

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO.IVD-ID6/V&U/AO/DRK/AKS/EAD-3/168 -09/71-10]

**UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA
ACT, 1992 READ WITH RULE 5(1) OF SECURITIES AND EXCHANGE
BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING
PENALTIES BY ADJUDICATING OFFICER) RULES, 1995**

Against:

Primore Solutions Private Limited

PAN No. AAACV7384FJ

(Formerly know as V & U Caplease Pvt. Ltd.)

FACTS IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') initiated an investigation based on a complaint, alleging manipulation in the scrip of Divine Entertainment Ltd. (formerly known as Denim Enterprises Ltd., herein after referred to as 'DEL'). The complainant alleged that false press releases were issued on the basis of fabricated financial figures/collaboration plans etc. and the price of the scrip was raised by creating false volumes. In the course of preliminary investigation, prima facie it was observed that some of the entities viz. M/s V&U Investments, V&U Caplease Pvt. Ltd., V&U Securities Pvt. Ltd, M/s Classic Finance etc who had traded in the scrip were related to the promoters/directors of the company DEL. It was observed that these entities in association with some of the brokers and sub-brokers of

Ahmedabad and Mumbai had offloaded large number of shares in the market. In view of this, the case was taken up for formal investigation. In that regard V & U Caplease Ltd., currently known as Primore Solutions Private Limited (here in after referred to as '**the noticee**') was summoned to appear before the investigating authority vide summons dated January 24, 2005. The noticee failed to appear and also did not submitted any documents / information.

APPOINTMENT OF ADJUDICATING OFFICER

2. I was appointed as the Adjudicating Officer, (subsequent to the transfer of Shri P.K. Bindlish) vide order dated February 24, 2009 under section 15 I of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Rules') to inquire into and adjudge under Section 15A (a) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') the violation of Sections 11 C (2) read with 11 C (3) and 11 C (5) of SEBI Act.

SHOW CAUSE NOTICE, HEARING AND REPLY

3. A Show Cause Notice dated November 19, 2009 was served on the noticee by "Registered Post Acknowledgement Due" in terms of the provisions of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 requiring it to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on it under Section 15A (a) of the SEBI Act. In the said notice, it was alleged that the noticee had failed to comply with the summons dated January 24, 2005 which was served on January 27, 2005 at 7-B, Jivan Smriti Society, Ankur Road, Navrangpura, Ahmedabad and another summons was sent to B-6/9, Commercial

Centre, Safdarjang Enclave, Delhi. The non submission of information by the noticee had severely hampered the investigation proceedings.

4. The noticee vide its letter dated December 09, 2009 had expressed its inclination for a personal hearing. Accordingly an opportunity of personal hearing was granted to the noticee vide hearing notice dated February 10, 2010 to appear on March 05, 2010 at SEBI, Western Regional Office at Ahmedabad.
5. In response to the personal hearing notice, the noticee vide its letter dated February 11, 2010 authorised Shri Mayukh Pandya, consultant and Shri Praveen Toshniwal, practicing chartered accountant to appear as the Authorized Representatives (herein after referred to as '**ARs**') of the noticee. During the personal hearing the ARs submitted a detailed reply to the show cause notice vide letter dated March 05, 2010 wherein the noticee replied as follows-
 - It was not aware of the investigation made in the scrip of DEL for the period 01.11.1999 to 30.02.2000.
 - It never had any office at Delhi and had only in Ahmedabad. Further the company never had registered office nor corporate office at 7-B, Jivan Smriti Society, Ankur Road, Navrangpura, Ahmedabad or at B-6/9, Commercial Centre, Safdarjang Enclave, Delhi.
 - It has not received any summons from the investigating authority and therefore the question does not arise for its non compliance and non cooperation with the investigating authority.
 - It believes in self compliance and regulations.

The ARs during the personal hearing reiterated that the noticee never had a registered office or a corporate office at Delhi. They had also confirmed that the noticee never received the summons. Further the ARs submitted

a search report authored by Shri Chetan R Shah, practicing company secretary stating that the noticee had office at Ahmedabad at Rupnagar Society, Navrangpura since its inception in 1995 and then shifted to Subhlaxmi Palace, Naranpura from August 10, 2005. When questioned about the address available at the MCA website (23, Rupnagar Society, Vijay Char Rasta, Navrangpura, Ahmedabad), the ARs refuted the same and undertook to submit an acknowledged copy of the RoC about their filing of change in address of the noticee. The ARs had undertaken to submit within a week's time from the personal hearing a brief profile of the company and its earlier group companies, its investments in the securities market, PAT, turnover for the financial years from 1999 to 2002 etc. and the company's position in the scrip of DEL during the investigation period i.e., November 1, 1999 to March 30, 2000. It is observed from the records that the noticee vide its letter dated March 08, 2010 has submitted an acknowledged copy of the RoC about its filing of change of address from from Rupnagar Society, Ahmedabad- 380009 to E-8, Subhlaxmi Palace, Ahmedabad- 380013 and then to F-8, Subhlaxmi Palace, Ahmedabad-380013, its balance sheet as on 31/03/2001 and its profit and loss account as on 31/03/2001. However, the noticee has failed to submit a brief profile of the company, its earlier group companies and its investments in the securities market. With regard to its position in the scrip of DEL during the investigation period, the noticee stated that the above data is not available with it as the information is 10 years old.

CONSIDERATION OF EVIDENCE AND FINDINGS

6. I have taken into consideration the facts and circumstances of the case and the material made available on record.
7. It is observed from the investigation report (here in after referred to as 'IR') that summons dated January 24, 2005 was issued to the noticee to

appear before the investigating authority and to produce documents on February 3, 2005 at 2:00 pm which mainly included details regarding,

- the details of the bank accounts maintained by it
- its statements for the period November 1, 1999 to March 31, 2001,
- the copies of the balance sheet/statement of affairs and profit & loss/income account for the financial year 1999-2000 and 2000-2001,
- copy of the demat account (s) statement maintained by it for the period November 1, 1999 to March 31, 2001
- its income tax returns for the financial year 1999-2000 and 2000-2001.

8. The allegation against the noticee in the SCN was that it failed to appear before the investigating authority and had also failed to furnish the requisite documents / information. It is observed from the IR that the summons was delivered at 7-B, Jivan Smriti Society, Ankur Road, Navrangpura, Ahmedabad. The noticee has denied in its submissions / replies that it had never received the summons as its office was never there at the address to which the summons was sent. It is noted from our records that the address belongs to V & U Investments.

9. With regard to the summons that was sent to Delhi address, the noticee stated that it never had a registered office or a corporate office at Delhi. In this regard a clarification was sought from the investigation department of SEBI as to why the summons was sent to Delhi address, to which the department had stated that they do not have any information on record regarding noticee's Delhi address. The noticee has also submitted a search report authored by Shri Chetan R Shah, practicing company secretary stating that it had offices at Ahmedabad at Rupnagar Society, Navrangpura since its inception in 1995 and then it shifted to Subhlaxmi Palace, Naranpura from August 10, 2005. It is observed from our records that the noticee vide its letter dated March 08, 2010 has submitted an

acknowledged copy of the RoC about its filing of change of address from Rupnagar Society, Ahmedabad to E-8, Subhlaxmi Palace, Ahmedabad and then to F-8, Subhlaxmi Palace, Ahmedabad.

10. It is observed from the IR that in the details furnished by M/s Kirtikumar Kantilal Shah for its client one of the address mentioned in the KYC form of V&U Caplease Pvt. Ltd. is 23, Rupnagar Society, Vijay Char Rasta, Navrangpura, Ahmedabad and the other address mentioned in Form 1 of the income tax return filed by V&U Caplease Pvt. Ltd is 7, Super Bazaar, Char Rasta, Naranpura, Ahmedabad-380 013. Further, Shri. Nirav K. Shah in his deposition before the investigating authority on February 4, 2005 has informed that he was holding directorship in V&U Caplease Pvt. Ltd whose addresses were 23, Rupnagar Society, Near Commerce 6 Road, Navrangpura, Ahmedabad – 9 and 7, Super Bazar, Naranpura, Ahmedabad.
11. From the search report submitted by the noticee it is observed that there is some discrepancy. The search report mentions only 3 addresses of the noticee while Shri Nirav K Shah, who was one of the directors of the noticee during his deposition before the investigating authority on February 04, 2005 had stated that the noticee had the following address as well, 7, Super Bazar, Naranpura, Ahmedabad. This address has not been mentioned in the search report. In view of the above facts and circumstances, it may be concluded that the summons was not served at the right address of the noticee in Ahmedabad. With respect to the summons sent to Delhi address, the noticee has confirmed that it never had an office in Delhi. Further there is no proof on record to state that the summons was delivered at the Delhi address.
12. It may be concluded from the materials made available on record, replies / submissions of the noticee, the allegations leveled against the

noticee regarding its failure to appear before the investigating authority and to furnish the documents / information is not established and the matter may disposed of accordingly.

ORDER

13. In exercise of the powers conferred under Section 15 I of the Securities and Exchange Board of India Act, 1992, and Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I am of the view that the allegations leveled against the noticee in the show cause notice has not been established and thus, no penalty needs to be imposed on the noticee.

14. In terms of the provisions of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, copies of this order are being sent to Primore Solutions Private Limited formerly known as V & U Caplease Pvt. Ltd. having office at F-8, 3rd Floor, Shubhlaxmi Palace, Bhuyangdev Char Rasta, Naranpura, Ahmedabad- 380 013 and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai

Date : June 23, 2010

**D. RAVI KUMAR
CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER**