SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

ORDER PASSED AGAINST DSQ HOLDINGS LTD (ERSTWHILE SQUARE D HOLDINGS LTD.) UNDER REGULATION 11 OF SEBI (INSIDER TRADING) REGULATIONS, 1992 READ WITH SECTION 11 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

C/ /2003/IES/IT

1.1 DSQ Biotech Ltd., earlier known as Ushta Te Biotech Industries Ltd. was incorporated as a public limited company in the state of Tamil Nadu in 1987. Ushta Te Biotech Industries Ltd. was originally promoted by M/s K N D Engineering & Technologies Ltd. in joint association with Tamilnadu Industrial Development Corporation (TIDCO).

1.2 The initial public issue of Ushta Te Biotech Ltd. was made in December 1990. The company reportedly suffered from continuous losses since its inception and commercial production and as on July 31, 1994 the cumulative losses of Ushta Te Biotech Ltd. stood at Rs.826.70 lakhs. In view of the consistent losses suffered by the company, the erstwhile management of Ushta Te Biotech decided to divest their holding in favour of the Square 'D' group promoted by Shri Dinesh Dalmia. Accordingly they entered into an agreement with the DSQ group on April 30, 1994. As per the said agreement, DSQ Holdings Ltd. (of the DSQ group) purchased 44,98,995 equity shares of Ushta Te Biotech Ltd. at the rate of Rs.15.94 per share from the existing promoters.

1.3 The DSQ group also made an open offer in terms of Clause 40A & 40B of the Listing Agreement to acquire a further 17,66,400 equity shares from the existing share holders of the company (representing 20% of the paid up capital of the company). In the open offer, DSQ Holdings Ltd. only received 1600 shares only. Subsequent to the open offer and change in the management, the name of Ushta Te Biotech Industries Ltd. was changed to Square D Biotech Ltd. Thereafter it was changed to DSQ Biotech Ltd. (hereinafter called DSQB).

1.4 Immediately after the take over of the company the new

management announced a rights issue in the ratio one share for every two shares held. The rights issue of DSQB was made for 44,16,000 equity shares of Rs.10 each for cash at a premium of Rs.35 per share. The said rights issue of DSQB opened for subscription on 03.07.95 and closed on 02.08.95. The total paid up capital of DSQB after the rights issue increased to Rs.13.24 crores (represented by 1,32,48,000 equity shares of Rs.10 each). As on the date of investigations, the paid up capital of DSQB was Rs.22.50 crores (represented by 2,25,06,380 equity shares of Rs.10 each). There were allegations that the price of the scrip was manipulated before the said issue.

1.5 The scrip of Ushta Te Biotech Ltd. prior to the takeover of the company by the DSQ group was not actively traded on the exchanges with the price hovering in the region between Rs.12 to Rs.18 during most part of 1993 and also during the first half of 1994. The scrip witnessed considerable movement both in terms of price and volume immediately after the DSQ group took over the company.

1.6 There was a steep jump in the scrip of DSQ Biotech both in terms of price and volume with effect from June 1994 which was sustained till December 1994. Thereafter, the rights issue of the company opened for subscription and immediately after the closure of the rights issue the scrip of DSQ Biotech Ltd. once again witnessed movement both in terms of both price and volume and this movement sustained till the first quarter of 1996.

2.1 Detailed investigations in the scrip was therefore taken up for two periods i.e. June 1994 to December 1994 (period prior to the rights issue) and June 1995 to March 1996 (after the rights issue)

2.2 It was prima-facie found in the investigations that the price of DSQB scrip rose from Rs.20 (during June 1994) to touch Rs.91 / Rs. 92 by the end of September 1994. Similarly, during the month of July 1995, the scrip was hovering in the region between Rs.40 to Rs.44. It touched Rs.112 by the end of November 1995 and the price movement sustained till April 1996. The volumes at MSE, CSE and BSE reported significant increase in volumes during the period.

2.3 After April 1996, the scrip of DSQB was not actively traded. During the whole of the calendar year 1997 only 14 trades in the scrip took place for 1600 shares. Again in the year 1998, only one trade for 100 shares was reported in the scrip. During the year 1998 the price of scrip of DSQB also touched a low of Rs.8/-.

2.4 Investigations brought out that during the period June 1994 to December 1994 and also after the closure of the rights issue (i.e. up to March/April 1996) large quantities of shares of DSQB were purchased from the market through group companies of DSQ management.

2.5 The general fundamentals of DSQ Biotech Ltd was also not very good for genuine investors to indulge in delivery based purchases in the scrip on such a large scale during the above periods. In the process, investigations came across the fact that the promoter group companies indulged in the insider trading in violation of the provisions of SEBI (Insider Trading) Regulations, 1992 (hereinafter referred to as the said Regulations). A substantial quantities of shares of the company were purchased by DSQ Holdings Ltd, (DSQH) one of the promoter group company, DSQH with knowledge of the impending rights issue of DSQB. The shares purchased by DSQH prior to the aforementioned rights issue also entitled them for rights in the rights issue. Therefore, it was prima facie found that DSQH violated the said Regulations.

2.6 The Letter of Offer of DSQB at the time of Rights issue indicated the following entities as under the same management :

- Square D Software Ltd. (now known as DSQ Software Ltd.)
- Square D Granites Ltd.
- Square D Beverages Ltd.
- Square D Holdings Ltd. (now known as DSQ Holdings Ltd)
- Lexus Exports Ltd. (now known as DSQ Industries Ltd.)
- Square D Cast and Forge Ltd.
- Square D Textiles Ltd.
- Pillayar Pattiyar Textiles Ltd.

3. A show cause notice was issued to DSQH for the said insider trading under regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 1992 communicating the findings of investigations vide the letter - Ref: IES/SBM/30541/2001 June 13, 2001 The said show cause notice contained the following charges:

3.1 During the period June 1994 to September / October 1994 i.e the period prior to the opening of the rights issue, substantial quantities in the scrip of DSQB were purchased by DSQH along with the three Calcutta based entities viz. M/s Swagatham Leafin Pvt. Ltd, M/s Snehil Exim India Ltd. and M/s Powerflow Holdings and Trading Pvt.

Ltd. The purchases in the scrip of DSQB by the above mentioned three entities were funded in entirety from the account of DSQH. The said DSQH along with the three entities purchased approximately 13,03,800 shares from the market during the period June 1994 to September 1994.

3.2 The purchases of DSQH in the scrip of DSQB during the period June 1, 1994 to September 30, 1994 is indicated in the following table:

MONTH/ DATE	PURCHASES	SALES	GROSS	AVERAGE COST OF ACQUISITION
June 01 to 30 June 1994	146600	-	146600	Rs.26
July 01 to 31st July 1994	120400	-	120400	Rs.31
August 01 to 31st August 1994	888400	-	888400	Rs.47/-
September 01 to 30 the September 1994	148400	-	148400	Rs.76/-
TOTAL	1303800	-	1303800	Average cost of Acquisition worked out for purchases during the period August 01, 1994 to September 30, 1994 to approx. Rs 51.15/-

3.2.1 The above includes 71,500 shares purchased by DSQH through M/s Riddhi Investments [sub brokers of Calcutta based broker M/s Kandoi Securities Pvt. Ltd

3.2.2 It also includes purchases of M/s Swagatam Leafin Pvt.Ltd Ltd [2 lac shares purchased on 16.8.94], M/s Powerflow Holdings and Trading Pvt.Ltd. [3 lac shares purchased on 16.8.94] and M/s Snehil Exim India Ltd. [2 lac shares purchased on 16.8.94]. These shares were purchased by the aforementioned entities through M/s Anush and Co, member, MSE and the payments towards these purchases were made directly from the account operated by Current Account 1736 maintained by DSQH with Canara Bank, Anna Salai, Chennai 2 branch. The details of payments made from the account of DSQH is described as under :

a) Purchases of Powerflow Holdings Pvt. Ltd. paid by DSQH vide cheque no.728471 dated 21.9.94 for Rs.1.32 crores and cheque

no.735152 dated 19.10.94 for Rs.75,000/-.

b) Purchases of Swagatam Leafin Pvt.Ltd. paid by DSQH vide cheque no.728470 dated 21.9.94 for Rs.88 lacs.

c) Purchases of Snehil Exim India Pvt. Ltd. paid by DSQH vide cheque no.728469 dated 21.9.94 for Rs.88 lacs.

3.2.3 Since, the said cheques were issued by DSQH from their current account, it has been construed that DSQH was directly interested in the transactions involving purchase of the entire 7 lakh shares mentioned above and the three entities named above merely acted in concert with DSQH in acquiring shares of DSQB from the market. The broker i.e M/s Anush and Co through whom the transactions were executed confirmed to the investigating team that the three Calcutta based clients were introduced to them by DSQH (Shri Dinesh Dalmia) and further confirmed that they were introduced for the specific purpose of acquiring shares of DSQB from the market. The market records suggested that the three entities did not purchase any other shares from the market during the said period except shares of DSQB.

3.2.4 The above table includes 18,200 shares purchased by DSQH during the period June 1994 to September 1994 through M/s B M Gandhi and Sons of BSE, (now BM Gandhi and Sons Pvt Ltd.). These purchases have been adjusted for each month separately according to the order of date.

3.2.5 It therefore appeared from the above facts that during the period June 1994 to September 1994, DSQH by enrolling as a 'common client' to various brokers across the country, purchased sizable quantities of shares of DSQB and squeezed the available floating stock in the scrip prior to the Rights issue. It can further be seen from the above table that maximum purchases in the scrip were made during the month of August 1994.

3.2.6 The information on the rights issue of DSQB became public knowledge as on 30.9.94 (i.e in the 7th Annual General Meeting of the shareholders held on 30.9.94). However, the matter regarding the rights issue of DSQB was first discussed in the 41st Board of Directors meeting of DSQB held on 30.07.94. The period between 01.08.94 to 30.09.94 is the period when the information on the rights issue was "unpublished and price sensitive".

3.2.7 In the above said Board meeting one of the topics discussed, as part of the expansion program was 'further issue of capital' to augment the resources of the company. A Resolution to this effect was passed

in the said Board meeting regarding the decision to be taken on the terms and conditions of the issue, including the size, number, face value etc. In the 7th AGM of the shareholders held on 30.9.94, the approval of shareholders was obtained. Therefore, the purchases of DSQH of the shares of DSQB during the period between August 01, 1994 to September 30 1994 is considered as insider trading in violation of Insider Trading Regulation on the part of these entities as the price sensitive information on further issue/rights issue was not generally known to public during this period.

3.2.8 The rights issue was in the ratio of 2:1 and therefore DSQH were eligible for 6, 51,900 shares as rights. From the above it is clear that DSQH purchased maximum number of shares during the period from August 1994 to September 1994. This was apparently done on the basis of unpublished price sensitive information, which they were excessively privy to. DSQH renounced in favour of another DSQ group company the rights in respect of the purchases from the market.

3.2.9 The purchases during the period from August 01, 1994 and September 30, 1994 are on the basis of price sensitive information, which they were privy to. The Managing Director of DSQB, Shri K. Gopal Krishnan who was a director on the Board of both DSQH and DSQB at the time of Rights Issue confirmed the same in his sworn statement.

4. The findings of the investigations were communicated to DSQH vide letter Ref: IES/ SBM/30541/2001 dated June 13, 2001. The findings were communicated to DSQH in terms of Regulation 9 (1) of SEBI (Insider Trading) Regulations, 1992. An opportunity of personal hearing was also given to DSQH. In response to the above mentioned notice DSQH submitted their reply vide letter dated August 17, 2001 . In their reply DSQH stated the following :

4.1 By way of a preliminary objection, DSQH submitted that the scope of Regulation 9 (pursuant to which the Show Cause Notice dated June 13, 2001 has been issued) read with Regulation 11 of the Regulations is in the nature of an interim power pending the determination of facts and law in pursuance of the legal remedies provided for under the SEBI Act contained in section 15G and / or section 24 of the SEBI Act. If SEBI is satisfied that no directions under Regulation 11 can be issued on the basis of the facts of a case, SEBI is required to drop the proceedings initiated under Regulation 9.

4.2 The only directions that can be issued by SEBI pursuant to Regulation 11 are – (a) directing the insider not to deal in securities in any particular manner; (b) prohibiting the insider from disposing off any of the securities acquired in violation of the regulations and (c) restraining the insider from communicating or counselling any person to deal in securities. The Regulations can in no way impinge on the powers conferred under section 15G and section 24 of the Act, which powers are independent of powers and regulations under Regulation 9 and 11.

4.3 DSQH in their reply submitted that in the present case, the enquiry commenced only in January 1999, which is more than 4 years after the acquisition of the DSQB shares by the company during the period from August 01, 1994 and September 30, 1994. In view of the efflux of time, there is no scope for giving any direction under Regulation 11. Therefore, they pleaded that the proceedings are misconceived in fact and law and therefore be set aside in toto.

4.4 DSQH in their reply confirmed the various important dates pertaining to the rights issue and in this regard there was no difference of opinion with the findings of the investigating team in respect of the dates when the matter on the rights issue first came up for discussion and also the date when the terms and conditions of the rights issue was decided.

4.5 DSQH confirmed in their reply that it was the objective of the DSQ group to increase their shareholding in DSQB, in view of their keenness to enter the agro-based industry. Therefore, as part of group philosophy DSQH continuously acquired shares of DSQB from the Secondary market from June 1994 onwards. The activity of acquisition continued even after August 1994 and September 1994 and continued all the way through June 1995.

4.6 DSQH submitted in their reply that the acquisition of shares during the period when the information on rights issue was price sensitive and unpublished was in accordance with the publicly stated objective, consistent with the group's philosophy, of acquiring and holding in excess of 70% of the shares forming part of the DSQ group. According to DSQH the activity of acquisitions from August 01, 1994 to September 30, 1994 was not an isolated activity but was clearly in continuation of its acquisition of shares of DSQB, which commenced from April 30, 1994 (which was the date when the DSQ group signed an agreement with the erstwhile promoters of the

company).

4.7 DSQH submitted that there was no attempt made by them to indulge in "Insider Trading" in the scrip of DSQB.

4.8 DSQH submitted that in order to establish a charge of "Insider Trading" under the Regulations, the following seven preconditions must be cumulatively satisfied :

(a) The person charged has to be a person who is connected with the Company or is deemed to have been connected with the Company;
(b) Such a person is reasonably expected to have access to unpublished price sensitive information in respect of securities of the Company or should have actually received or have had access to such unpublished price sensitive information;
(c) Such access to information or reasonable expectation of such access to the unpublished price sensitive information should be by virtue of such connection with the company;
(d) The information has to relate to matters covered by clauses (i) to (viii) of clause (k) of Regulation 2;
(e) The information should be such that is not generally known or published by the company for general information;
(f) The information should be such that if published or known, it is likely to materially affect the price of securities of the company in the market; and
(g) The person should deal in securities of the company listed on any stock exchange on the basis of such unpublished price sensitive information.

4.9 DSQH submitted that items (a) to (c) above arise out of the definition of "insider" as contained in Regulation 2 (e), items (d) to (f) arise out of the definition of "unpublished price sensitive information" as contained in Regulation 2 (k) and item (g) arises on the basis of the requirements of Regulation 3 (i) of the Regulations.

4.10 It was submitted that even if one of the seven elements or ingredients stated above is not conclusively established, the allegation or charge of "insider trading" would and must fail. DSQH submitted that in the facts and circumstances of the case, these ingredients were not satisfied and consequently the charge of Insider Trading against DSQH must fail.

4.11 DSQH maintained that the acquisition of DSQB shares was not on

basis of the information relating to the rights issue of DSQB.

4.12 DSQH submitted that in order to contravene the regulations, it is not sufficient to establish only that an Insider has unpublished price sensitive information and separately, that he dealt in relevant securities. It has also to be established that the Insider dealt with the securities on the basis of the unpublished price sensitive information. It is further submitted that the same has not been established by SEBI.

4.13 DSQH maintained that the company and its associates (forming part of DSQ group) consistently acquired shares of DSQB during the period 1994-95, 1995-96 pursuant to the DSQ group's philosophy of consolidating its shareholding to certain levels in its group companies. Along with their reply they also submitted the extracts of the purchases and sales of DSQB shares by DSQH and its group companies during the period April 1994 to March 1996.

4.14 DSQH submitted that the acquisitions of shares of DSQB by the company during the period from June 1994 to September 1994 (which cannot be considered in isolation from the period before and after the aforesaid period, during which the DSQ group, continuously and consistently, acquired shares of DSQB) were not on the basis of the information relating to the proposed rights issue by DSQB and were with a view to consolidate the company's holdings in DSQB in keeping with the Groups philosophy, which intention to consolidate is clearly illustrated by the decision of the Board of Directors of the Company to make an open offer in the scrip of DSQB to acquire 20% of the share capital of the company on March 05, 1994.

4.15 DSQH stated that in respect of the market acquisitions, deliveries were taken and payments were made. None of the acquisitions were speculative in nature. It was stated that substantial part of the shares of DSQB acquired from the market were pledged as collateral security with the banks and financial institutions for loans taken by the DSQ group.

4.16 DSQH submitted that in respect of the impending rights issue they were not aware of the precise details with regard to the rights issue ratio, rights issue price, etc. and therefore they felt that this cannot be treated as "price sensitive information" within the meaning of the regulations. DSQH opined that the most essential ingredient for information relating to a rights issue to be considered price sensitive is the price of such rights issue. The price of an issue determines the

decision to invest in the scrip. According to DSQH the price of the rights issue along with the ratio, etc was decided only in the Board of directors meeting held on September 30, 1994 by which time the AGM of shareholders also approved the rights issue.

4.17 DSQH submitted in their reply that in respect of the rights issue the AGM notices were dispatched to the shareholders of DSQB immediately after the Board of Directors meeting of DSQB held on August 25, 1994. Therefore, according to DSQH the information relating to the proposed rights issue of DSQB remained unpublished and price sensitive information only until August 25, 1994 as the AGM notices were already dispatched by that time. They also opined that the relevant period for determining whether purchases by DSQH constituted Insider Trading should be taken from August 01, 1994 to August 25, 1994 instead of August 01, 1994 to September 30, 1994 as alleged by SEBI.

4.18 DSQH stated that the average cost of acquisition of shares of DSQB was much lesser than the rights issue price. DSQH stated that SEBI had calculated the average acquisition price on the basis of the price of the DSQB scrip during the period from August 01, 1994 to September 30, 1994. According to DSQH for calculating the average price the period from June 01, 1994 to July 31, 1994 should also be included which when taken will lower the average cost of acquisition. DSQH also felt that the acquisitions of DSQB shares made between August 25, 1994 to September 30, 1994 should be excluded for the purposes of computing the average price of acquisition as according to DSQH the information on the rights issue would have become public knowledge as on August 25, 1994 when the AGM notices were dispatched to the shareholders of DSQB.

4.19 The acquisitions of DSQB shares by the three Calcutta based entities viz. Swagatam Leafin Pvt. Ltd., Snehil Exim India Ltd. and Powerflow Holdings and Tradings Pvt. Ltd. should not be taken into consideration. DSQH stated that these three entities were not acting in concert with them and that they were independent of the DSQ group. In respect of the allegation made that the purchases of 7 lakh shares of DSQB by the three Calcutta based entities on August 16, 1994 were funded from the account of DSQH, it was stated that loans were provided to the three entities by DSQH on an arms length basis, with such loans being subsequently repaid by the entities to DSQH.

4.20 Finally DSQH in their reply requested for a personal hearing to be

granted before Chairman, SEBI and requested for all the charges to be dropped.

5.1 A personal hearing was granted to DSQH on July 03, 2002. M/s. Amarchand Mangaldas, Advocates and Solicitors appeared on behalf of DSQH in the said matter. DSQH was also represented by its Director, Shri K Gopalakrishnan. A detailed written submission was also made subsequent to the personal hearing before Chairman, SEBI by DSQH vide their letter dated July 26, 2002.

5.2 DSQH in their reply dated July 26, 2002 cited several case laws pertaining to Insider Trading and also various rulings given by US Supreme Court on Insider Trading. In their reply vide the aforesaid letter, DSQH submitted the following :

5.3 That the SEBI (Insider Trading) Regulations, 1992 seek to prohibit persons who, by virtue of their connection with a company, receive unpublished price sensitive information from using such information / dealing in the securities of the company on the basis of such information to make secret profits personal gains. The Regulations do not place an absolute prohibition on an insider in possession of unpublished price sensitive information from trading in the relevant securities. It is only trading "on the basis of" such information that is prohibited by the express wording of Regulation 3 of the Regulations.

5.3.1 That SEBI has extensively referred to the US Law while interpreting the Insider Trading Regulations in the case of *SEBI* v. *Hindustan Lever Ltd*. as well as in the Chairman's Order dated June 10, 2001 in the matter of Rakesh Agarwal. Even upon perusal of the High Powered Committee Report, it would be apparent that the Committee was considering the US Law on insider trading. Hence they cited the following case law from United States and United Kingdom:

1. Cady, Roberts & Co. [1961] 40 SEC 907
2. Chiarella v/w United States [1980] 445 US 222
3. Dirk v/s SEC 463 US 646
4. Attorney General Ref. (1) of 1998

5.3.2 That in the context of the facts and circumstances of the case, and in view of the legal position as enunciated, it cannot by any stretch of imagination, be said that the Company breached Regulation 3 and rendered itself liable for penalty. In this behalf, it is submitted as

follows:

1. There is no allegation or averment that the Company made profit, direct or indirect, as a result of the purchases of DSQB shares made during the period from August 1, 1994 to September 30, 1994 (the "Relevant Period");

2. There is no allegation or averment that the Company undertook the impugned share transaction for the purpose of making any profit; and

5.3.3 That there is no allegation or averment that the Company has acted in a manner disadvantageous to the shareholders. In fact, given that the Company acquired the shares during the Relevant Period at an average price that was significantly higher than the open offer price of Rs.15.94 and also subsequently contributed a large part of the capital raised by DSQB by way of the rights issue, the acquisitions only benefited the Company, the shareholders and the public investors.

5.3.4 That in light of the underlying principles relating to the prohibition of insider trading as well as the objects and reasons and intention behind the Regulations, it is clear that what was intended to be prohibited under Regulation 3 was the dealing in securities, which was with a view to misuse information for obtaining unfair advantage. One of the ingredient is unfair advantage and making of profit. Consequently, if the dealing in securities was not with a view to misuse the information or gain unfairly from the use of the information or to use information to make profit, such dealing in securities is not prohibited or covered by Regulation 3.

5.3.5 That the duty to disclose or abstain is not an absolute duty. When the insider acts / uses unpublished price sensitive information for a corporate purpose, he is not subject to such duty.

5.3.6 That the necessary requirement to successfully establish liability for insider trading is unlawful conversion of unpublished price sensitive information resulting in secret profits / personal gains.

5.3.7 That Regulation 3 merely aims to prohibit the insider from breaching duty to the company. The breach of this duty necessarily involves an element of "manipulation" or "deceit", and the making of some secret profits or personal gain / benefit by the insider. Accordingly, it is only when the insider has dealt in shares of a

company on the basis of unpublished price sensitive information, and made secret profits / personal gains that the insider can be held liable for the violation of the regulation under Regulation 4. Any other interpretation of Regulation 3 and Regulation 4 would render the same absurd for inter alia the following reasons :

i. All corporate activities on the basis of unpublished price sensitive information would stand prohibited.

ii. Corporate insiders would be subject to a form of strict liability against dealing in securities even if they act in furtherance of their duty to the Company.

iii. A corporate insider would be liable although he has committed no breach of his fiduciary duties to the Company.

iv. Promoters cannot consolidate their holdings in their company subject to limit prescribed by the SEBI (Substantial Acquisition of Shares and Take Over) Regulations, 1997, on the basis of unpublished price sensitive information.

5.4 That the acquisitions of DSQB shares by the company before the relevant period, during the relevant period and after the relevant period shows a consistent pattern of buying with there being no increase in the acquisitions during the relevant period.

5.5 In respect of the acquisitions of the three Calcutta based entities viz. M/s. Swagatam Leafin Pvt. Ltd., M/s. Powerflow Holdings & Trading Pvt. Ltd. and M/s. Snehil Exim India Ltd., DSQH submitted that the three entities were in no way connected to the DSQ group and were clearly not "acting in concert" with DSQH to acquire shares of DSQB. DSQH further stated that the funds provided by them to the broker i.e. M/s. Anush & Co., MSE were in fact loan facility extended to the three Calcutta based entities.

5.6 The other submissions made by DSQH in their letter dated July 26, 2002 have already been covered in the earlier paragraphs of the Order. The same are not repeated for the sake of brevity.

6. I have carefully considered the charges and the replies thereto. The following issues will arise from the above for consideration:

6.1. Whether DSQH is an insider?

6.1.1. Under regulation 2(e) of the said Regulation, "insider" means any person who, is or was connected with the company or is deemed to have been connected with the company, and who is reasonably expected to have access, by virtue of such connection, to unpublished price sensitive information in respect of securities of the company, or who has received or has had access to such unpublished price sensitive information

6.1.2. Under regulation 2(h) "a person is deemed to be a connected person" if such person - "is a company under the same management or group or any subsidiary company thereof within the meaning of section (1B) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 (1 of 1956) or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) as the case may be;"

6.1.3 DSQH being the promoter group company of DSQB is a "connected person" under the Regulation 2 (c) of the said Regulations. Both DSQH and DSQB have a common parentage and both the companies were promoted by the same person i.e. Shri Dinesh Dalmia. Being the group company of DSQB and with common directors, DSQH is therefore an "insider" within the meaning of Regulation 2 (e) of the regulations.

6.2 **Whether the information is price sensitive**?

6.2.1 Regulation 2(k) of SEBI (Insiders Trading) Regulations, 1992 defines "unpublished price sensitive information" as any information which relates to the following matters or is of concern, directly or indirectly, to a company, and is not generally known or published by such company for general information, but which if published or known, is likely to materially affect the price of securities of that company in the market –

(i) financial results (both half-yearly and annual) of the company:

(ii) intended declaration of dividends (both interim and final);

(iii) issue of shares by way of public rights, bonus, etc.;

(iv) any major expansion plans or execution of new projects;

(v) amalgamation, mergers and take-overs;

(vi) disposal of the whole or substantially the whole of the undertaking;

(vii) such other information as may affect the earnings of the company.

(viii) any changes in policies, plans or operations

6.2.2 It is therefore clear that the information about rights issue is a price sensitive information within the meaning of Regulation 2 (k) (iii) of the regulations and this information was not available to the sellers and the general public at large. The Regulation 2 (k) (iii) has no ambiguity that the information regarding rights issue is price sensitive in nature. In view of the above there cannot be any dispute that, in so far as the information about the rights issue is concerned, it is a price sensitive information within the meaning of Regulation 2 (k) (iii) of the regulations. Even otherwise also, information about further issue of capital by a company be it rights or public issue has been consistently recognized all over the world as price sensitive in nature.

6.2.3 It has been contended by DSQH that during the period when the information on rights issue of DSQB was price sensitive and unpublished they were not aware of the precise details of the rights issue such as the issue ratio, price, etc. and therefore cannot be regarded as "price sensitive information" as contemplated in clause (k) of Regulation 2 of the regulations. Information about the issue of capital even at the stage of earlier discussions has been held as material. In fact in a case of merger between two entities, more specifically in the case of Basic incorporated 485 US 224, the Court referred to the Texas Gulf Sulphur probability / magnitude approach even for the preliminary stage of merger negotiations. It has been observed in this judgment that it is not necessary that the merging parties have to agree on the price and structure of the merger and render the information about such merger material.

6.2.4 The case of TSC Industries Inc. v/s. Northway Inc. 426 US 449, even goes further when it observes that "the possibility of the merger may have an immediate importance to investors in the company's securities even if no merger ultimately takes place". In the instant case DSQH being the group company of DSQB and more importantly with common promoter directors was very much in an advantageous position in respect of the rights issue including knowledge of the ratio, pricing, etc ahead of others. It has been accepted world-wide that persons classified or categorized as "insiders" are in the most advantageous platform at any given point

of time be it at the entry point or exit point as regards trading in securities. In the instant case "DSQH" was clearly in an advantageous position ahead of other investors with this price sensitive information in hand.

6.3 **Whether the information is not unpublished information and, if yes, between which period should it be considered as unpublished information?**

6.3.1 It has been contended by DSQH that the information on rights issue ceased to be "unpublished" as on August 25, 1994, which was the date on which the company dispatched the AGM notices to the shareholders of the company informing them about the 7th AGM. It has also been contended by DSQH that in view of the above, the information on rights issue remained unpublished and price sensitive during the period August 01, 1994 to August 25, 1994 and not August 01, 1994 to September 30, 1994 as alleged by SEBI. The investigating team requested the company for the actual proof of despatch of the AGM notices and DSQB could not submit the same to the investigating team. DSQB could only submit a copy of Form 23 filed with the ROC, Chennai, which indicated the date of despatch of the notices as August 25, 1994. In one of their letters addressed to the investigating team, the Managing Director of DSQB confirmed in no uncertain terms that the information on rights issue matter would have become public knowledge during the first week of October 1994 when the relative AGM notices were filed with ROC, Chennai. This clearly indicates that DSQB was contradicting their own statement on the subject matter of despatch of the AGM notices.

6.3.2 Even for argument sake if the period between August 01, 1994 to August 25, 1994 were to be considered as the period when the information on rights issue was "unpublished and price sensitive", it was clear from the investigations that substantial quantities of shares of DSQB were purchased by DSQH and the three Calcutta based entities (acting in concert with DSQH) during the month of August 1994 alone. In fact, the records indicated that it was during the month of August 1994 that maximum purchases in the scrip were made by DSQH as compared to the purchases made by them during the months June 1994, July, 1994, September 1994 to December 1994.

6.3.3 During the period August 01, 1994 to August 25, 1994, DSQH along with the three Calcutta based entities viz. M/s. Swagatam Leafin Pvt. Ltd., M/s. Powerflow Holdings & Trading Pvt. Ltd. and M/s. Snehil

Exim India Ltd. together acquired 8,09,500 shares of DSQB from the market and this quantity acquired by them is by no means insignificant as put forth by DSQH. DSQH in their submissions avoided the purchases made by the three Calcutta based entities on their behalf for the purpose of arriving at the details of shares acquired by them during August 1994. The three Calcutta based entities collectively had acquired seven lakh shares of DSQB through M/s. Anush & Co., Member, MSE on 16th August, 1994 and the records indicated that DSQH funded their purchase positions in its entirety. Therefore, I do not find any merit in the arguments put forth by DSQH that very less quantity of shares were purchased by DSQH during the relevant period. On the contrary, I find that maximum purchases were made by DSQH during the period August 1994 to September 1994 and the purchases during the month of August was the highest as compared to other months . I also do not find any merit in the arguments put forth by DSQH that they had extended loan facility to the three Calcutta based entities towards the shares of DSQB purchased by them. It is found that although the scrip was actively traded at Calcutta Stock Exchange the three entities chose to enroll as clients of M/s Anush & Co. member, Madras Stock Exchange where DSQH was also a client. Further more, Shri Dinesh Dalmia the promoter of DSQH and DSQB introduced the three Calcutta based entities to the Madras based broker.

6.3.4 In the absence of proper records on dispatch of AGM notices and also the fact that contradicting statements were made by the Managing Director of DSQB in respect of the dispatch of the notices, I also do not find any basis in the argument put forth by DSQH that the information on rights issue of DSQB would have become public knowledge on 25th August, 1994, when according to the Company they had dispatched the AGM notices to the shareholders. I am therefore fully satisfied that the relevant date when the information on the rights issue of DSQB to be considered as "unpublished and price sensitive" should be August 01, 1994 to September 30, 1994.

6.4 Whether DSQH indulged in Insider Trading in violation of Regulation and whether there must be a wrongful gain as a necessary ingredient for the charge of Insider Trading?

6.4.1 DSQH submitted that the SEBI (Insider Trading) Regulation, 1992 prohibits the person by virtue of their connection with the company receiving unpublished price sensitive information, from using such information / dealing in securities of the company on

the basis of such information to make profits or personal gains. DSQH contended vehemently that the Regulation do not place any absolute prohibition on the Insider Trading of the unpublished price sensitive information from trading in securities. It emphasized on the phrase ' by virtue of' such information which is prohibited under Regulation 3 of the Insider Trading Regulation.

6.4.2 DSQH submitted that in Cady, Roberts & Co.(1961) 40 SEC 907 the Supreme Court while considering Section 10(b) of SEBI Act and Rule 10(b) there under observed that :

" these anti-fraud provisions are not intended as specification of particular acts or practices which constitute fraud, but rather are designed encompass the infinite variety of devices by which undue advantage may be taken of investors and others"

6.4.3 It was observed by the Supreme Court in the case that the Insider must disclose the material fact know to him and abstain from dealing in securities basing on such material information. The Court observed in this case that:

"Analytically, the obligation rests on two principle elements: first, the existence [12] of a relationship giving access, directly or indirectly, to information intended to be available only for a corporate purpose and not for the personal benefit of any one, n.15; and the inherent unfairness involved where the party takes advantage of such information knowing it is unavailable to those with whom he is dealing."

6.4.4 DSQH further submitted that the "disclose or abstain rule" is not an absolute rule and there is no contravention of Regulation 3 merely because there may be purchase or sale of securities without a disclosure by the corporate insider. The "disclose or abstain" rule has been misrepresented to suggest that in law, there is an absolute obligation or duty to either disclose the material or to abstain from dealing in the securities.

6.4.5 DSQH submitted that the aforementioned observations in *Cady Roberts & Co.* clearly indicate that the prohibition on trading on the basis of undisclosed information is only when information is entrusted for a corporate purpose and not for personal benefit on the principle that there is inherent unfairness when the party take advantages of such information knowing that it is unavailable to others. DSQH stated that they have not misused the information

for personal benefit and they have consistently bought the shares of DSQB as part of their group philosophy.

6.4.6 DSQH also cited the case of *Chiarella v. United States* [{1980} 445 U.S. 222] and the rulings, given by the U.S. Supreme Court in the said matter.

6.4.7 DSQH further submitted the following proposition laid down in Dirk v/s Securities and Exchange Commission (463 US 646) :

"Not all breaches of fiduciary duty in connection with a securities transaction however, come within the ambit of Rule 10 (b)-5 Santa Fe Industries v. Green, 430 US 462 at p. 472, (1977). There must be "manipulation or deception" id, at 473. In an insider trading case, this fraud derives from the inherent unfairness involved where one takes advantage of information intended to be available only for a corporate purpose and not for the personal benefit of any one, In re Merrill Lynch, Pierce. Fenner & Smith, 438 SEC 933 at p. 936 (1968). Thus, an insider will be liable under Rule 10 b-5 for insider trading only where he fails to disclose material non-public information before trading on it and thus make "secret profit", Cady Roberts & Co."

Blackmun J. in his dissent explained the requirment of scienter in insider trading cases and observed as follows: "When the disclosure is to an investment banker or some other adviser, however, there is normally no breach because the insider does not have scienter: he does not intend that insider information be used for trading purpose at the disadvantage of shareholders .....In fact, the scienter requirement functions in part to protect good faith errors of this type".

6.4.8 It is submitted that in the context of the facts and circumstances of the case, and in view of the legal position as enunciated, it cannot by any stretch of imagination have been said that the Company has breached Regulation 3 and rendered itself liable for penalty. In this behalf, it is submitted as follows:

1. There is no allegation or averment that the Company made profit, direct or indirect, as a result of the purchases of DSQB shares made during the period from August 1, 1994 to September 30, 1994 (the "Relevant Period");

2. There is no allegation or averment that the Company undertook

the impugned share transaction for the purpose of making any profit; and

3. There is no allegation or averment that the Company has acted in a manner disadvantageous to the shareholders. In fact, given that the Company acquired the shares during the Relevant Period at an average price that was significantly higher than the open offer price of Rs.15.94 and also subsequently contributed a large part of the capital raised by DSQB by way of the rights issue, the acquisitions only benefited the Company, the shareholders and the public investors.

6.4.9 DSQH further submitted that the Law relating to Insider Trading in England and the Attorney General Reference (1) of 1988, Lord Lane observed that: "*The prosecution will need to show that the insider knew or had reasonable grounds to believe that the information was not generally known and was price sensitive and that he dealt nevertheless. Also, it will be possible for a person to offer as a defence that his purpose in dealing was not to make a profit or avoid a loss by the use of his insider information*".

6.4.10 It was further submitted that the duty to disclose or abstain is not an absolute duty. When the insider acts / uses unpublished price sensitive information for a corporate purpose, he is not subject to such duty. The necessary requirement to successfully establish liability for insider trading is unlawful conversion of unpublished price sensitive information resulting in secret profits / personal gains.

6.4.11 I have examined the contention of the DSQH and various case law furnished by them. It may noted that the Insider trading law in the USA is part of the general law relating to fraud. Under the federal system prevailing in the USA there were state laws known as "blue sky" laws which contained anti – fraud provisions which are used to deal with insider trading.

6.4.12 The 10 (b) 5 Rule is merely an enabling provision not intended to deal with the problem of Insider Trading. It in general prohibits the use of manipulative or deceptive devices in relation to purchase and sale of securities on the stock market. The rule itself makes no reference to insider trading let alone giving a definition of it. The provision is clearly aimed at fraud in the traditional sense. It came to be applied to insider trading by Courts, through private litigation and then by the SEC in 1960 as

part of SEC enforcement policy on insider trading. Unlike in India in the USA since the law governing trading is part of the general law of fraud, mens rea, motive intention to make a profit who is an insider, duty of an insider and outsider etc. are relevant and are required to be established before a charge of insider trading can be made.

6.4.13 To understand the evolution of law on insider trading it is worth quoting the classic statement of the law as was eloquently set out by US Supreme Court in the case of SEC v/s Texas Gulf Sulphur company (410 F 2d.848) "anyone in possession of material inside information must either disclose it to the investing public or, if he is disabled from disclosing it in order to protect a corporate confidence or if he chooses not to do so, must, abstain from trading in or recommending the securities concerned while such inside information remains undisclosed." Therefore, "disclose or abstain" principle was first communicated as backbone of Insider Trading Law.

6.4.14 This principle was further reiterated by the Judgement of the US Court in Shapiro v/s Merrill Lynch (495 5 F 2d. 235) by stating that this "is to protect the investing public in to secure fair dealing in the securities market by promoting full disclosure of inside information so that an informed judgement can be made by all the investors" was quoted merely to reinforce the point.

6.4.15 The US Supreme Court had endorsed the "Misappropriation theory" in relation to insider trading. In the case of US v/s O'Hagan (128 L.ED.2d 724).

6.4.16 In Kohler v/s Kohler (319 F 2d 634), the Court has laid down the law that the statute was intended to create a form of fiduciary relationship between so called corporate insider and outsiders with whom they deal in company securities which places upon the insider duties more exacting them mere abstention from what is generally thought to be fraudulent practices.

6.4.17 In Speed v/s Trans American Corp. (99F Supp.808) it was held that, " It is unlawful for an insider, such as majority stock holder, to purchase the stock of minority stock holder without disclosing material facts affecting the value of the stock, known to the selling minority stockholders, which information would have affected the judgement of the sellers".

6.4.18 It is therefore clear that a corporate insider has to abstain from trading in securities if he possess with him any unpublished price sensitive information. It was already held by SEBI in Rakesh Agarwal matter where Mr. Rakesh Agarwal indulged in Insider Trading in the scrip of ABS Industries that:

"The whole philosophy on which the securities regulation are based and have evolved all over the world, is to ensure availability of common information and fair play to the participants in the securities markets, so that informed decisions can be taken. This is essential to create investor confidence in the integrity and fairness of the markets. This principle of transparency and information sharing leads to few other important outcomes like evolution of the 'fraud on the market' theory and the regulations which create obligations to make full disclosures. Insider trading regulations also emanate from such obligations which prohibit buying or selling of securities in breach of fiduciary duty or other relationships of trust and confidence, while in possession of a material non public information. This is also with a view to prevent an insider, which includes corporate insider, also from utilising the position of knowledge and access of information to take unfair advantage of the uninformed stockholder. Another important outcome has been the establishment of the principle of "disclose or abstain".

In the instant case, I find that DSQH as "Insider" purchased maximum quantities of shares of DSQB during the month of August 1994 alone, which itself amply suggests that DSQH was taking an unfair advantage of the price sensitive information, which they were privy to.

I do not find any reason to deviate from the above stand of the Board. I therefore hold that there is no merit in the submission of the DSQH that their actions are justified with a genuine corporate policy and that they had not profit motive.

6.4.19 In this context the judgement of SEC v/s David E Lipson (US court of Appeal (7th Circuit) Docket No.01-1226) helps to illustrate the point that in the USA benefit / motive is not required to be proved in order to make out the charge of insider trading. It was held in this case that, "any insider who wanted to be able to engage in such trading with impunity would establish an estate plan that required him to trading in his company's stock from time to time. He could then trade on the basis of inside information yet

defend on the ground that he was also trading in implementation of his estate plan. He would be doing both. Yet even to regard the good and the bad purpose as alternatives is to sugar coat the pill. In the case just put, the insider would be using inside information to implement his estate plan more effectively. He would more like someone who robbed a bank with the intention of giving the money to charity. The noble end would not immunize the ignoble means of achieving that end from legal department".

Therefore there is no merit in the argument that DSQH had not traded on the basis of insider information but had done so for a corporate benefit and had not breached the said Regulations.

6.4.20 The judgement of the US Supreme Court in the case of Dirks v/s SEC reported in 463 US 646 cited by DSQH is totally inappropriate as it was a tipper - tippee case, whereas the present case is one of an insider himself trading on the basis of the Unpublished Price Sensitive Information and the concept of gain is irrelevant to the offence of insider trading under the SEBI Act and the Regulations. Dealing in securities as defined under Regulation 2(d) i.e. the mere Act of buying / selling or agreeing to buy / sell or deal in any security by any person as principal / agent on basis of Unpublished Price Sensitive Information is covered and is made an offence under Regulation 3. Profit motive is therefore not an ingredient of the offence.

6.4.21 The case Chiarella v. United States 445 US 222 cited by DSQH was a case whether an outsider i.e. a printer could be held guilty of insider trading under the US legislation relating to insider trading. Since the facts of the case bear no resemblance to the facts of the present case the said judgement has no relevance.

It was on the basis of this judgement that it was sought to be argued that legitimate corporate purposes was an exemption to the rule prohibiting insider trading. But, under the Indian Legislation relating to insider trading no such exemption can be carved out even on the basis of a purposive interpretation. The regulation are clear and explicit and do not require any interpretative aids in understanding its meaning / purpose and intent.

6.4.22 The Attorney General's Reference – 1989 1 A C 971 cited by DSQH also has no relevance in the present context. The issue in that matter, related to the construction of the word "Obtained" in

Section 1(3) of the Companies Securities (Insider Dealing) Act 1985. In the present case, there cannot be any dispute that DSQH was an insider at the appropriate time that by reason of his position he had Price Sensitive Information and he acted upon the same. Further it is found that both DSQH and DSQB were companies promoted by the same promoter (Shri Dinesh Dalmia) and therefore coming within the ambit of common management (DSQ Group). Furthermore, it is found that the two directors viz. Dinesh Dalmia and Shri Gopalkrishnan were also the core persons present in the Board of both the companies i.e. DSQH and DSQB at the time of the Rights Issue, and in the respective Board of Directors meeting of DSQB when the Rights issue matter first came up for discussion and later materialized into action. Even sworn-in statement given by Shri K. Gopalkrishnan, confirmed that DSQH and DSQB were fully aware of the impending rights issue of DSQB when DSQH purchased the shares during the relevant period.

6.4.23 Lastly it should not be lost sight of the fact that we have taken aid of judgements of the US Courts only for the purpose of eliciting the evolution of the principles relating to Insider trading and US law relating to Insider Trading is in any way similar to or in 'para materia' with the Indian Regulations relating to Insider Trading.

6.4.24 I have also considered the argument of DSQH that the interpretation as given by SEBI would render the Regulation 4 absurd for any reason whatsoever. It is not correct to state that the corporate activities on the basis of unpublished price sensitive information would stand prohibited. It should be noted that only the buying and selling of securities on the basis of unpublished price sensitive information by an insider is prohibited. It is also not correct to state that corporate insiders would be subject to a form of strict liability against dealing in securities even if they act in furtherance of their duty to the company. A corporate insider cannot have a duty or responsibility in violation of any Act or Regulation. Therefore this does not arise at all. It should also be noted that a corporate insider is liable if he commits an act of insider trading whether or not it results in breach of a fiduciary duty to the company. There is no merit also in the argument that the promoters cannot consolidate their holdings in their company subject to limit prescribed by Takeover Regulations on the basis of unpublished price sensitive information. On the notification of Insider Trading Regulations all kinds of Insider Trading is prohibited which is in violation of Regulation 3. It includes consolidation of holdings by the promoters if it is proved that the

promoters are acting on the basis of unpublished price sensitive information to the detriment of the other shareholders.

6.4.25 In view of the above discussion, I am of the considered view that DSQH has indulged in Insider Trading and their acts are in violation of Regulation 3 of Insider Trading Regulations. As already stated in detail above, when a codified Law is in its place, any interpretation which defeats the purpose of the statute should not be allowed.

6.4.26 It has been contended by DSQH that they have not made any monetary gain or unfair advantage. Therefore, the charges of insider trading against DSQH cannot be leveled. It is clearly proved that DSQH purchased maximum number of shares of DSQB during the period August 1994 to September 1994 i.e. when the information on rights issue was price sensitive and unpublished.

6.4.27 Therefore, DSQH was clearly in an advantageous position as they were entitled for rights against these shares purchased at a much lower rate. Further, the records also indicated that substantial quantities of shares purchased by the DSQ group companies from the market including the rights entitlement were pledged subsequently by the promoters of DSQ as collateral security with various banks / financial institutions for availing loan facility. This itself is an advantage to the DSQ group. There is persuasive evidence to suggest that DSQH purchased maximum number of shares of DSQB during the month of August 1994 alone when the scrip price of DSQB was very high. In any case, as already pointed as above, the gain or advantage or avoidance of loss is not a necessary ingredient or constraint for establishing insider trading.

6.4.28 Under regulation 3 of SEBI (Insiders Trading) Regulations, 1992 insider trading per se is prohibited. It reads as under:
No insider shall –

(i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange on the basis of any unpublished price sensitive information; or

(ii) communicate any unpublished price sensitive information to any person, with or without his request for such information, except as required in the ordinary course of

business or under any law; or

(iii) Counsel or procure any other person to deal in securities of any company on the basis of unpublished price sensitive information.

Therefore, the necessary ingredients for an act of insider trading as prohibited by the said regulations are _ dealing in securities, on the basis of, any unpublished price sensitive information, by an insider.

6.4.29 It has already been proved that the Company was dealing in securities on the basis of price sensitive information. Hence the motive is irrelevant and in any case it has also been proved that DSQH immensely benefited out of the said transactions.

7.1 It is submitted fact that the information which was received or accessed by DSQH regarding the impending rights issue of DSQB, was neither available to the other shareholders nor was it made public. When the shares were purchased by DSQH during the period August 01, 1994 to September 30, 1994, this information was not available to the persons who sold the shares to DSQH. It clearly puts DSQH in an advantageous position over the sellers.

7.2 In view of the above, I hold that the purchases were made by DSQH (insider) on the basis of unpublished price sensitive information.

7.3 SEBI Act was promulgated on January 30, 1992 and amended in 1995. The SEBI (Insider Trading) Regulations were notified on 19th November, 1992. The SEBI Act as well as the SEBI (Insider Trading) Regulations empowers SEBI to take appropriate remedial action in case of Insider Trading. The SEBI Act and more particularly Section 11 (1) of the SEBI Act casts a duty on SEBI "to protect the interest of the investors in securities and to promote and develop and to regulate the securities market by such measures as it thinks fit". This duty can be exercised by SEBI in several ways. One of the provisions available to SEBI under the Act and the Regulations is to issue directions under Section 11 of SEBI Act, 1992 read with Regulation 11 of SEBI (Insider Trading) Regulations, 1992.

7.4 It is also the duty of SEBI to ensure that the transactions in the securities market are carried out in a fair and transparent manner and there is a level playing field for the investors transacting in the securities market. In this case, it has been concluded that shares were purchased by DSQH on the basis of unpublished price sensitive

information of the impending rights issue of DSQB. DSQH, thus, acquired the shares in violation of the Regulation and the Act and indulged in the act of Insider Trading.

7.5 Further, considering that Insider Trading is always treated as serious irregularity in the capital market all over the world as they impinge on the basic tenets of transparency, fair play, investor confidence, orderly development of the markets, it would be a fit case for invoking the provisions of Section 11 of the SEBI Act to restore the same.

7.6 Therefore, in exercise of the power conferred under Section 4(3) of the SEBI Act, 1992 read with the provisions of Regulation 9 (2) and Reg. 11 (a) of SEBI (Insider Trading) Regulations, 1992, read along with the provisions of Section 11 of the SEBI Act, 1992, I hereby, direct that M/s. DSQ Holdings Ltd. be debarred from dealing in securities market in any manner whatsoever for a period of five years. The Order shall come into force with immediate effect.

Place : Mumbai
Date: 27.02.2003

G N BAJPAI
CHAIRMAN
SECURITIES & EXCHANGE BOARD OF INDIA