IN THE COURT OF SH. AJAY KUMAR KUHAR,
ASJ/SPECIAL JUDGE (PC ACT) (CBI)-09,
ROUSE AVENUE DISTRICT COURTS, NEW DELHI.

SC/9/2019 (Old SC No.156/2017)
CNR No. DLND01-007321-2017

Directorate of Enforcement vs. Surendra Kumar Jain & Ors.

<u>O R D E R</u>

1. This supplementary complaint under Section 45 of Prevention of Money Laundering Act (hereinafter referred as PMLA), 2002, has been filed by Sh. Jas Ram Meena, Assistant Director, Directorate of Enforcement Zonal Office, New Delhi.

2. The complaint under Section 45 of PML Act against A1 Surendra Kumar Jain and A2 Virendra Jain was filed on 18.05.2017 for the commission of the offences under Section 3 punishable under Section 4 of the PML Act, 2002. The cognizance of the offences was taken by the court on 03.07.2017 and the accused were summoned accordingly. The first supplementary prosecution complaint was filed against accused no. 1 to accused no. 35 and the accused no. 3 to 35 were, accordingly, summoned vide order dated 31.08.2017. The second supplementary prosecution complaint was filed wherein accused no.36 to accused no. 44 were arrayed as accused in the complaint. The accused (A36 to A44) were summoned vide order

dated 08.02.2018. In the present supplementary prosecution complaint, some additional accused have also been arrayed.

3. I have heard the submissions of Sh. Atul Tripathi, learned Special Public Prosecutor on behalf of Directorate of Enforcement and perused the record.

4. The genesis of the complaint under Section 45 of PML Act, 2002 lie in the Criminal Complaint No.57463 of 2016 filed by the Serious Fraud Investigation Office (hereinafter referred to SFIO). This complaint was filed for the commission of offences under Section 628 read with 211/233 and 240 (3) of the Companies Act, 1956 and Section 120-B read with 420/468/477A of the Indian Penal Code, 1860. Based on the registration of the Schedule Offence by the SFIO, the Directorate of Enforcement registered ECIR No.1/DLZO-II/2017 on 11.02.2017.

5. During the investigation of the present ECIR, it was revealed that unaccounted money of Rs.64.70 crores was laundered by M/s. Jagat Projects Ltd. through the companies controlled by Surendra Kumar Jain (A1) and Virendra Jain (A2) with the help of mediator Rajesh Kumar Aggarwal (A8). A1 Surendra Kumar Jain and A2 Virendra Jain received a commission of Rs.1,11,96,000/- from the beneficiary M/s. Jagat Projects Ltd. through mediator Rajesh Kumar Aggarwal (A8) who also received commission for his illegal activity.

6. The investigation had revealed that A1 Surendra Kumar Jain and A2 Virendra Jain were providing accommodation entries to various beneficiary companies by way of share premium / share capital through paper companies controlled by them. A1 Surendra Kumar Jain and A2 Virendra Jain received amount in the companies controlled by them in advance through various mediators in lieu of accommodation entries.

7. In the present supplementary complaint, the name of some more companies and individuals have been incorporated on the basis of the evidence collected by the Directorate of Enforcement.

8. The accused no. 45 to 59 are the companies. A45 Shri Niwas Leasing & Finance Ltd., A46 NKS Holdings Pvt. Ltd., A47 Avail Financial Services Ltd., A48 Legends Infoways Pvt. Ltd., A49 Micro Land Developers Pvt. Ltd., A50 Lovely Securities Pvt. Ltd., A51 Worldlink Telecome Ltd., A52 RKG Finvest Ltd., A53 Twinkle Mercantile Pvt. Ltd., A54 GPN Associaties Pvt. Ltd., A55 Star Infovision Pvt. Ltd., A56 Dewan Motors Investment & Finance Ltd., A57 Danveer Investment Pvt. Ltd., A58 Aquarius Fincap & Credit Pvt. Ltd. and A59 Bagh Kothi Investment & Finance Pvt. Ltd. are the companies manged and controlled by A1 Surendra Kumar Jain and A2 Virendra Jain. It is alleged that through rotation of cheques amongst the bank accounts of nine companies of Jain brothers (A1 Surendra Kumar Jain and A2 Virendra Jain) in Dhanlaxmi Bank,

Barakhamba Road Branch, the Share Capital, Reserve and Surplus Accounts of the nine companies (i.e. A13 Carewell Exim Pvt. Ltd., A19 KDG Properties and Construction Pvt. Ltd., A25 Quality Cybertech Pvt. Ltd., A26 Solomon Holding Pvt. Ltd., A29 Utsav Securities Pvt. Ltd., A46 NKS Holdings Pvt. Ltd., A47 Avail Financial Services Ltd., A48 Legends Inforways Pvt. Ltd. and A49 Micro Land Developers Pvt. Ltd.) was increased to the tune of Rs.8785 crores during the year 2010-11 and thereby the balance sheet of the companies was inflated. It is alleged that this rotation of Share Capital and Security Premium and further investments was routed through the paper companies without having any real / actual business transaction. Thus, the proposed accused No.45 to 59 (the companies) were directly or indirectly involved along with the accused No.1 Surendra Kumar Jain and accused No. 2 Virendra Jain and others in the offence of money laundering. Thus, liable for the offence under Section 3 read with Section 4 of PML Act.

9. Accused No. 60 is Ravinder Kumar Goel. He is stated to be Chartered Accountant and Auditor of the companies A3, A6 and A7. He was the CA of M/s. Jagat Projects Ltd. He had approached A8 Rajesh Kumar Aggarwal who arranged his meeting with A1 Surendra Kumar Jain and A2 Virendra Jain. It is alleged that A60 Ravinder Kumar Goel knowingly assisted in the acquisition and control of proceeds of crime and projection of the same as untainted money.

With his assistance A1 and A2 got unaccounted money of A3 (M/s. Jagat Project Ltd.) to the tune of Rs.62.20 crores which has been laundered through different companies / firms controlled by Jain brothers A1 S. K. Jain and A2 Virendra Jain.

10. A61 Ms. Swati Pawa is the Director of M/s. Jagat Project Ltd. (A3). She was Incharge and responsible for the conduct and business of the company M/s. Jagat Project Ltd. which was involved in the offence of money laundering. Two directors of this company namely Sant Lal Aggarwal and Satish Kumar Pawa have already been summoned as accused no.4 and 5.

11. A62 is Sh. Mukesh Sharma, Chartered Accountant. He is the Valuer of the investment of A45 M/s. Shri Niwas Leasing & Finance Ltd. (SNLFL) and M/s. NKS Holding Pvt. Ltd. (A46). He prepared false and forged value report dated 01.11.2011 with respect to SNLFL and NKS in order to facilitate their amalgamation. It is alleged that he decreased the book value of investment of A46 NKS Holding Pvt. Ltd. and he relied on the representation of the management and failed to conduct independent valuation of investment. He, thus, allegedly conspired with A1 Surendra Kumar Jain and A2 Virendra Jain by making a favourable false / forged Valuation Report to facilitate amalgamation of A45 and A46.

12. A63 is Sh. Debasis Dixit. He is the Company Secretary and Scrutinizer of Postal Ballot of SNLFL (A45). As per the allegations,

he carried out scrutiny of ballot papers received from the share holders of the company in order to ascertain passing of the draft resolution proposed by the Board and had given a favourable manipulated report for the purpose of getting the aforesaid resolution passed. Thus, he knowingly assisted the accused no. 1 Surendra Kumar Jain and accused no. 2 Virendra Jain in gaining control of SNLFL (45).

13. A64 Prakash Hirawat, A65 Sanjay Kumar Grover, A66 Anuj Garg, A67 Kuldeep Chauhan, A68 Vinod Kumar Gupta and A69 Dhirendra Kumar are the Statutory Auditors of the companies used for rotation of funds. It is alleged that they audited the financial statements without verifying the preliminary records and in some cases, the Statutory Audit of the companies were conducted on the basis of records produced in the office of Auditors by the companies. Thus, they connived with A1 Surendra Kumar Jain and A2 Virendra Jain and falsified the account on various occasions to give colour to the infusion of capital in the related entities through, and also artificially managing the fiancial details of NKS Holdings Pvt. Ltd. (A46) for giving effect to the amalgamation which resulted in generation of proceeds of crime to the tune of Rs.8707.43 crores as fictitiously increased share capitals of nine companies.

14. A70 Bineet Kapoor and A71 Pankaj Kumar are the bank officials of Dhanlaxmi Bank, Barakhambha Road, New Delhi. They

were responsible for the operation of the Dhanlaxmi Bank Branch during the period when rotation of cheques in the bank account of nine companies (i.e. A13 Carewell Exim Pvt. Ltd., A19 KDG Properties and Construction Pvt. Ltd., A25 Quality Cybertech Pvt. Ltd., A26 Solomon Holding Pvt. Ltd., A29 Utsav Securities Pvt. Ltd., A46 NKS Holdings Pvt. Ltd., A47 Avail Financial Services Ltd., A48 Legends Inforways Pvt. Ltd. and A49 Micro Land Developers Pvt. Ltd.) was taking place.

15. A74 Surendra Kumar Bansal is the Director of M/s. SSK Trading Pvt. Ltd. (A72) and M/s. Bansal Diamonds Pvt. Ltd. (A73). A76 Ajay Gupta is the Director of M/s. Ajay Gupta & Shree Nathji Jewellers Pvt. Ltd. (A75). A79 Amit Arora is the Director of M/s. Payal Portfolio Pvt. Ltd. (A78). Bikas Singhi (A77) is the Chartered Accountant and Statutory Auditor of A72, A73 and A75.

16. During the investigation, the statements of A74 Surender Kumar Bansal, A76 Ajay Gupta, A77 Bikash Singhi and A79 Amit Arora were recorded. It has been revealed that accused no. 1 Surendra Kumar Jain and accused no. 2 Virendra Jain have convereted the unaccounted money of A72 M/s. SSK Trading Pvt. Ltd., A73 M/s. Bansal Diamonds Pvt. Ltd., A75 M/s. Ajay Gupta & Shree Nathji Jewellers Pvt. Ltd. and A78 M/s. Payal Portfolio with the involvment of mediatior namely Sh. Rajesh Kumar Aggarwal (A8) and Bikash Singhi (A77). For the conversion of this unaccounted money, they

also charged commission @ 1.8 percent. Thus, it is alleged that the proposed accused A72 to A79 actively and knowingly were involved in and assisted other accused in possession, acquisition and control of proceeds of crime and possession thereof as untainted money.

17. During further investigation, the Directorate of Enforcement has collected evidence and statement of persons under Section 50 of PML Act.

18. Having considered the supplementary complaint, the documents placed on record and the statements of witnesses and the submissions made by learned SPP, I have found sufficient grounds to proceed against the accused No. 45 to 79 for the offences under Section 3 read with Section 70, punishable under Section 4 of the Prevenition of Money Laundering Act, 2002.

19. Taking cognizance of the offences qua accused No.45 to 79, it is directed that they be summoned for **23.11.2019** at **10.30 am**.

Announced in the open court **(AJAY KUMAR KUHAR)**
on 02.11.2019 **ASJ/Special Judge (PC Act) (CBI)-09,**
RADC, New Delhi.(a)