DELHI.

CNR No.DLSW01-007663-2023

CC No.745/2023

SEBI Vs. Neelgiri Forests Ltd. & Ors.

Security and Exchange Board of India

.....Complainant

Versus

1. Neelgiri Forest Ltd. (convict no.1)
(Not represented)

2. Sh. Ranbir Singh, (convict no.6)

3. Sh. Anant Varshney, (convict no.7)

.....Convicts

ORDER ON SENTENCE

04.07.2024

Present: Sh. Ashish Aggarwal, ld. counsel for the complainant/SEBI (through VC).
Convict No.1 is company (*None is present*).
Convict No.6 Ranbir Singh in person.
Sh. Bankey Bihari and Sh. Rajat Rathee, Advocates for convict No.6.
Convict No.7 Anand Varshney in person.
Ms. Neha Giri, ld. counsel for convict No.7

1. Victim Impact Report has been received.
2. I have heard Ld. counsel for the complainant as well as ld. counsels for convict No.6 and convict No.7 on the point of sentence.
3. Ld. counsel for complainant has submitted that the convicts do not deserve any leniency as he has committed a

serious offence and therefore, maximum punishment as provided by law should be granted to the convicts.

4. On the other hand, Id. Counsel for convict No.6 has submitted that the convict No.6 is a senior citizen aged about 74 years and is a resident of Hissar. He is a practicing lawyer and before June, 2023 he was earning Rs.4,000/- per month and after June, 2023, he is earning Rs.10,000/- per month from legal practice. Id. counsel for convict No.6 further submitted that convict No.6 owns 15 marla of agricultural land in Village Gangwa, District Hissar and maintains a Scooter Bajaj Super 1998 Model. He has a family consisting of his wife, son and the son's family. Id. counsel for convict No.6 further submitted that he is suffering from cancer and is terminally ill and therefore, a lenient view be taken keeping in view his medical condition and his age and the application moved by convict no.6 seeking probation be allowed.

5. Id. Counsel for convict No.7 has submitted that the convict No.7 is aged about 63 years and is a resident of Aligarh, U.P. He is BA. LL.B and is earning Rs.20,000/- per month. Id. counsel for convict No.7 further submitted that convict No.7 has a wife to maintain. His one married son and his wife are also there in his family. He has a share in the ancestral dwelling house and total value of assets owned by convict no.7 including household items and dwelling house is about Rs.22 lakhs. Id. counsel for convict No.7 further submitted that convict no.7 is suffering from bladder tumor and is also having a slip disc and has also undergone angioplasty twice and therefore, a lenient

view be taken keeping in view his medical condition and his age.

6. I have considered the submissions made on behalf of parties and have perused the record.

7. I have also perused the affidavit filed by complainant in respect of cost of proceedings as well as the affidavits of income and assets filed on behalf of convicts.

8. As per affidavit filed on behalf of complainant/SEBI, the complainant/SEBI had incurred Rs.1 lakh (Rupees One Lakh) towards cost of proceedings.

9. The recommendations made in Victim Impact Report by DLSA are as under:

“After taking into consideration the gravity of the offense, severity of mental/physical harm/injuries suffered by the victim(s); losses suffered by the victim(s) and the paying capacity of the accused. The recommendations of the Committee are as under:-

During the course of interaction, with Ravinder Kumar, Manager Securities with Exchange Board of India has stated that SEBI is the complainant in the said case and the victims are the investors who have not been re paid till date. Reply dated 24.06.2024 submitted by Sh. Ravinder Kumar, Manager (SEBI) is taken on record and his statement has also been recorded.

However, as per the reply of SEBI Manager in point no.1 "SEBI is a statutory body with a mandate to protect the interest of the

investors in securities and to promote the development of and to regulate the securities market and for matters connected therewith or incidental thereto. The Preamble of the SEBI Act is representative of the objectives and goals of the Complainant as an Organization". Further at point no 4 "the actual victims in the present case are the investors who have not been repaid till date. Moreover, as per his statement victims are the investors who have not been repaid till date,

In view of the reply given and statement submitted by the manager of SEBI and in the absence of Investor/Victim and Verification Report, Victim Impact Report cannot be prepared as the Investors who are the real victims have not appeared before this Authority."

10. The principle of Criminal Justice Administration System is not only to punish the criminals but also to have welfare approach so that a person who is convicted is given an opportunity to reform himself. However, every case has to be assessed on the basis of its peculiar facts. The facts of this case are unique. It is an admitted fact that the convict no.1 company had floated a Collective Investment Scheme after its incorporation in year 1992 which is reflected in its balance sheets of year 1996-1997. It has already been held in the judgment that convicts namely Ranbir Singh and Anant Varshney were the directors of convict no.1 company at the time when this scheme was floated and eventually approximately amount of Rs.2,01,62,641.44p was collected from the general public in the said years. The said amount has not been repaid back to the

investors till date. The irony of this case is that the identity of the investors is not known even at this stage and no relief actually can be granted to them. SEBI being a statutory body, in order to protect the interest of investors had initiated a criminal prosecution against the convict No.1 company and its six directors after they failed to comply with the directions of SEBI in respect of winding up the scheme and repaying the investors. The huge amount of approximately Rs.2 crores was mobilized thirty years back in which the common citizens of this country have invested their hard earned money. Neither the convict No.1 company nor any of the directors including the two convicts herein have ever come forward to supply the list of investors either to the SEBI or to this Court alongwith the supporting documents/registers. A socio economic offence has been committed by the convicts herein as the unknown investors have faced economic as well as mental crisis due to the act of the convicts. It is relevant to note at this stage that a company is only a juristic person which is run by living individuals, therefore, the convicts herein are responsible for committing the said offence. In these circumstances, no lenient view can be taken against them. Hence, the application seeking probation moved on behalf of convict No.6 is hereby dismissed.

11. Since the offence was committed way back in 1996-1997 punishable under Section 11B, 12(1B) of SEBI Act r/w Regulation 5(1), 68(1), 68(2), 73 and 74 of CIS Regulations, punishable under Sections 24(1) and 27 of SEBI Act, 1992, the convicts are liable to be punished under the old provisions of SEBI Act, 1992 which were applicable before amendment in the

SEBI Act on 29.10.2002. Section 24(1) of the Old SEBI Act is provided herein under:

“24. Offences

(1) Without prejudice to any award of penalty by the Adjudicating Officer under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations made thereunder, he shall be punishable with imprisonment for a term which may extend to one year, or with fine, or with both.”

12. Therefore, in view of the totality of facts and circumstances discussed hereinabove, **convict No.1 company i.e. Neelgiri Forest Ltd. is punishable with fine amounting to Rs.8 crores (Rupees Eight Crores) to be deposited with SEBI. Convict No.6 Ranbir Singh and convict No.7 Anant Varshney are sentenced to undergo rigorous imprisonment for a period of one year and fine to the tune of Rs.4 crores each (Rupees Four Crores each) to be deposited with SEBI and in default of payment of fine, convicts no.6 and 7 shall further undergo simple imprisonment for a period of three months.** It is clarified that all the convicts i.e. convict no.1, convict no.6 and convict no.7 are severally liable to pay the fine amount imposed herein above.

13. The aforesaid amount of fine imposed on convict no.1 company includes the cost of proceedings incurred by SEBI. The remaining amount excluding the cost of proceedings deposited by the convicts shall be transferred by SEBI in its Investors Protection Fund Account.

14. Ordered accordingly. Fine has not been deposited by the

convicts.

15. At this stage, separate applications under Section 389(3) CrPC have been moved on behalf of convicts No.6 and 7 seeking suspension of their sentence till the expiry of statutory period of appeal.

16. Submissions on the application heard.

17. In view of the submissions made on behalf of convicts no.6 and 7, the sentence awarded to both convicts i.e. convict No.6 Ranbir Singh and convict no.7 Anant Varshney is suspended and they are admitted to bail on their each furnishing PB/SB in the sum of Rs.50,000/- till the expiry of statutory of period of appeal.

18. Bailbonds have been furnished by convicts No.6 and 7 which are accepted till the expiry of statutory of period of appeal.

19. Both the applications stand disposed of accordingly.

20. A copy of this order be supplied to convicts free of cost.

**Announced in the open Court
on 04.07.2024**

VANDANA JAIN
Digitally signed by
VANDANA JAIN
Date: 2024.07.04
15:57:05 +0530

(Vandana Jain)

**ASJ-03 & Special Judge (Companies Act)
Dwarka Courts (SW)/New Delhi/04.07.2024**

**Note: This order contains seven (7) pages and having my
signature on each page.**

VANDANA JAIN
Digitally signed by
VANDANA JAIN
Date: 2024.07.04
15:57:10 +0530

(Vandana Jain)

**ASJ-03 & Special Judge (Companies Act)
Dwarka Courts (SW)/New Delhi/04.07.2024**