

SECURITIES AND EXCHANGE BOARD OF INDIA

DIRECTIONS UNDER SECTION 11B OF THE SEBI ACT 1992 READ WITH REGULATIONS 65 AND 73 OF SEBI (COLLECTIVE INVESTMENT SCHEMES) REGULATIONS, 1999, IN THE MATTER OF

M/S ROSE VALLEY RESORTS AND PLANTATIONS LTD., KOLKATA.

M/s Rose Valley Resorts and Plantations Ltd., Kolkata (hereinafter referred to as the company) filed certain information/details with SEBI regarding its collective investment schemes pursuant to SEBI's Press Release dated 26.11.1997 and Public Notice dated 18.12.1997.

Pursuant to the notification of SEBI (Collective Investment Schemes) Regulations, 1999 (hereinafter referred to as the said Regulations) on 15.10.1999 the company submitted an application for the grant of provisional registration with SEBI. As the details submitted by the company were not found to be satisfactory it was given a personal hearing before the then SEBI Chairman on 18.12.2000 wherein the company was directed to submit the following declaration / certificates to the satisfaction of SEBI for further processing of its application:

1. Certificate from their present statutory auditors (since the previous declaration was from the previous statutory auditor who was subsequently replaced by the applicant company) stating that:
 - a. all the monies raised by the company under the collective investment schemes have been utilized for the purposes mentioned in the scheme brochures of the applicant; and
 - b. all the amounts due to the investors under the collective investment schemes of the applicant have been duly paid to the investors on the prescribed dates.
2. Networth certificate from their present statutory auditors.
3. Copy of the resolution in respect of change in statutory auditors, passed at the General Meeting of the company.
4. Certificate from the company stating that they have not mobilized money from the public apart from their collective investment schemes.

The company however, did not comply with all the said directions.

Rather the company preferred a Writ Petition No. 18809(W)/2001 before the Hon'ble Calcutta High Court which vide its order dated 28.01.2002 directed SEBI to consider the company's application for grant of provisional registration in accordance with law and come to a final decision in a period of six weeks from the date of communication of the order by the company. The Hon'ble Court further clarified that SEBI would be at liberty to call for any information / report from the Police Authorities against the company.

The said order of the Hon'ble Calcutta High Court was however communicated by the company to SEBI on 20.02.2002. Accordingly, the company was granted another opportunity of personal hearing before Chairman, SEBI on 27.02.2002 wherein the company was directed to submit the following documents by 15.03.2002:

1. Certificate from the Statutory Auditors of the company stating that:
 - (a) All the monies raised by the company under its collective investment schemes have been utilized for the purposes mentioned in the scheme brochures of the applicant; and
 - (b) all the amounts due to the investors under the collective investment schemes of the applicant have been duly paid to the investors on the prescribed dates.
2. Certificate from the Statutory Auditors of the company stating that they have not mobilized money from the public apart from their collective investment schemes.
 3. Certificate from the Statutory Auditors of the company stating that no funds have been mobilized by the company after 15.10.1999, i.e. the date of notification of the SEBI (CIS) Regulations, 1999.
 4. Certificate from the Statutory Auditor of the company in respect of the full address, total area and ownership details of the plantation site of the company.
 5. Certificate from the Statutory Auditors of the company confirming that the funds mobilized by the company have been fully utilized towards development of the plantation site of the company.

However, the company did not file all the required documents within the stipulated period i.e., 15.03.2002.

Pursuant to the provisions of Regulation 70(2) of the said Regulations, SEBI decided to conduct inspection of the scheme(s) / books of accounts of the company from March 11, 2002. However, the company refused to produce any books of accounts before the auditors appointed by SEBI for the purposes of inspection and because of the non co-operation on the part of the company, the said auditors could not carry out the said inspection.

Since the company did not submit the required documents / information within the stipulated time and keeping in view the non co-operation with the auditors in the course of inspection of the scheme(s) / books of accounts of the

company, SEBI has taken a view that the company has failed to satisfy SEBI that its affairs are not being conducted in the manner detrimental to the existing investors and therefore, rejected the application for the grant of registration on March 27, 2002/April 2, 2002.

While communicating the grounds of rejection of the application on March 27, 2002/April 2, 2002 it was also informed to the company that pursuant to the rejection of the application, the company, as an existing Collective Investment Scheme, is required to wind up its existing scheme(s) and make repayment to the investors in the manner specified in Regulation 73 of the said Regulations.

Accordingly, the company was required to send an Information Memorandum to the investors, who have subscribed to its scheme(s), within two months from the date of receipt of intimation from SEBI i.e., March 27, 2002/April 2, 2002. Further on completion of winding up and repayment to the investors in the manner specified in Regulation 73 the company was required to file a "Winding up and Repayment Report" in the format prescribed by SEBI so as to reach SEBI within three and half months from the date of Information Memorandum i.e., September 17, 2002.

However, the company has failed to comply with the aforesaid requirements of the Regulations and therefore has prima facie violated the provisions of Section 12(1B) of SEBI Act read with Regulation 73 of the said Regulations.

Now, therefore, in exercise of powers conferred upon me under Section 11B read with Section 4(3) of SEBI Act and Regulation 65 of the said Regulations, I hereby direct the company to refund the money collected under the scheme(s) with returns which is due to the investors as per the terms of the offer within a period of one month from the date of this order failing which the following actions would follow:

1. Initiation of prosecution proceedings under Section 24 of SEBI Act, 1992 against the company / its promoters / its directors / its managers / persons in charge of the business of its scheme(s).
2. The company / its promoters / its directors / its managers / persons in charge of the business of its scheme(s) would be debarred from operating in the capital market and from accessing the capital market for a period of 5 years.
3. Writing to the state government / local police to register civil / criminal cases against the company and its promoters / directors for apparent offences of fraud, cheating, criminal breach of trust and misappropriation of public funds.
4. Writing to the Department of Company Affairs to initiate the process of winding up of the company.

Place : Mumbai
Dated: December 24, 2002

(G.N. Bajpai)
Chairman
Securities and Exchange Board of India