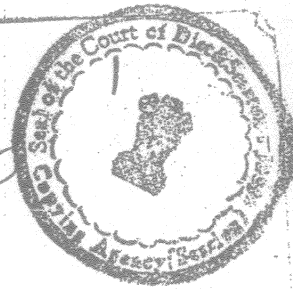


Ac Shri. Asha Menon



IN THE COURT OF THE ADDL. CHIEF METROPOLITAN
MAGISTRATE,
TEES HAZARI, DELHI

CC NO:

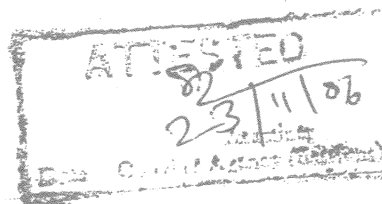
Securities and Exchange Board of India, a
statutory body established under the
provisions of Securities and Exchange
Board of India Act, 1992, having its Head
Office at Mittal Court, B - Wing, 224
Nariman Point, Mumbai - 400 021
represented by its Legal Officer, Shri
Sharad Bansode.

....Complainant

Vs.

1. Green Global (India) Ltd., a company
incorporated under the provisions of
Companies Act, 1956 and having its
registered office at 158, Kapil Vihar,
Near Madhuban Chowk, Pitampura,
New Delhi 110034.

2. Shri Naresh Hasija, s/o Sh. Shyam Lal
Grover, Occupation Director of the
Accused No.1; resident of W.Z. 1877,
Multani Mohalla, Rani Bagh, Delhi 110
034.





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3. Sh. Manoj Grover, s/o Sh. Shayam Lal Grover,; Occupation Director of the Accused No.1; resident of W. Z. 3084, Mahindra Park, Rani Bagh, Delhi 110 034.

4. ~~Smt Suman, w/o SH Rajeshwar,~~ Occupation Director of the Accused No.1; resident of H. No. 330/10, gali No. 2, Adarsh Nagar, Behind Tarana Cinema, Sonipat.

5. Mrs. Kanta Antil, w/o Sh Om Kumar Antil; Occupation Director of the Accused No.1; resident of H. No. 165/18, Tara Nagar, SONIPAT.

committed

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

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23/11/06

CC 76/05



6.11.06

Dr. Sh Mann for SEBI.
A1, A2 & A3 with Sh. Abbot Adv.
A5 is P.O.
A4 stands connected.

Vide separate orders of
even date the accused
A1, A2 & A3 stand connected.

Heard on quantum of sentence.
Be put up on 7.11.06 for
orders on sentence at 10 am.

AV
437

7.11.06

Dr. Nare for SEBI.

Counsel Sh. Sanjay Abbot is present
with accd A2 & A3 also for A1.
A5 is P.O.

Vide separate orders of even
date, the accused company
and its directors A2 Naresh
Harja and A3 Manoj Grover
are sentenced to a fine of
Rs 1 lac each. In default of
the payment of fine, A2 & A3

5/11/06

shall undergo 31 for four
months each.

On payment of fine the
personal bonds and surety bonds
of the accused shall stand cancelled
and the sureties will stand discharged,
File be consigned to be served
upon apprehension of 45 sent. kante
until

Announced in
open court on
7.11.06.

J. S. H. H. H.
453

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23/11/06

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

CC 76/05

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,
Sh. Sharad Bansode

COMPLAINANT

VERSUS

1. GREEN GLOBAL (INDIA) LTD.

A company incorporated under
the provisions of Companies Act,
1956 and having its registered
office at 158, Kapil Vihar, near
Madhuban Chowk, Pitampura,
New Delhi 110034.

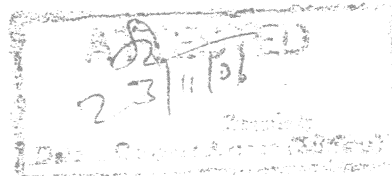
2. SH. NARESH HASIJA S/O

Sh. Shyam Lal Grover, Occupation
Director of Accused No.1; resident
of WZ 1877, Multani Mohalla,
Rani Bagh Delhi, 110 034.

3. SH. MANOJ GROVER S/O

Sh. Shyam Lal Grover, Occupation
Director of Accused No.1; resident
of WZ 3084, Mahindra Park, Rani
Bagh, Delhi 110 034.

4. SMT. SUMAN W/O Sh. Rajeshwar





Occupation Director of Accused No.1;
Resident of H.No.330/10, Gali No. 2
Adarsh Nagar, Behind Tarana Cinema,
Sonipat. (Convicted and fined on 21.2.2004)

5.MRS.KANTA ANTIL W/O Sh. Om
Kumar Antil; Occupation Director of
Accused No.1; resident of H.No. 165/
18, Tara Nagar, Sonipat. (Proclaimed Offender)

JUDGEMENT

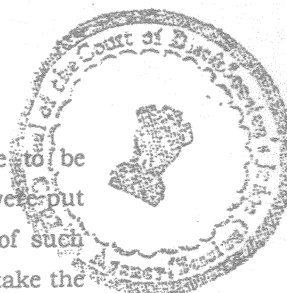
The complaint has been filed by the SEBI against the aforesaid accused being the company and its directors for violations of the SEBI Act 1992 and the SEBI (Collective Investment Schemes Regulations) 1999.

The brief background as is necessary for the disposal of the case may be stated. The Government of India passed the Securities and Exchange Board of India Act in 1992 and established the Securities and Exchange Board under the said Act (hereinafter referred to as SEBI) with the aim of providing protection of the interests of investors in securities and promote the development of and regulate the securities markets . S.11(1) of the Act provides for the duties of the Board. It was noticed by the Government that a large number of private entrepreneurs were undertaking plantation activities, raising the funds from ordinary investors from the capital market, themselves investing only frugal amounts in such ventures. It was also noticed that in order to entice investors, these schemes promised very high returns. What was more concerning was the fact that the initial success of such schemes led to the mushrooming of such activities all over the country.

Am.
6) It was in this background that the Government of India decided that it had become necessary to regulate the activities of all those entities which were floating Agro and Plantation Bonds. By means of a Press release on 18.11.97, the Government first notified its intention to regulate this market by informing all those involved in such activities that schemes relating to Agro and Plantation Bonds would henceforth be treated as Collective Investment Schemes as defined under

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23/1/06

the SEBI Act 1992. This meant that all such schemes were to be governed by the provisions of S.12 (1) B of the Act. The entities were put on notice that regulations were to be issued for the running of such collective investment schemes and those entities who desired to take the benefit of the interim arrangement as provided under S.12(1B) of the Act should furnish to the SEBI all details of the company, its schemes and its promoters and directors.



Thereafter, the Regulations were brought into force on 15.10.99. Under the regulations, stiff conditions have been prescribed for obtaining registration without which no collective investment scheme could be carried out. The regulations also provided that entities who were not seeking registration had to circulate information memorandum to its investors and repay the investors and wind up the schemes and submit a repayment and winding up report to the SEBI to its satisfaction. Violation of these regulations has been made punishable under S.24 read with S.27 of the SEBI Act 1992.

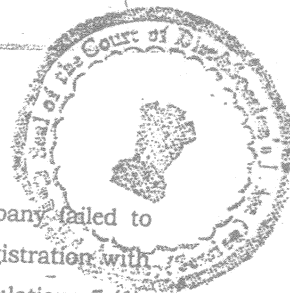
COMPLAINT

According to the averments in the complaint, in response to the first press release, the accused of the present complaint had submitted details which included the names of the promoters and directors of the schemes and the amount mobilized by the company in various schemes. A sum of Rs.0.38 crores were stated to have been mobilized by the company Green Global (India) Limited and the accused Sh. Naresh Hasija, Sh. Manoj Grover, Smt. Suman and Smt. Kanta Antil were named as Directors.

It is alleged that after the coming into force of the Regulations in 1999, the SEBI had sent a registered letters in December 1999 at the address of the company. Public notice was also issued, in order to inform the accused of the obligations that existed under the regulations, calling upon them to comply with the same. Apart from asking the company to circulate information memorandum to all investors, the SEBI directed the entities to register the schemes with the SEBI. The time for doing so was extended upto 31 March 2000.

It is alleged in the complaint that the accused failed to register with the SEBI. Therefore, under the Regulations, 73 & 74, the accused were directed to wind up operations and repay the investors. On 7.12.2000 the SEBI Chairman directed the accused Company to refund the money collected from investors to the investors within a period of one

5-12-2000
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month from the date of these directions. Since the company failed to comply with these directions and had also not sought registration with the SEBI, the complaint has been filed for violation of Regulations 5 (1), 68 (1), 68 (2), 73 & 74 of the SEBI (CIS) Regulations 1999 punishable under S.24 r/w S.27 of the SEBI Act 1992.

Vide orders dated 21.12.02, the accused were summoned to face trial. The notice of allegations was served to the accused Suman under S.251 CrPC on 21.2.2004, when she appeared before the Court. As she pleaded guilty to the allegations, she was convicted upon her plea and sentenced to a fine of Rs.2000. The accused Kanta Antil has been declared a Proclaimed Offender. Notice of allegations were served on the remaining accused on 28.4.06, to which the accused pleaded not guilty. The complainant has examined two witnesses, namely Sh. Aman Jain and Ms. Jyoti Jindgar in support of the complaint. Thereafter the statements of the accused were recorded under S.313 CrPC. The accused have not examined any witness in defence.

EVIDENCE

As CW1 Sh. Aman Jain has deposed that he was working as Manager with the SEBI. He deposed to the issuance of the public notice on 26.11.97, by the Government of India in respect of entities dealing with Collective Investment Schemes. The CW1 deposed that in response to the notice the accused company Green Global (India) Ltd. Vide its letter Ex.CW1/1 dated 9.1.98 informed that the amount mobilized by the company was Rs. 38.37 lacs. The names of the directors of the company as per the letter were Sh. Naresh Hasija, Sh. Manoj Grover Smt. Suman and Smt. Kant Antil.

AN- The witness deposed further that the Regulations were notified on 15.10.99 about which the company was informed vide SEBI letter dated 21.10.99. The witness deposed that no response was received to this letter. The witness stated that the accused company had been sent these regulatory obligations vide letters dated 10.12.99 and 29.12.99 sent by registered post. However, both the letters returned back to the SEBI.

CW1 Sh. Aman Jain deposed further that as the accused company had neither applied for registration nor had intimated regarding its winding up of the scheme, a show cause dated 12.5.2000 was issued to the company. But this letter returned undelivered to the SEBI. Vide letter dated 31.7.2000 the SEBI forwarded the format of the winding up

and repayment report in which companies were required to furnish information regarding winding up of their schemes and payments thereafter. But no response was received from the company and the letter returned undelivered to the SEBI.



The witness stated that subsequently, the Chairman SEBI vide order dated 7.12.2000 issued directions to the accused company under S.11B of the SEBI Act 1992, read with Regulations 65 and 73 of SEBI (CIS) Regulations 1999 directing the company to refund the money collected under the Schemes with returns due to the investors within a period of one month from the date of the order. The witness deposed that the contents of the order were specifically forwarded to the company vide a registered letter dated 18.12.2000. This letter returned to the SEBI with the comments that the recipient had left. The contents of the order of Chairman SEBI were also notified vide public notice published on 14.1.2001. The name of the accused company appears at S.No. 177 of this notice. The regulations were also notified vide a public notice dated 10.12.1999 published in the Hindustan Times on 19.12.99. The witness stated that since the company had not complied with the SEBI order dated 7.12.2000 and had not filed the Winding up report with the SEBI, proceedings were initiated against the company. The witness deposed that till date no winding and repayment report had been filed by the company.

The witness was cross examined by Sh. Sanjay Abbot, the Ld. Counsel for the accused. During the cross examination the witness stated that he had joined the SEBI in the year 2002. He admitted as correct that it has not been mentioned in the Delegation of Powers Ex.CW1/15, that he has been specifically empowered to depose as witness. He admitted that he had no personal knowledge of the correspondence between the SEBI and the accused prior to 2002. He stated that the SEBI was in receipt of three complaints against the company which were pending disposal. He admitted that there was no mention of these complaints in the complaint and he had not filed them in the Court. He denied that the list of complaints Ex.CW1/DA was a fabricated document. The witness admitted that the company had closed long time ago but that no formal intimation had been sent to the SEBI. He denied the suggestion that the SEBI had not sent the letters to the accused and that therefore the accused had not received them.

CW2 is Ms. Jyoti Jindgar who deposed that she had signed the letter forwarding the order of the SEBI Chairman dated 7.12.2000.

23/11/20

She deposed that since the accused company had not complied with the directions, the criminal proceedings were initiated. She deposed that subsequently the company had vide its letter dated 25.8.06 sought the form for winding up and the format had been forwarded vide letter dated 29.8.06. ~~During cross-examination the witness stated that no~~ information had been filed by the accused company with the SEBI confirming repayment to all the investors.

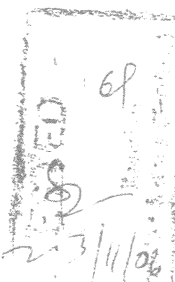
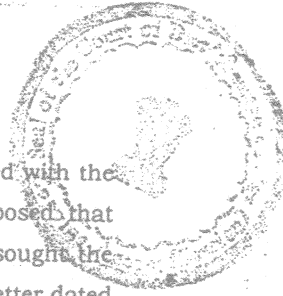
This constitutes the entire evidence that has been brought on the record by both sides.

CONTENTIONS

Sh. Sanjay Mann for the SEBI has argued that the complaint has been filed by a duly authorized person on behalf of the SEBI. He has submitted that the accused Directors of the company were those named by the accused themselves. The accused had furnished the details of the Agro Bonds floated by them. Thus the Regulations were applicable to them. Ld. Counsel submitted that compliance was also mandatory. The LD. Counsel argued that the accused had been duly informed even through issuance of public notices. Ld. Counsel submitted that the accused had to either register with the SEBI or wind up and repay its investors and inform the SEBI. That information had to be provided in the prescribed format and in no other manner.

Sh. Mann has pointed out that the accused vide their own admission had collected Rs.38.37 lacs and the fact that they had promised an unrealistic return of 27% interest, showed that the intentions of the accused had been only to mobilize funds and not to ensure such high returns to the investors. Ld. Counsel has argued that the accused had retained this huge sum of money and had utilized it since 1998. It was submitted that the accused had violated the law meant for investor protection and were therefore to be dealt with in keeping with the purpose of the enactments. Ld. Counsel has submitted that such white collar crimes had to be dealt with strictly.

On the other hand, the Ld. Counsel for the accused Sh. Sanjay Abbot, has submitted that CW1 was not authorized and empowered to appear as witness. He argued that the date of investor complaints as reflected in Ex.CW1/DA was 2000 and yet the present complaint had been filed only in 2002 without a whisper of the complaints. Ld. Counsel has contended that the investor complaints had not been proved as per law and therefore these complaints could not be



looked into. The LD. Defence Counsel has submitted that the company had refunded the amounts in the year 1999 and had closed its business. Ld. Counsel submitted that the reason for non-receipt of the SEBI notices was the closure of the business. Finally, Ld. Counsel has submitted that since one accused had been let off after the imposition of a fine of Rs.2000, the present accused be treated similarly in the even they were held to be guilty by the Court.

FINDINGS

I have heard the counsel for both sides and I have carefully perused the evidence on the record.

It is apparent from the evidence that there is no quarrel about certain facts. Thus, it is admitted that the accused company had floated collective investment schemes and a sum of Rs.38.37 lacs had been raised. It is also an admitted fact that the accused 2 and the accused 3 are the directors of the accused company. It is another admitted fact that the accused had never applied for registration with the SEBI. It is also admitted that the accused have not filed any winding up or repayment reports in format with the SEBI till date.

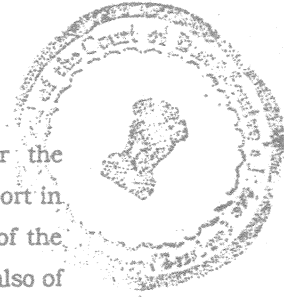
The challenge is made to the capacity of the witness to depose and the authenticity of the investor complaints referred to by CW1. A perusal of the Delegation of Powers, copy being Ex.CW1/15, would reveal the objections raised to be an exercise in semantics. If the witness in the capacity of a Manager of the SEBI has all the powers to issue instructions to the advocates and hold conferences with them in respect of the prosecutions, has the powers to sign complaints, affidavits, petitions on behalf of the SEBI in prosecution matters including appeals and compounding applications, it seems unrealistic to hold that he has no power to depose in the Court. It would seem incongruous that CW1 could file sworn affidavits before the Court, maybe in evidence, and yet be held precluded from testifying on oath in the Court only because there are no specific words to the effect that he could do so.

The Ld. Counsel for the SEBI is right in submitting that the present complaint is not in respect of the investor complaints but in respect of non-compliance of the Regulations and that the reference to the investor complaints is only to highlight the attitude of the accused towards their investors. Therefore, not much need be laid by the non-reference to the three investor complaints specifically, in the complaint.

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31/10/06

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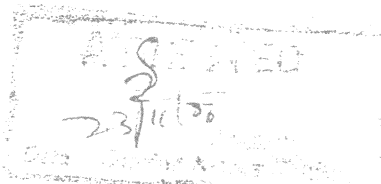
Since the violation of the Regulations whereunder the accused are obliged to submit their repayment and winding up report in format to the SEBI continues till actual filing and its acceptance of the reports by the SEBI, the filing of the complaint in the year 2002 is also of no consequence. The Regulations are intended to protect the interests of investors. Once the company submits the repayment report to the SEBI, the SEBI would verify the same. Thus it would be ensured that the accused had infact repaid investors and had not diverted to their own use the funds raised from the gullible public.

The accused have claimed that all amounts had been repaid in the year 1999 itself. But there is nothing to substantiate these claims. No shred of evidence has been brought on the record to prove such repayments. No balance sheets or accounts have been placed on the record to show such repayments. Rather, the witness CW1 has stated there were three investor complaints against the accused. It is not possible to believe that the accused had repaid a sum of Rs.38.37 lacs with nothing to reflect such repayments. Again nothing prevented the accused from informing the SEBI that repayments had been effected in the year 1999. Having closed their office, there was no reason why the SEBI was not informed. Moreso, when the accused had responded to the SEBI public notice assuring future compliance. It is important to note that the accused had sent Ex.CW1/1 to the SEBI in response to the public notice dated 26.11.1997. They had to explain as to what prevented them from responding to the subsequent public notices and press releases to CIS entities.

It is thus clear that the accused have not complied with the Regulations. The explanation of non receipt of the format is not acceptable, since a letter dated 25.8.06 had been by the SEBI to the accused to which also the accused has not responded. Secondly, the SEBI had addressed letters to the accused at the very addresses furnished by themselves and if the communications were not received, it could be only because the correct and latest address had not been furnished by the accused. In either case, the accused are to be blamed.

Thus, the accused are liable for the lapse committed by them in not furnishing the WRR to the SEBI in format as required under the Regulations of 1999.

CONCLUSION



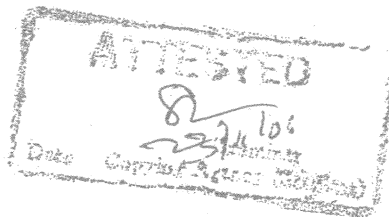
In the light of the foregoing discussions I hold the accused company company Green Global (India) Limited and the accused Sh. Naresh Hasija and Sh. Manoj Grover who are its Directors guilty of the violations of the Regulations 73,74 read with Regulations 5,68 (1&2), of the SEBI (CIS) Regulations 1999 punishable under S.24/27 SEBI Act 1992. They are entitled to be heard on the quantum of the sentence to be awarded to them.

ANNOUNCED IN OPEN COURT ON
6.11.06.

Asha Menon
ASHA MENON
Addl. Sessions Judge

Copy given to convict in the
Court at for on dt: 9/11/06
9/11/06

(11) Pram
(11) Pl





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

S.C. NO. 76/05

SEBI VS. GREEN GLOBAL (INDIA) LTD. AND OTHERS.

ORDER ON SENTENCE:

1. I have heard Sh. Mann for the SEBI and Sh. Sanjay-Abbot for accused No.1 to 3 being the company Green Global India Limited and Naresh Hasija and Manoj Grover.
2. Ld. counsel for the SEBI has submitted that while sentencing, the Court should keep in mind the purpose of the enactment and the conduct of the accused. It has been submitted that it was only on account of the seriousness with which such violations were being viewed that the punishment has been enhanced from 1 year imprisonment to 10 years imprisonment with fine of up to Rs.25 crores. The ld. Counsel has submitted that the accused in this case by their own showing had collected more than Rs.38 lacs. Ld. Counsel for the SEBI has pointed out that despite adequate notice and even during the pendency of this case the accused had made no efforts whatsoever to submit a winding and repayments report to the SEBI. Ld. Counsel for the SEBI has submitted that the accused had made unreasonable promises of 27% interest to attract such a huge deposit from the public amounting to Rs.38.37 lacs. Ld. Counsel for the SEBI has submitted that no evidence of repayment have been brought on the record. Hence it is his

Ans.

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~~submission that severe penalty be imposed upon the accused.~~

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that the accused No.1 to 3 are to receive is after full trial. Moreover at the time Smt. Suman was subjected to penalty, there was no evidence particularly in regard to the non-payment to the investors. At this juncture, this fact cannot be overlooked.

5. The primary aim of the Regulations of 1999 was to protect the investors. The SEBI had to be satisfied that investors have been duly repaid. There is an absolute obligation on entities running CIS to submit the winding and repayments report when they were unable to obtain registration under the SEBI rules, which itself provided for minimum net worth of the company, with the end of protecting investor interests. In the circumstances, a heavy penalty has definitely to be imposed upon the accused. The only parity I am inclined to grant to the accused with the accused Smt. Suman is to refrain from sentencing the accused to any term of imprisonment.

6. I, thus sentence the accused No.1 Green Global India Limited, accused No.2 Naresh Hasija and accused No.3 Manoj Grover to fine of Rs.1 lac each. In default of payment of fine the accused No.2 & 3 shall undergo SI for four months. On payment of fine the personal bonds and sureties bonds will stand cancelled and the sureties will stand discharged. Further direction is given to the accused Green Global India and its Directors Naresh Hasija and Manoj Grover to submit the winding and repayment report to the SEBI within one month of this order, failing which SEBI shall be again at liberty to take action against accused.

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7. The file be consigned to be revived on the apprehension of accused

No.5 Kanta Antil.

ANNOUNCED IN OPEN COURT.

ON 7.11.2006.

Asha Menon
(ASHA MENON)

ADDITIONAL SESSIONS JUDGE DELHI.

Copy given to convict in the court
at Foc encl: 09/11/06

9/11/06

(1) *Pear*
(11) *Pl*

