BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. - SRP/DL/AO: 205 - 206 /2011]

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

In respect of

1	**Mr. Dushyant Natwarlal Dalal**	**PAN: AAAPD 5859Q**
2	**Mrs. Puloma Dushyant Dalal**	**PAN: AAEPD 2909B**

In the matter of IPO Investigations

FACTS OF THE CASE IN BRIEF

1. The Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) conducted investigations into the affairs relating to buying, selling and dealings in the shares of certain Companies during their Initial Public Offerings (hereinafter referred to as **'IPOs'**) covering the period from the year 2003 to 2005.

2. The investigations, *prima facie*, revealed that certain entities had opened large number of demat accounts which were in the names of non-existent persons or name lenders or were benami and they acquired shares of various Companies in their IPOs by making applications in fictitious or benami names with each of the application being of such a value so as to make it eligible for allotment under retail category. These entities were referred to by SEBI as 'key operators 'or 'master account holders. It was

observed, *inter alia*, that subsequent to the allotment of shares in IPOs, the shares from the demat accounts of such fictitious /benami allottees were transferred in the demat account of key operators/master account holders before the listing of such shares on sock exchange(s). The key operators subsequently transferred these shares through off market deals to ultimate beneficiaries, who were allegedly the financiers in the process (hereinafter referred to as **'financiers'**). The said practice was adopted to corner shares from the quota for retail investors in the IPOs of various companies. It was also observed that in some cases these IPO shares were sold by the key operators/financiers immediately on listing and thereby, they made unlawful profits at the cost of other retail investors.

3. Based on the findings of the investigations it was alleged that Dushyant Natwarlal Dalal and Puloma Dushyant Dalal (hereinafter collectively referred to as **"Noticees"** and individually as **"First Noticee"** and **"Second Noticee"** respectively), were parties to such unlawful act of cornering of shares and that they acted as financier to the key operators namely, (i) Sugandh Estates and Investments Pvt. Ltd (hereinafter referred to as **'SEIPL'**) in the IPOs of ILFS Investments (**ILFS**), Infrastructure Development Finance Co. Ltd. (**IDFC**), Sasken Communication Technologies Ltd. (**Sasken**), FCS Software Solutions Ltd. (**FCS**) and Gateway Distriparks Ltd. (**Gateway**) and (ii) Purshottam Budhwani (**Budhwani**), in the IPOs of Gateway, Provogue, MSP Steel, Nectar Lifesciences Ltd., IDFC, Shoppers' Stop Ltd. and Suzlon during the aforesaid period. Further, that they acted in connivance with others in such cornering of shares and made unlawful gains at the cost of other retail individual investors (**RIIs**).

APPOINTMENT OF ADJUDICATING OFFICER

4. Earlier, Shri Biju S. was appointed as the Adjudicating Officer (**AO**) vide order dated May 25, 2006 under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**the Act'**) read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalty by Adjudicating Officer) Rules, 1995 to inquire into and adjudge

under Section 15 HA of the Act, the alleged violation of the provisions of section 12 A of the SEBI Act ; regulations 3,4 and 6 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market), Regulations, 1995 read with regulations 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market), Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations'**) ; by the Noticees.

5. Consequent upon proceeding of Shri Biju S. on study leave, the undersigned was appointed as the Adjudicating Officer vide order dated May 05, 2009.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. Show Cause Notice No. A & E /BS/69440/2006 and Show Cause Notice No. A & E/BS/69486 were separately issued to the said two Noticees on June 16, 2006 under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the **'Rules'**), by the erstwhile Adjudicating Officer.

7. The Noticees replied to the SCN (through R.G. Sheth & Co., Solicitors and Advocates, hereinafter referred to as **"RGS"**) vide separate letters dated August 03, 2006 and requested for personal hearing to explain their stand in the matter. After considering their reply the then AO granted an opportunity of personal hearing to the Noticees on August 28, 2006, which was communicated respectively to them vide notice Nos. A&E/BS/73948/2006 and A&E/BS/73949/2006 each dated August 9, 2006. RGS responded on behalf of the Noticees vide letter dated August 23, 2006 and requested to adjourn the hearing to a future date by citing reason that the Noticees are out of station. In consideration of the said request and in the interest if natural justice another opportunity of hearing was granted to the Noticees on September 20, 2006 vide notice dated August 28, 2006. The Noticees did not attend the hearing and through the letter dated September 18, 2006 of RGS submitted, by giving reference to SEBI's interim Order dated April 27, 2006, which was also to be treated as show cause notice, that they had replied to

SEBI in respect of the said Order dated April 27, 2006, vide letter dated May 20, 2006 and therefore, the said matter is to be decided first before the adjudication proceedings can be finalized and hence, to keep the instant adjudication proceedings in respect of the Noticees in abeyance.

8. It has been noted from the available records that the erstwhile AO granted one more opportunity of personal hearing to the Noticees on February 02, 2007 vide notice dated January 17, 2007. Alongwith the said notice the relevant extracts of the report of the investigations conducted by SEBI, which detailed the violations alleged to have been committed by the Noticees were also forwarded to them. The Noticees were also advised vide the said notice to furnish transcripts of all their demat accounts since 01.01.2003 and details of securities lying in the said demat accounts since 27.04.2006. The Noticees once again failed to attend the hearing. It was requested vide letter dated January 31, 2007 of RGS to adjourn the hearing fixed for February 02, 2007 by two weeks. Prior commitments of the Counsel of the Noticees, was attributed to be the reason for seeking said adjournment. In consideration of the said request another hearing on February 27, 2007 was granted to the Noticees vide notice dated February 14, 2007. Once again the hearing was not attended. RGS, writing on behalf of the Noticees, stated vide letter dated February 26, 2007 about their professional commitment before the Hon'ble High Court on the scheduled date of hearing and requested to reschedule the hearing to March 02, 2007. Their request was acceded to and March 02, 2007 was fixed as the new hearing date. The hearing on March 02, 2007 was attended on behalf of the Noticees by RGS. At the time of hearing written reply of the Noticees dated March 01, 2007 were also submitted.

9. Pursuant to appointment of the undersigned as Adjudicating Officer, the Noticees were intimated about the same vide letter dated July 17, 2009. The Noticees were also advised to confirm whether they have any additional submissions to make and whether they desire personal hearing with the undersigned in the matter. The Noticees responded to the said communiqué vide letter dated August 01, 2009 and asked, *inter alia*, to provide authenticated copy of the Order of appointment of the erstwhile Adjudicating

Officer. They also stated that SCN dated 16.06.2006 merely makes vague allegations without adducing any evidence or finding in support thereof, and that the allegations are not precise as to the allegations of dealing with so-named key operators and IPOs concerned, therefore, it is not possible for them to meet the case, etc. They also asked for various documents including the investigation report and the copy of statements of various entities recorded by SEBI, in the matter.

10. In respect of the demand of the Noticees to furnish various documents, the undersigned was informed by SEBI on December 22, 2009 that no statements have been recorded in respect of the persons/entities referred to by the Noticees in their aforesaid letter dated August 01, 2009. The undersigned also observed that the extracts of the investigation report, which were relevant to the Noticees, had already been provided to them by the erstwhile AO vide his letter dated January 17, 2007. Therefore, vide letter dated January 06, 2010 the said facts were communicated to the Noticees. Although, the undersigned could not understand the rational of the Noticees, then asking from him (the undersigned) - after more than three years of issuance of SCN by Shri Biju S. (the erstwhile AO) and subsequent interactions with him - the copy of Order appointing him (i.e. Shri Biju S.) as Adjudicating Officer; even then a copy of the said Order was provided to the Noticees vide the aforesaid letter dated January 06, 2010. As desired by the Noticees, they were also granted an opportunity of personal hearing on January 28, 2010. The Noticees did not turn up for the hearing. Vide letter dated January 14, 2010 they again asked for various documents/information which are reproduced below:

- *A copy of the general or special order in writing of the Board in terms of section 19 of the Act delegating its powers and functions under the Act to the WTM who had appointed Mr. Biju S, Deputy Legal Advisor, as Adjudicating Officer*
- *Further, in terms of section 15 I of the Act, the Adjudicating Officer shall not be below the rank of a Division Chief, whereas in terms of the copy provided to me, Mr. Biju S. is Deputy Legal Advisor. Not being familiar with the SEBI's organizational structure and the subject*

being purely SEBI's internal matter, I request you to clarify with requisite supporting whether Mr. Biju S, DLA was a Division Chief

- *A copy of the report, if any, compiled on completion of the investigation. As I understand, SEBI had provided such a copy to CBI, Mumbai in the year 2006 under cover of its letter dated 28-09-2006*
- *Clarifications sought vide my letter dated 05-11-2008*
- *Precise case which I am called upon to defend particularly which provision of SEBI law I have violated and in what manner.*
- *The erstwhile Adjudicating Officer Shri Biju S. had heard the matter on 02-03-2007 and, therefore, I had requested reasons, if any, recorded for not passing an order for over two years post personal hearing. I reiterate my request. "*

11. Once again, I could not understand the rational of the Noticees behind asking such information/documents from the undersigned at this stage of the proceedings i.e. after more than 3 years of the issuance of the first show cause notice on June 16, 2006 viz. regarding the authority or powers of the Whole Time Member of SEBI or whether the erstwhile Adjudicating Officer was of the rank of division chief or knowing the fact that the proceedings are not over even then raising the issue that why erstwhile AO had not passed the Order etc. However, considering the demand of the Noticees to provide them various information/documents/clarifications etc. it was felt necessary to grant them an opportunity to inspect all the available documents that were relied upon for initiating proceedings against them and accordingly, they were granted an opportunity of inspection of the documents /material which were relied upon by SEBI for initiating the proceedings against them, on February 11, 2010. The Noticees subsequently intimated the undersigned vide letter dated February 11, 2010 that they had come for inspection of the documents on the given date but the details made available to them by the concerned officials did not contain the documents relied upon in respect of the SCN dated June 16, 2006 issued by the erstwhile AO. In consideration of the said submissions of the Noticees, they were granted another opportunity for inspection of documents on April 05, 2010. The Noticees, intimated that the

First Noticee had to attend some hearing before the Appellate Tribunal on April 16, 2010 as such it will not be possible to take the inspection of documents on the given date. No reason was given as to why the Second Noticee or their authorized representative cannot come for inspection. However, in consideration of the request of the Noticees the inspection date was rescheduled to May 04, 2010. The First Noticee came for inspection on May 04, 2010 and collected copy of the relevant documents.

12. Thereafter, the undersigned received a letter dated May 06, 2010 of RGS on behalf of the Noticees, stating *inter alia*, the same /similar issues which the Noticees had raised vide their letter dated January 14, 2010. The contents of the same are reproduced below :

- *The stated show cause notice dated 16.06.2006 served on our clients did not specify the precise case which our clients have been called upon to defend, particularly which provision of SEBI law they have violated and in what manner, and*
- *Neither did it list the documents relied upon while issuing the said SCN nor did it enclose copies thereof with the SCN.*
- *The erstwhile AO Mr. S. Biju, in spite of hearing the case on 2nd March, 2007 failed to pass an order till he proceeded on study leave sometime in April 2009.*
- *In terms of section 15 I of the SEBI Act, the Board (as defined by section 2(1) (a) shall appoint …. To be an adjudicating officer, still no authenticated copy of such an order has been provided to our clients in spite of repeated requests.*

13. The Noticees, vide letter dated May 17, 2010, submitted their observations after conduct of inspection of documents as under :

- *It (the Investigation Report) seems to be personal copy of some SEBI official wherein some handwritten remark have been noted on pages 358 onwards has been provided to us*
- *Page no. 10 is not printed / Zeroxed*
- *It is an undated document/ report*
- *It is an unsigned document / report*

- *If it s a report, it does not bear SEBI's official seal*
- *Page 16 refers to various documents / reports relied upon and copies thereof have neither been provided to us nor annexed to the purported copy provided to us*
- *Page 19 of the purported copy of the report in the first para states: " The above officials have submitted their reports ……. And the same have been placed as Annexures to this report." [emphasis supplied] Kindly note that the purported copy provided to us do not have these annexures.*
- *Page 19 under the title 'Data Sources" states:*

"SEBI has relied on the data and analysis (……) provided by depositories. …….. Large volume of data has been obtained …… and placed as exhibits to this investigation report as detailed below." [emphasis supplied] Kindly note that these exhibits have not been annexed to the purported copy of the report provided to us."

14. The undersigned noted the said submissions of the Noticees and took up the matter with the concerned SEBI officials. In regard to the observations of the Noticees, more particularly referred to at Point Nos. 6 to 8 of their aforesaid letter dated May 17, 2010, the reply received on July 07, 2010-which indicated that the documents relevant for the purpose of the proceedings against the Noticees were made available/provided to the Noticees, is as under –

" In the said letter at point 6, the entity referred to certain annexures mentioned at Page 16 of the investigation report. The annexures pertains to an arrangement between Karvy-DP and Bharat Overseas Bank {'BhOB') for BhOB providing IPO finance to the clients of Karvy – DP, Comprehensive internal investigation report on IPO financing undertaken by BhOB, details of funding of various IPOs by BhOB etc.

At point 6 of the enclosed letter, the entity points about the page 19 of the investigation report which deals with annexures pertaining to reports submitted by various officers of SEBI with regard to investigation report in respect of 6 DPs. – HDFC, IL&FS, Centurion Bank, Dindayal Biyani, Wellworth and Karvy DP, examining the role of banks such as Vijaya, IOB, HDFC, ICICI etc. correspondence between RTI and depositories at the time of IPO allotment, verifications at Ahmedabad and physical verifications etc.

In the point 8 referring to Page 19 of the investigation report, the data relied on by SEBI has been provided by depositories. The data relevant for the entity was the demat account of the entity and off market transactions which has already been provided.

In view of the above, it may be noted that documents sought are annexures with reference to General Investigations in the IPO Scam but nothing specific to the entity. However, the entity specific documents such as demat accounts, Bank Accounts, Ledgers etc. have already been provided."

15. In the meantime, SEBI had conducted further scrutiny of the information and documents pertaining to dealings and transactions of the Noticees and provided the undersigned with the supplementary details/documents in regard to the allegations referred to in the aforesaid notices issued by the erstwhile AO. The Noticees have also made submissions to the effect (viz. vide letter dated May 16, 2010 of RGS) that the show cause notice dated June 16, 2006 do not specify the precise case which the Noticees have been called upon to defend, particularly which provision of SEBI law they have violated and in what manner. Therefore, considering all the said facts, more particularly further scrutiny done by SEBI in the matter and providing the undersigned with the supplementary details /documents, a supplementary Show Cause Notice No. EAD-1/SRP/DSL/2037/2011 was issued to the Noticees on January 18, 2011 in terms of rule 4 of the Rules, wherein, among other relevant information, the specific details of the irregularities done/violations alleged to have been committed by the Noticees were provided and they were called upon to show cause and submit their reply as to why an inquiry be not held against them in terms of rule 4 of the Rules read with section 15 I of the SEBI Act and penalty be not imposed under section 15 HA of the SEBI Act for the alleged contravention/ violation of the provisions of the SEBI Act and the PFUTP Regulations. All the relevant details/documents, including the report on supplementary examination done by SEBI in the matter, were provided to the Noticees in Annexures I to VI attached to the said show cause notice (SCN) dated January 18, 2011(containing pages 1 to 117).

16. The Noticees did not reply to the said SCN within the stipulated time. Vide an e-mail dated January 25, 2011 (sent through e-mail ID – dushyant.dalal@gmail.com the Noticees intimated that the postal authorities delivered the said SCN to them in a torn envelope with one side fully open and since the contents were without pagination, they apprehend the strong

possibility that some of the papers intended to be part of the said letter may be missing or tampered with. The Noticees did not inform that why they accepted such torn envelope and whether they have lodged any complaint with the concerned postal authorities for delivering such torn/open envelope.

17. As no reply in respect of the allegations referred to in the SCN dated January 18, 2011was received from the Noticees, vide notice dated February 08, 2011 they were granted an opportunity of personal hearing on February 23, 2011. In view of their e-mail dated January 25, 2011 they were again provided with the copy of the said SCN with all annexures (containing page Nos. 1 to 117). The Noticees responded vide letter dated February 14, 2011 and stated, *inter alia*, that in respect of the allegations some fresh documents have been relied upon, therefore, they request inspection of those documents. They also asked for cross examination of some of the entities, though no justification for such cross examinations was provided.

18. The Noticees failed to attend the personal hearing scheduled on February 23, 2011. Vide e-mail dated February 22, 2011 they insisted on inspection of documents and desired that hearing may be adjourned to a suitable future date. They also stated that only 5 minutes difference was kept in the time of hearing allotted to the First Noticee and the Second Noticee, which is grossly inadequate, but also a farce. They further stated that the said letter (i.e. e-mail dated February 22, 2011) should not be treated as their official response in the matter. I do not accept the said request of the Noticees, where they are sending communiqué to the adjudicating authority in context of the proceedings by using such language indicating disregard to the entire proceedings and thereafter, telling not to keep it on record. Needless to mention here that a common SCN dated January 18, 2011 was issued to the Noticees for the same set of violations alleged to have been committed by them in collusion. They have also been submitting common replies/responses, appointing same authorized representative, one Noticee conducting inspection of documents on behalf of both the Noticees, etc. Therefore, keeping in view the similarity of the facts and circumstances of the case the hearing in respect of related family members (i.e. husband and wife) having the same address, who had allegedly acted in collusion, can be

conducted jointly. In such joint hearings generally a small time difference is kept to complete other formalities (viz. issuance of gate pass, collection of authority/proof of identity etc. in respect of each of the Noticees). Therefore, I have taken a serious note of the Noticees showing disregard to the quasi judicial proceedings and stating it to be farce.

19. Despite the above, in the interest of natural justice, as desired by them, once again the Noticees were provided an opportunity to inspect the relevant documents/materials on March 14, 2011. The Noticees did not come for inspection on the said date. Vide e-mail dated March 12, 2011 (sent through e-mail ID : dushyant.dalal@gmail.com) and also vide letter dated March 11, 2011 (received on March 15, 2011) they intimated that brother of the Second Noticee has to undergo an open heart surgery on March 14, 2011 as such it would not be possible for them to conduct the inspections. It may be mentioned that no evidence or medical certificate etc. was provided by the Noticees in this regard. However, in the interest of natural justice one more opportunity of inspection of documents was provided to the Noticees on March 24, 2011. The Noticees were clearly informed that it was the final opportunity being provided to them and if they fail to avail it of no further request in this regard shall be entertained. Despite all that, the Noticees did not turn up for the inspections. They intimated vide email dated March 23, 2011 that the Second Noticee had to go to Pune and thereafter, to Rajkot in connection with some hearings before the Commissioner (Appeals) and before the Service Tax Authorities and therefore to fix another date for inspection of documents. Once again no evidence was provided to the undersigned in support of the said reason stated by the Noticees for fixing another date. I have noted that on earlier occasions the First Noticee had conducted inspections on behalf of both the Noticees but now on the pretext of non-availability of the Second Noticee, the matter is being dragged on. The abovementioned facts do indicate the intention of the Noticees to drag on the proceedings for an indefinite period. I have noted with concern that on one count or another they are delaying their replies or not attending the hearings. After three years of initiation of the proceedings and after change in the AO, the Noticees asked for his authenticated appointment Order and questioned about his designation and authority to be appointment as Adjudicating Officer

under the provisions of SEBI Act and also about the provisions of law under which powers have been delegated to the Whole Time Member of SEBI etc. Although, the relevant details were provided by the erstwhile AO, they intimated the undersigned that it is not clear that which provisions of law they have violated. After inspection of documents and collecting the relevant photocopies they intimated, *inter alia*, that one particular page of the documents collected by them was missing. Subsequently, they asked for various other documents and information. When the undersigned provided all the relevant documents and details through supplementary show cause notice they stated that it was received from the postal authorities in a torn cover and the contents were not paginated. When again the same was provided to them they asked for inspection of documents and cross examination of some of the entities. When the opportunities for inspection of documents were provided they did not avail it. Time and again they have asked for clarifications on certain issues or typographical errors in the communiqués. It may be mentioned that if some of the allegations are not clear or if they feel that the documents/material provided to them are incomplete or if they had doubts on the authenticity of those documents/material provided to them; they could have raised such issues or received the clarifications/ documents at the time of inspection of documents or during personal hearings. But they did not avail of such opportunities, instead termed the proceedings as farce. I have noted from the available records that since the initiation of proceedings the Noticees were provided atleast seven opportunities of personal hearings respectively on August 28, 2006, September 20, 2006, February 02, 2007, February 27, 2007, March 02, 2007, January 28, 2010 and February 23, 2011 and atleast five opportunities of inspection of documents on February 11, 2010, April 05, 2010, May 04, 2010, March 14, 20101 and March 24, 2011. I have also noted the lack of seriousness of the Noticees about the proceedings and fulfilling the requirements. Despite clearly advising them to furnish copy of their PAN cards in various communiqués (viz. letter dated January 17, 2008, July 17, 2009, February 08, 2011) they have not complied with the same and so far it has not been provided to the undersigned in the matter of the instant adjudication proceedings.

20. Going by the above stated facts, I am of firm opinion that the Noticees are making deliberate attempts to delay the proceedings. I am also of firm opinion that the relevant documents relied upon in support of the allegations against the Noticees have already been provided to them. I have further noted with concern that the show cause notice in this case alleges an unprecedented scale of fraud. Further, this IPO scam in which the Noticees are alleged to have played a key role, had a devastating impact on securities market and has caused loss to lakhs of investors. I am, therefore, of the view that it would cause prejudice to interests of the investors if the present proceedings are delayed any further. Therefore, in the facts and circumstances of the case, I proceed with the matter on the basis of the information/material and the submissions of the Noticees, which are available on record.

21. The written submissions were made by the Noticee before the erstwhile AO and the summary of the same is as under:

- *The Noticees denied that they had cornered or acquired shares in various IPOs during the period 2003-05 by financing various entities, who allegedly made fictitious applications in the category reserved for retail investors through the medium of fictitious applicants.*

- *The Noticees stated that the entire process of applying for shares was carried out by the 'Key Operators' independently and solely on their own account, costs, risks and consequences ; and the Noticees were neither entitled to know nor were in the know of the manner in which the 'key operators' had carried out the process of applying for shares.*

- *The entire "IPO process" involves the following stages:*

    - *Opening a bank account*
    - *Opening a demat account*
    - *Processing of Bids*

    - *Bidding by a Syndicate Member,*
    - *Banking of cheque by Banker to an Issue,*
    - *Processing by Registrar to an issue, including weeding out multiple applications,*
    - *Printing of refund cheques/CANs and mailing the same by Registrar to an issue and Bankers to an issue,*

- *Crediting shares allotted to demat account of allottees by Registrar to an issue,*
- *Monitoring of the entire process by Merchant Bankers to an issue.*

- *By an applicant :*

  - *Filling up Bid cum Application form*
  - *Issuing cheque of required amount*
  - *Presenting Bid to a Syndicate Member*
  - *Encashing refund cheque, if any.*

- *They were at no point of time in a position to influence any one or more of the SEBI registered intermediaries as well as the 'Key Operators' involved in the process as alleged or were party to the process of application, allotment or processing of applications for shares.*

- *Their relationship with SEIPL and Budhwani was always on well recognized and accepted commercial terms and their dealings with them were always at arms length and that SEIPL and Budhwani never acted as an agent of or on behalf of the Noticees.*

- *They had dealings with only two of the said entities i.e. Mr. Purshottam Budhwani and M/s. Sugandh Estates & Investments Pvt. Ltd.*

- *That all the transactions entered into by them with the abovementioned two entities were loan transactions.*

- *The Noticees are long-term investors in the market.*

- *The Noticees were not aware of and denied that the said practice of applications in multiple accounts was adopted to corner the quota for retail investors in the IPOs of the companies and that they had no role to play in the said process.*

- *The Noticees were not aware of and hence, deny that on allotment of shares in the category of retail investors in the IPOs to the said entities, the said shares were transferred to the demat accounts of the key operators.*

- *The Noticees denied that the key operators subsequently transferred the same shares to the Noticees' accounts through off market deals.*

- *The Noticees denied that they were ultimate beneficiary as the financier of the key operators in the whole process. They stated that they had no role to play with the applications made by the so-called key persons except for a few transactions, which were essentially loan transactions.*

CONSIDERATION OF ISSUES AND FINDINGS

22. I have carefully perused the SCNs, the submissions of the Noticees and the material available on record. In the above stated facts and circumstances of the case, I proceed to dispose of the case on merit.

23. Before proceeding further it would be pertinent to refer to the relevant provisions of the SEBI Act and the PFUTP Regulations alleged to have been violated by the Noticees, which are reproduced as under :

Prohibition of manipulative and deceptive devices

S. 12A of the SEBI Act,

"No person shall directly or indirectly

(a) use or employ, in connection with the issue, purchase or sale of securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act, or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities, which are listed or proposed to be listed on recognized stock exchanges;

(c) engage in any act, practice, course of business which operate or would operate as fraud or deceit upon any person , in connection with the issue, dealing in securities, which are listed or proposed to be listed on recognized stock exchanges; in contravention of the provisions of this Act, or the rules or the regulations made thereunder;

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive

device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in fraudulent or an unfair trade practice in securities.

……

…..

24. It would also be appropriate to recapitulate the relevant facts of the case and the allegations against the Noticees. SEBI had carried out investigations into the alleged irregularities in IPOs of various companies during the year 2003-05 and found that certain entities have cornered shares meant for retail category through a number of benami / fictitious demat accounts (hereinafter referred to as the **'afferent' accounts'**) and made illegal gains at the cost of RIIs. It has been alleged in the SCN that the Noticees were parties to such unlawful act of cornering of shares and acted as financier to key operators namely, (i) Sugandh Estates and Investments Pvt Ltd (hereinafter referred to as **'SEIPL'**) in the IPOs of ILFS Investmart (ILFS), Infrastructure Development Finance Co. Ltd. (IDFC), Sasken Communication Technologies Ltd. (Sasken), FCS Software Solutions Ltd. (FCS) and Gateway Distriparks Ltd. (Gateway) and (ii) Purshottam Budhwani (Budhwani), in the IPOs of Gateway, Provogue, MSP Steel, Nectar Lifesciences Ltd., IDFC, Shoppers' Stop Ltd. and Suzlon.

25. It is also alleged that SEIPL and Budhwani acted as key operators and cornered shares in various IPOs including ILFS, IDFC, Sasken, FCS, Gateway, Provogue, MSP Steel, Nectar Life Sciences, Shoppers' Stop and Suzlon in collusion with financiers including the First and the Second

Noticees, wherein, these key operators opened thousands of afferent demat accounts for the purpose of making IPO applications and thereafter received shares from these afferent accounts and transferred the same to various financiers including the First and the Second Noticees.

26. It is alleged that the First Noticee provided finance to the said key operators and corresponding shares and refund money were also received from these key operators. Further, the shares so received from the key operators were sold in the market on or after the day of listing of the IPO shares at a much higher price and; thereby they made huge ill-gotten profits at the cost of the retail investors who were deprived of the allotment in the IPOs. It is alleged that the key operator Budhwani had transferred shares to certain entities like Nimisha Kadakia, Chhadva Family etc., at the instance of the First Noticee and in some cases unlawful profits were shared by him with key operators like Budhwani. It is alleged that the finance provided for IPO subscription by the First Noticee exactly matched with the application money for a set of applications, received corresponding refund money and shares from key operators. It is also alleged that in some cases refund money was used as application money for other IPOs.

27. It is alleged that during the said period payments/receipts in respect of the First and the Second Noticees and also in respect of Rasila Natwarlal (late mother of the First Noticee) and Natwarlal Thakordas (late father of the First Noticee) were made/received to/from key operators from the HDFC bank account of the First Noticee bearing account No. 0601000008876 suggesting that the First Noticee was the actual financier, whereas, corresponding shares in various IPOs were transferred by key operators to demat accounts of the Second Noticee (wife of the First Noticee) , Rasila Natwarlal and Natwarlal Thakordas at the instance of the First Noticee, indicating that they all acted in collusion.

28. It is alleged, on the basis of ledger accounts of Budhwani and SEIPL held with D.N. Dalal, HUF that the First Noticee acted on behalf of his family members i.e. the Second Noticee (his wife), Rasila Natwarlal and Natwarlal Thakordas. In view of the above, the dealings of the said four persons were

taken together in the SCN dated January 18, 2011 for the purpose of the said allegations against the Noticees and for quantifying the alleged illegal gains made by them and/or losses suffered by the investors.

29. The details of the alleged dealings of the Noticees with SEIPL in the IPOs of ILFS, IDFC, Sasken, FCS, Gateway and dealings with Bhudwani in the IPOs of Gateway, Provogue, MSP Steel, Nectar Life sciences, IDFC, Shopper's Stop and Suzlon were provided to the Noticees as Annexure – IV to the SCN dated January 18, 2011 (containing 8 pages)**.** My observations in this regard are as under.

I. DEALINGS WITH SEIPL IN THE IPOs OF ILFS, IDFC, SASKEN and FCS SOFTWARE

30. I have noted from the supplementary examination report of SEBI pertaining to the dealings and transactions of the Noticees, which were provided to them as Annexure I to the SCN dated January 18, 2011 (containing 13 pages) and observed that the First Noticee had dealings with SEIPL, in the IPO of ILFS. Relevant details in this regard are mentioned below:

i) The IPO of ILFS opened on July 4, 2005 and closed on July 8, 2005. Its shares were listed on NSE on July 27, 2005. The issue price was ₹ 125 per share. In the IPO of ILFS, each applicant in retail category, who applied for 350 shares, received allotment of 50 shares.

ii) The First Noticee provided finance of ₹ 5,46,87,500/- to SEIPL vide cheque No. 799418, which is debited from his bank account with HDFC Bank bearing account No. 0601000008876, on July 12, 2005. It is alleged that the First Noticee gave the said amount to SEIPL in order to make 1250 applications through a number of benami/ fictitious account holders, at the rate of ₹ 43,750/- per application (1250 applications * ₹ 43,750 per application = ₹ 5,46,87,500). Each applicant who made application by paying ₹ 43, 750/- received allotment of 50 shares.

Therefore, it was alleged that the First Noticee financed for 62,500 such shares (1250 * 50 shares)**.**

iii) It is observed that the First Noticee received 19,650 shares from SEIPL on 26.07.05. The corresponding allotment money in respect of these shares works out to ₹ 24,56,250 [19,650 shares * 125 (being issue price)]. The total refund money after adjustment of allotment money in respect of 19,650 shares works out to ₹ 5,22,31,250 [₹ 5,46,87,500 – ₹ 24,56,250 (allotment money for 19,650 shares)] from the bank account statement of the First Noticee (Bank Account number 0601000008876 held with HDFC Bank) on 26.07.2005. The First Noticee received an amount of ₹ 38, 12, 500/- and ₹ 8, 18, 750/- through RTGS transfers (ref. No. 287573 and 287574) and the balance of ₹ 4,76,00,000 was allegedly used in the IPO of IDFC, as finance for application money to make 1000 applications.

iv) The dealings of the First Noticee with the key operator SEIPL in case of other IPOs are detailed in the table below:

Name of IPO	Name of Key Operator	Funds provided to SEIPL	Details of payments made to SEIPL (Cheques / ledger entries)	Recipient of shares	No of Shares received from SEIPL	Value of Shares (no of shares * issue price i.e. Rs 125)	Refunds received from SEIPL	Details of Refund Cheques / ledger entries
Il & FS Investmart	SEIPL	**54687500**	Funds transfer on 12.07.05 (ref no 799418)	Dushyant Natwarlal Dalal	19650	2456250	3812500 818750 47600000	Funds transfer on 26.07.05 (ref no 287573) Funds transfer on 26.07.05 (ref no 287574) Transferred to IDFC IPO as per ledger submitted by SEIPL
							52231250	
Name of IPO	**Name of Key operator**	**Funds provided to SEIPL**	**Details of Cheques / ledger entries**	**Recipient of shares**	**No of Shares received from SEIPL**	**Value of Shares (no of shares * issue price i.e. Rs 34)**	**Refunds received from SEIPL**	**Details of Refund Cheques / ledger entries**
IDFC **	SEIPL	**4,76,00,000** *	Refund money transferred from IL& FS (22.07.05)	Dushyant Dalal	198968	6764912	2251956 25906020 4000000 8600000 77112	266119 dated 11.08.05 266120 dated 11.08.05 266121 dated 11.08.05 417606 dated 11.08.05 275564 dated 11.08.05
							40835088	
Name of IPO	**Name of Key operator**	**Funds provided to SEIPL**	**Details of Cheques / ledger entries**	**Recipient of shares**	**No of Shares received from SEIPL**	**Value of Shares (no of shares * issue price i.e. Rs 260)**	**Refunds received from SEIPL**	**Details of Refund Cheques / ledger entries**
Sasken Commi	SEIPL	136500000	Funds transfer on 22.08.05 (ref no 100037)	Dushyant Dalal	7200	1872000	34300000 50000000 27000000 15700000 7100000 200000 316098 11902	417622 dated 05.09.05 275552 dated 05.09.05 275553 dated 05.09.05 275555 dated 05.09.05 275558 dated 06.09.05 417625 dated 07.09.05 JV for bank charges on 08.09.05 275565 dated 12.09.05
							134628000	

Name of IPO	Name of Key operator	Funds provided to SEIPL	Details of Cheques / ledger entries	Recipient of shares	No of Shares received from SEIPL	Value of Shares (no of shares * issue price i.e. Rs 50)	Refunds received from SEIPL	Details of Refund Cheques / ledger entries
FCS Sotware	**SEIPL**	**69750000**	Funds transfer on 22.08.05 (ref no 100037)	Puloma Dalal	**24600**	**1230000**	20000000 47500000 610000 410000	275577 dated 23.09.05 275583 dated 26.09.05 275590 dated 28.09.05 417643 dated 01.10.05
							68520000	

- The refunds details mentioned in the table above are reflected in the bank account of Dushyant Dalal held with HDFC bearing account number 0601000008876 and also in the ledger submitted by Dushyant Dalal.
- In the IPO of ILFS, 19650 shares were received from SEIPL on 25.07.05 i.e. before the date of listing (27.07.05)
- In the IPO of IDFC, out of 198968 shares were received from SEIPL, 196574 shares were received on 08.08.05 i.e. before the date of listing (12.08.05) and 1330 shares were received on or after 12.08.05
- In the IPO of Sasken, out of 7200 shares from SEIPL, 7150 shares were received on 03.09.05 i.e. before the date of listing (09.09.05) and 150 shares received on or after 09.09.05
- In the IPO of FCS, 24600 shares were received from SEIPL on 20.09.05 which is before the date of listing (21.09.05)

v) It is alleged that the First Noticee made an unlawful profit of ₹ 1,66,40,547 (one crore sixty six lakh forty thousand and five hundred and forty seven rupees only) through sale of shares obtained in a fraudulent manner by depriving the retail investors of their lawful allotment in the IPO. Relevant details of such profits made are tabulated below**:**

Name of IPO	Name of Key operator form whom shares were received	No of shares received from Key Operator	Issue Price (₹) (3)	Date of sale	Market / Off market	No of shares sold (1)	Sale price** (2)	Actual Profit (1) * (2 – 3)
IL & FS	SEIPL	19650	125	11.08.05 02.09.05 16.09.05 16.09.05	Market Market Market Market	1223 10000 613 300	206.9 208.16 221.63 221.63	100164 831600 59234 28989
IDFC	SEIPL	198968	34	12.08.05	Market	198968	70.24	7210600
Sasken	SEIPL	7200	260	n/a	Market	7200	464.55	1472760
FCS	SEIPL	24600	50	29.09.05	Market	24600	332	6937200
Total								**16640547**

- In the IPO of IL & FS, SEIPL transferred 19,650 shares to demat account of Dushyant (40033412) on 26.07.05 which has been transferred to another demat account of Dushyant (40033429) on 11.08.05.
- In the IPO of IDFC, SEIPL transferred 196968 shares to demat account of Dushyant (40033412) on 09.08.05 which has been transferred to another demat account of Dushyant (40033429) on 12.08.05.
- In the IPO of Sasken, SEIPL transferred 7200 shares to demat account of Dushyant (40033412) on 03.09.05 and was there in his account till 30.09.05.Hence the notional profit is taken for this purpose
- In the IPO of FCS, SEIPL transferred 24600 shares to demat account of Dushyant (40033429) on 20.09.05 and sold 5000 shares on 27.09.05 through Magnum Equity (Auction Normal / 2005182)

It would be appropriate to mention here that in the supplementary examination report of SEBI which were provided to the Noticees as Annexure I to the SCN dated January 18, 2011 and also in the main body of the said SCN, although the name of the key operator SEIPL was correctly mentioned in the above table, however, in the footnotes to the table, there was typographical error and name of the key operator was written as Budhwani instead of SEIPL. In this regard, I am of the opinion that such typing error in the name of one of the key operators in the footnotes of the main table donot dilute the role of the Noticees or the charges leveled against them.

II. DEALINGS WITH BUDHWANI IN THE IPO OF GATEWAY, PROVOGUE. MSP STEEL, NECTAR LIFESCIENCES, IDFC, SHOPPER'S STOP AND SUZLON

i) I have noted from the available records that the IPO of Nectar Lifesciences Ltd. (**Nectar**) opened on June 22, 2005 and closed on June 28, 2005. Its shares were listed on NSE on July 18, 2005. The issue price was ₹ 240 per share. Each retail applicant who applied for 200 shares received allotment of 25 shares.

ii) I have further noted that the First Noticee provided finance of ₹ 7, 20,00, 000/- to Budhwani vide fund transfer, which is debited from his bank account with HDFC Bank bearing account No. 0601000008876 vide cheque No. 712597 on July 04, 2005. It is alleged that the First Noticee gave the above amount to Budhwani in order to make 1500 applications in the said IPO at the rate of ₹ 48,000 /- per application (i.e.1500 applications * ₹ 48000 per application = Rs 7, 20,00,000). Upon examination of bank statement of Budhwani held with HDFC Bank bearing account number 0602100001225, I have observed that the said amount was credited on July 04, 2005 and immediately debited towards application money in the IPO of Nectar.

iii) It is alleged that Budhwani had received 18,800 shares from 752 afferent accounts. It is further alleged that on July 18, 2005 (i.e. on the day of listing), the First Noticee instructed Budhwani (having client ID I1301440000247208 held with DP - Karvy Stock Broking Limited) to transfer 13,500 shares of Nectar to the Second Noticee (having Client ID

3024700033429 held with DP - Karvy Stock Broking Limited). The corresponding refund money in respect of 13,500 shares works out to be ₹ 6, 87, 60, 000 [₹ 7, 20, 00,000 (application money) – ₹ 32, 40, 000 (allotment money for 13500 shares*240 issue price per share)]. In this regard, I have noted that the First Noticee received ₹ 2, 10,36,110 from Budhwani through fund transfers vide cheque number 275827 during the period July15, 2008 as is evident from the the bank Account of the First Noticee held with HDFC Bank bearing account number 0601000008876). It has been alleged that the balance amount of ₹ 4,77, 23,890 was used for financing the application money required for making application in IPO of IDFC**.** I have noted that as has been alleged in the SCN the refund dates in respect of Nectar, MSP and ILFS coincides with the IPO closing date of IDFC.

iv) The dealings of the First Noticee with Budhwani in other IPOs are mentioned in the following table. The eighth column of the table contains the refund received by the First Noticee from Budhwani in various IPOs and also includes the balance refund amount in one particular IPO being utilised for financing the other IPO.

Name of IPO	Name of Key Operator	Funds provided to Budhwani	Details of payments made to Budhwani	Recipient of shares	No of Shares received from Budhwani	Value of Shares (no of shares * issue price i.e. Rs 72)	Refunds received from Budhwani	Details of Refund Cheques / ledger entries
Gateway Distripark	Purshottam	33,474,350 5,500,000 2,000,000	310882 dated 15.03.05 310885 dated 16.03.05 310886 dated 16.03.05	Puloma Dalal	38340	2760480	37,000,000	114774 dated 30.03.05
Name of IPO	**Name of Key Operator**	**Funds provided to Budhwani**	**Details of payments made to Budhwani**	**Recipient of shares**	**No of Shares received from Budhwani**	**Value of Shares (no of shares * issue price i.e. Rs 150)**	**Refunds received from Budhwani**	**Details of Refund Cheques / ledger entries**
Provogue	Purshottam	**129072000**	Funds transfer on 21.06.05	Puloma Dalal	8000	1416000	50000000 43300000 18210000 6700000 5352000 984000 1182000 1928000	275806 dated 06.07.05 275806 dated 06.07.05 credited in scb 117373 dated 07.07.05 credited in standard chartered bank 275808 dated 08.07.05 44681 dated 08.07.05 Transferred to IDFC IPO
		129072000				1416000	**127656000**	
Name of IPO	**Name of Key operator**	**Funds provided to Purshottam**	**Details of payments made to Purshottam**	**Recipient of shares**	**No of Shares received from Purshottam**	**Value of Shares (no of shares * issue price i.e. Rs 10)**	**Refunds received from Purshottam**	**Details of Refund Cheques / ledger entries**
MSP Steel	Purshottam	9000000 56700000	Funds transfer on 27.06.05 Funds transfer on 27.06.05	Puloma Dalal	20200	202000	26642250 24300000 1467000 13088750	275810 dated 09.07.05 275809 dated 08.07.05 275814 dated 15.07.05 Transferred to IDFC IPO
							8798000	
Name of IPO	**Name of Key operator**	**Funds provided to Purshottam**	**Details of payments made to Purshottam**	**Recipient of shares**	**No of Shares received from Purshottam**	**Value of Shares (no of shares * issue price i.e. Rs 240)**	**Refunds received from Purshottam**	**Details of Refund Cheques / ledger entries**

Nectar	Purshottam	72000000	Funds transfer on 04.07.05	Puloma Dushyant Dalal	13500	3240000	21036110 47723890	275827 dated 15.07.05 Transferred to IDFC IPO
							68760000	
Name of IPO	**Name of Key operators**	**Funds provided to Purshottam**	**Details of payments made to Purshottam**	**Recipient of shares**	**No of Shares for which funds provided**	**Value of Shares (no of shares * issue price i.e. Rs 34)**	**Refunds received from Purshottam**	**Details of Refund Cheques / ledger entries**
IDFC	Purshottam	54700000 30000000 72018750	Funds transfer on 29.07.05 Funds transfer on 30.07.05 Amount Carried from IPO of Nectar,Provogue, Msp Steel	Natwarlal Thakordas Nimesh Kadakia Purshottam Bhudwani	144000 56000 667160	29483440	19046664 106645896	Funds transfer on 10.08.05 Funds transfer on 11.08.05
					867160		**125692560**	
Name of IPO	**Name of Key operator**	**Funds provided to Purshottam**	**Details of payments made to Purshottam**	**Recipient of shares**	**No of Shares received from Purshottam**	**Value of Shares (no of shares * issue price i.e. Rs 510)**	**Refunds received from Purshottam**	**Details of Refund Cheques / ledger entries**
Suzlon	Purshottam	86414400	Funds transfer on 04.10.05	Rasilal Natwarlal Nimesha Kadakia	14120 1412	7921320	79000000	Funds transfer on 18.10.05
					155532	**7921320**	**79000000**	

- The payments made and refunds details are mentioned in the table above are also reflected in the bank account of Dushyant Dalal held with HDFC bearing account number 0601000008876 and also in the ledger submitted by Dushyant Dalal.
- In the IPO of IDFC, Dushyant paid funds of pertaining to 3260 applications and also received corresponding refund money. Corresponding shares worked out to be 8,67,160 shares out of which 144000 shares were transferred by Purshottam to Natwarlal Thakordas Dalal at the instance of Dushyant, 6,59,600 shares have been retained by Purshottam and thereafter sold and corresponding profits shared and 56000 shares transferred by budhwani to Nimisha kadakia at the instance of Dushyant. The detailed analysis is dealt below.
- In the IPO of Suzlon, Purshottam transferred 14,120 shares to Rasila Dalal at the instance of Dushyant and Budhwani also transferred 1412 shares to Nimesh Kadakia directly as per the directions of Dushyant (as per submissions made by Pushottam Budhwani vide letter dated 16.05.06). The dealings with Nimasha Kadakia is also reflected in the ledger of Dushyant submitted to SEBI. These shares were sold by Dushyant at the rate of ₹ 525 and corresponding payments received from Nimesha vide cheque no 0780349 for an amount of Rs 7,41,427 paid on 22.10.05. In the IPO of Suzlon, it has been observed that Purshottam Paid ₹ 5 lakhs excess to Dushyant which has been paid to Dushyant on 13.02.06 (appears to be in light of passing of interim order on 10.01.06 in the IPO of IDFC).
- It has been observed that Dushyant also provided finance to Budhwani in the IPO of IL & FS as it Rasila Dalal received 18,985 shares of ILFS from Budhwani on 11.08.05. Therefore corresponding refunds money. Purshottam transferred these shares to Rasila bearing demat account 400333318.

vi) It is alleged that in the IPO of IDFC, the First Noticee had extended finance to Budhwani in respect of 3,260 applications and received 1,44,000 shares in his demat account.

vii) I have noted that the IPO of IDFC opened on July 22, 2005 and closed on July 26, 2005. The issue price of IDFC was ₹ 34 per share. The applicants who applied for 1400 shares of IDFC got an allotment of 266

shares. Thus, the application money for retail applications who applied for 1400 shares would be ₹ 47,600 i.e. 1400 shares * ₹ 34 (issue price).

viii) As per bank account of the First Noticee held with HDFC Bank bearing account No. 0601000008876, ₹ 5,47,00,000 and ₹ 3,00,00,000 were paid to Bhudwani (bank account No. 1182100001214) on 22.07.05 vide cheque Nos. 827093, and 827095 respectively, for financing the IPO in IDFC. In this regard, it is alleged that an amount of ₹ 4,77,32,890 was utilised on instruction of the First Noticee from the balance refund money in the IPO of Nectar. Similarly, it is alleged that an amount of ₹ 1, 30, 88,750 was utilised on instructions of the First Noticee from the balance refund money to be received by the First Noticee in the IPO of MSP Steel and ₹ 88, 64,375 was utilised on instruction of the First Noticee from refund money to be received by the First Noticee in the IPO of ILFS. It is further alleged that an amount of ₹ 19, 28,000 was utilised on instructions of the First Noticee from the balance refund money in the IPO of Provogue. Thus, it is alleged that the First Noticee made available a total amount of ₹ 15, 63, 05,015 to Budhwani for the IPO of IDFC towards financing the application money for 3,260 applications at the rate of ₹ 47,600/- per application.

ix) I have observed that the total allotted shares of IDFC for 3,260 applications works out to be 8,67,160 shares (3260 * 266 shares) and corresponding refunds money works out to be ₹12,56,92,560/- i.e. [3260 * 38556 (₹ 47,600 – ₹ 9044 (allotment money)]. I have observed from the ledger / bank account of the First Noticee, that refund money of ₹ 12,56,92,560/- as stated above, was received by him vide cheque No. 275822 for ₹106645896 on 11.08.05 and ₹ 1,90,46,664 on 10.08.05. It is alleged that the First Noticee instructed Budhwani to credit 14,400 shares of IDFC to Natwarlal Thakordas; 56,000 shares of IDFC to Nimesh Kadakia and 6,67,160 shares of IDFC to Budhwani. I have observed that the demat account statements of Budhwani has relevant entries for the same. Therefore, the available details indicate that subscriptions for these shares were financed by the First Noticee. In this regard, it is alleged that Budhwani had transferred profits on sale of shares to the First Noticee as per mutual understanding.

x) Upon examination of the ledger submitted by D N Dalal – HUF, which were provided to the Noticee as Annexure V to the SCN dated January 18, 2011(containing 6 pages), it is observed that on 11.08.2005, certain dealings with Nimesha Kadakia, Rasila Dalal, the First Noticee, members of Chavvda Family and Budhwani are reflected in the said ledger. The individual dealings with these entities are detailed below.

DEALINGS WITH PURSHOTTAM BUDHWANI

xi) It is alleged that Budhwani, on instruction from the First Noticee sold 6,59,600 shares on August 12, 2005 through Karvy Stock Broking Ltd i.e 5,00,000 shares at the price of ₹ 61 and 1,59,600 shares at average price of ₹ 65.14 . The total sale proceeds works out to be ₹ 3, 04, 13,450 /- and ₹ 1,02,82,254 /- respectively. These sale proceeds have been paid to Budhwani by Karvy Stock Broking Ltd on August 17, 2005 (₹ 1,02,82,254 vide cheque No. 374941) and August 18, 2005 (₹ 3,04,13,450 vide cheque Nos. 172728 to 172732). I have noted that these amounts/transactions are reflected in the bank account of Budhwani held with HDFC Bank bearing bank account No. 00602100001225. Further examination of this bank account indicated that Budhwani transferred ₹ 1,95,00,000 (₹ 1,40,00,000/- vide cheque 242151 and ₹ 55,00,000/- vide cheque No. 275823) to the First Noticee on August 18,2005, which is from the sale proceeds stated above. These transactions indicate profit sharing with Budhwani.

xii) For example, the profit made on sale of 5,00,000 shares by Budhwani was ₹ 1,35,00,000 [5,00,000 * 27 (sale price of ₹ 61 - Issue price of ₹ 34)]. Budhwani transferred 40% of this amount to the First Noticee on August 18, 2005 i.e ₹ 55,00,000/- vide cheque 275823 to the HDFC Bank account 0601000008876 held by the First Noticee and retained the balance as profit. Similarly, the profit made on sale of 1, 59,600 shares by Budhwani was ₹ 49, 69,944 [1, 59,600 * 31.14 (sale price of 65.14 - Issue price of 34)]. Budhwani transferred half of this amount to the First Noticee on August 29, 2005 i.e ₹ 24,65,158/- vide cheque 242152 to the

HDFC Bank account 0601000008876 held by the First Noticee and retained the balance by way of profit for the above two transactions. The submissions of Budhwani, vide letter dated May 16, 2006, which was provided to the Noticee as Annexure III A to the SCN dated January 18, 2011 (containing 28 pages) indicate that the First Noticee and Budhwani shared profits made out of such transactions.

DEALINGS WITH NIMISHA KADAKIA.

xiii) I have noted from the material on record that the First Noticee and NimIsha Kadakia had a joint account in the Standard Chartered Bank bearing account Number 225 -0 – 541095 - 4. It is alleged that Budhwani had transferred 56,000 shares of IDFC to Nimisha Kadakia for an amount of ₹ 19, 04,000 at the instance of the First Noticee. As per the ledger details of the First Noticee, it is observed that these shares were sold to Nimisha Kadakia at issue price i.e. ₹ 34 for a sale consideration of ₹19, 04,000. It is further alleged that as per the instructions of the First Noticee, 56,000 shares were sold in the market and entire sale proceeds i.e. 38,00,000 sold at the rate of ₹ 67.85 per share were transferred to the bank account of the First Noticee. The relevant details regarding the payment made to the First Noticee in this regard were provided to the Noticees in Annexure VI to the SCN dated January 18, 2011.

DEALINGS WITH CHHADVA FAMILY

xiv) It is alleged that the First Noticee received an amount of 88, 57,800 from Budhwani on August 26, 2005. I have noted that the amount corresponds to valuation of 2, 39,400 shares at the rate of ₹ 37 per share. From the demat transaction statement of Budhwani bearing account No. 10093022 held with Anagram Securities, it is evident that Budhwani transferred 2,39,400 shares to Chhadva family on 12.08.05.

xv) It is alleged that on instructions of the First Noticee, Budhwani transferred 2,39,400 shares of IDFC to Chhadva family through off market transfers on 12.08.05. I have noted that these transactions are reflected in the ledger of the First Noticee and valued at the rate of ₹ 37 per share.

Corresponding sale consideration works out to be ₹ 88,57,800, which was received by Budhwani and thereafter, transferred to the bank account of the First Noticee on 26.08.05. In respect of these shares, the available details do not indicate providing of any finance by the Noticees, but the nature of these transactions do indicate the influence and control the First Noticee over transactions of Budhwani.

xvi) Summary of unlawful profits made out of these transactions, whose details were also provided to the Noticees in the SCN dated January 18, 2011, are given below:

Summary of the unlawful profits made in the IPO of IDFC

Name of IPO	Name of Key operator to whom finance is provided	No of shares for which finance is provided	Issue Price (Rs) (1)	Date of sale	Market / Off market *	No of shares sold (2)	Sale price** (3)	Actual Profit (2) * (3 – 1)
IDFC	Budhwani	867160	34	12.08.05	**Market** **Market** **Market** **Market** **Market** **Off Market**	144000 500000 159600 7560 56000 2,39,400	68.05 61.00* 65.14** 69.5 67.85 37***	4903200 5500000 2465158 268380 1896000 8857800
Total						867160		**23890538**

*6, 59,600 shares were sold and shared ₹ 74 lakhs as profits with Budhwani. ₹ 55 lakhs and ₹ 24 lakhs appears to be profits shared in respect of 5 lakh shares and 1.59 lakh shares respectively In the IPO of IDFC, 500000 shares are sold by dushyant to budhwani ,the proceeds of which have been transferred by Budhwani
*** 56000 shares have been sold by Nimisha, the profit of which has been transferred by Nimisha Kadakia
*** The sale proceeds of 2,39,400 shares sold off market at the rate of ₹ 37 transferred to Dushyant which is also reflected in the ledger and bank account of Dushyant.

DEALINGS WITH MAGNUM EQUITY

It is alleged that 15,000 shares of Shopper's Stop were transferred on 23.05.05 and 5000 shares on 24.05.05 by Budhwani on instructions of the First Noticee to Magnum Equity, a stock broker. The said stock broker sold these shares in the client accounts of the First Noticee and the sale proceeds of ₹ 18, 63, 000 (5,000 shares * ₹ 372.60 per share) were allegedly paid to the First Noticee.

ILL-GOTTEN GAINS - SALE OF SHARES

xvii) The details of the shares sold and alleged unlawful profits made by the First Noticee in his dealings with Budhwani is given in the table below:

Name of IPO	Name of Key operator form whom shares were received	No of shares received from Key Operator	Issue Price (Rs) (3)	Date of sale	Market / Off market *	No of shares sold (1)	Sale price** (2)	Actual Profit (1) * (2 – 3)
Gateway	Budhwani	38340	72	11.04.05	Market	675	125.87	36362
				12.04.05	Market	2000	127.72	111440
				26.04.05	Market	30000	142.85	2125500
					Current Holdings	5665	112.05	226883
Provogue	Budhwani	8000	150	07.07.05	Market *	8000	247.95	783600
MSP Steel	Budhwani	20200	10	18.07.05	Market *	20200	15.61	113322
Nectar	Budhwani	13500	240	18.07.05	Market*	11100	266.73	296703
					Current holding	2400	275	84000
Suzlon	Budhwani	14,120	510	19.10.05	Market	5000	673.6	818000
				24.10.05	Market	1400	645.46	189644
				19.10.05	Off Market	4000	692.85	731400
					Off market	3600	692.85	658260
					Off market	1412	525	21180
Shopper Stop	Bhudwani	15000	238	23.05.05	Market	15000	372.60	2019000
		5000	238	24.05.05	Market	5000	372.60	673000
Total								**8888294**

- In the IPO of provogue, sold 8000 shares through Magnum Equity Services Ltd in settlement no 2005130 (07.07.05)
- In the IPO of MSP Steel sold 20200 shares through Magnum Equity Services Ltd in settlement no 2005137 (18.07.05)
- *n the IPO of Nector, 1000 shares were sold through Techno shares and stock Ltd (Rolling Mkt Lot / 0506079) and 10,100 shares through Magnum Equity Services Ltd (Normal / 2005137)
- In the IPO of Gateway Distriparks, offmarket transaction is taken at the nominal rate of 112.05
- In the IPO of suzlon, 5,000 shares were sold through Magnum on 19.10.05 (Normal / 2005200) and 1,400 shares were sold through Magnum on 24.10.05 (Normal / 2005202), 4,000 shares in market an 3,600 shares were sold through off market.
- In the IPO of Shopper Stop, 15,000 shares and 5,000 were sold through Magnum on 23.05.05 and 24.05.05 respectively –in the absence of information, closing rate on the day of listing is taken
- The shares were received from the Budhwani in the demat accounts of Rasila, Natwarlal Thakordas and Puloma held jointly with Dushyant

31. In respect of the aforesaid observations and the allegations against the Noticees, I have noted that the key operators i.e. SEIPL and Budhwani were not strangers to the Noticees but were known to them as is evident from the written submissions of the Noticees wherein, they have admitted that they had dealings with the said two entities on commercial terms and they provided loans to those entities etc. Therefore, the fact that that the said two key operators were known to the Noticees is not in dispute. I have further noted that the key operators in such fraudulent game plan of cornering of shares had transferred the shares received on allotment from applicants to four demat accounts, which were held jointly by the First Noticee, as first/second/third holder, with his family members, i.e. the Second Noticee and his late mother and father. They also transferred corresponding excess amounts, over and above the allotment money, to the First Noticee. For example, the First Noticee transferred a sum of ₹ 5, 46, 87,500 by cheque to SEIPL towards application money for 1,250 applications for ₹ 43, 750 each in

the retail category of ILFS IPO. He received 19,650 shares of ILFS, valued at ₹ 24, 56, 250 at issue price of ₹ 125, from SEIPL on July 26, 2005, the day before its listing on July 27, 2005. He received a refund of ₹ 46, 31,250 through RTGS transfers. The balance amount of ₹ 4,76,00,000 (₹.5,46,87,500- ₹ 24,56,250- ₹ 46,31,250) was retained by SEIPL for use in IDFC IPO. Thus, the First Noticee received back the entire money he had provided for ILFS IPO in the form of shares and cash. The Noticees undertook similar transactions in respect of other IPOs as stated above and received shares around the listing date. Relevant details in this regard have been provided in the Table I below.

Table I : Transaction Details by the Noticees

KO	IPO	Amount (Rs.) provided by Dushyant	Issue Details					No. of Applications made	Receipt of Shares and Refunds by Dushyant/Puloma./ Natwarlal/Rasila				Balance with Key Operators (₹)
			Issue Price (₹)	Retail Application Size		Retail Allotment Size			Receipt of Shares		Refund (₹)	Roll over for IDFC (₹)	
				No. of Shares	Amount (Rs.)	No. of Shares	Amount (₹)		No. of Shares	Value of Shares (₹)			
1	2	3=(6*9)=(11+12+13+14)	4	5	6 = (4*5)	7	8 =(4*7)	9	10	11=(4*10)	12	13	14
SEIPL	ILFS	5,46,87,500	125	350	43,750	50	6,250	1,250	19,650	24,56,250	46,31,250	4,76,00,000	0
	IDFC	4,76,00,000	34	1,400	47,600	266	9,044	1,000	1,98,968	67,64,912	4,08,35,088	0	0
	Sasken	13,65,00,000	260	175	45,500	25	6,500	3,000	7,200	18,72,000	13,46,28,000	0	0
	FCS	6,97,50,000	50	900	45,000	100	5,000	1,550	24,600	12,30,000	6,85,20,000	0	0
Budhwani	Gateway	4,09,74,350	72	630	45,360	90	6,480	903	38,340	27,60,480	3,70,00,000	0	12,13,870
	Prorogue	12,90,72,000	150	320	48,000	40	6,000	2,689	8,000	14,16,000*	12,57,28,000	19,28,000	0
	MSP	6,57,00,000	10	4,500	45,000	500	5,000	1,460	20,200	2,02,000	5,24,09,250	1,30,88,750	0
	Nectar	7,20,00,000	240	200	48,000	25	6,000	1,500	13,500	32,40,000	2,10,36,110	4,77,23,890	0
	IDFC	8,47,00,000 + Rollovers = 15,67,18,750	34	1,400	47,600	266	9,044	3,260	8,67,160#	2,94,83,440	12,56,92,560	0	15,42,750
	Suzlon	8,64,14,400	510	96	48,960	16	8,160	1,765	15,532	79,21,320	7,90,00,000	0	-5,06,920 @

* valued at ₹ 177 per share; # includes 7, 23,160 disposed of through Budhwani; @ returned to Budhwani on February 13, 2006

32. In the above table, the product of columns 6 and 9, which indicates utilization of funds for each IPO equals the sum of columns 11 to 14, which indicates

return of money, which equals the money provided by the First Noticee to the said key operators given in column 3 of the table, except in case of IDFC and Gateway, where the amount actually used for IPO applications are ₹ 15, 51, 76,000 and ₹ 4, 09, 60,080 respectively.

33. The unlawful gains made on sale of such shares are given in the Table II below. As has been stated earlier, since the First Noticee, the Second Noticee, Natwarlal and Rasila are members of the same family, and the First Noticee, jointly with other three family members, holds the demat accounts, which were used to receive and sell shares, the SCN had considered their dealings in these shares together for the purpose of calculating unlawful gains. In case of IDFC IPO, Budhwani transferred 1, 44,000 IDFC shares to the Noticees, who sold those and made a profit of ₹ 49, 03,200. At the instance of the First Noticee, Budhwani sold 6, 59,600 shares in the market and transferred 56,000 shares to Nimisha for sale, and the gains from sale of these shares were shared with the First Noticee. Hence, the calculation of unlawful gains takes into account the gains from transfer of these IDFC shares to the extent shared with the First Noticee. In other IPOs, the calculation is simple, as transactions have happened directly between the Noticees and the key operators. In the process, as has also been detailed in the SCN dated January 18, 2011, the Noticees made total unlawful gain of ₹ 4, 94, 19,379.

Table II: Computation of unlawful gains by the Noticees

IPO	Date of Listing	Issue Price (₹)	Receipt of Shares from KOs			Sale of Shares			Unlawful Gain (Rs.)
			Date of Receipt	No. of Shares	Valuation Price (₹)	Date of Sale	No. of Shares Sold	Sale Price (₹)	10=8*(9-6)
1	2	3	4	5	6	7	8	9	10
Gateway	31.03.05	72	31.03.05	38,340	72	11.04.05 12.04.05 26.04.05	675 2,000 30,000 5,665*	125.87 127.72 142.85 112.05	36,362 1,11,440 21,25,500 2,26,883
Provogue	07.07.05	150	07.07.05 08.07.05	7,160 840	150	07.07.05	8,000	247.95	7,83,600
MSP	18.07.05	10	18.07.05	20,200	10	18.07.05	20,200	15.61	1,13,322
Nectar	18.07.05	240	18.07.05	13,500	240	18.07.05	11,100 2,400*	266.73 275	2,96,703 84,000

IPO	Date of Listing	Issue Price (₹)	Receipt of Shares from KOs			Sale of Shares			Unlawful Gain (Rs.)
			Date of Receipt	No. of Shares	Valuation Price (₹)	Date of Sale	No. of Shares Sold	Sale Price (₹)	10=8*(9-6)
ILFS	27.07.05	125	25.07.05	19,650	125	11.08.05 02.09.05 16.09.05 16.09.05	1,223 10,000 613 300	206.9 208.16 221.63 221.63	1,00,164 8,31,600 59,234 28,989
IDFC#	12.08.05	34	08.08.05 12.08.05 13.08.05	1,96,574 2,394 1,44,000	34	12.08.05 12.08.05	1,98,968 1,44,000 5,00,000 1,59,600 7,560* 56,000 2,39,400	70.24 68.05 61.00@ 65.14@ 69.5 67.85@ 37 @	72,10,600 49,03,200 55,00,000 24,65,158 2,68,380 18,96,000 88,57,800
Sasken	09.09.05	260	03.09.05 09.09.05	7,150 50	260		7,200	464.55	14,72,760
FCS	21.09.05	50	20.09.05	24600	50		24600	332	69,37,200
Suzlon	19.10.05	510	18.10.05	14120 1412		19.10.05 24.10.05 19.10.05	5000 1400 4000** 3600** 1412**	673.6 645.46 692.85 692.85 525	8,18,000 1,89,644 7,31,400 6,58,260 21,180
Shoppers		238	***	***	238	23.05.05 24.05.05	15000 5000	372.60 372.60	20,19,000 6,73,000
Total								**Total**	**4,94,19,379**

**shares not yet sold and lying in demat accounts, valued at the closing price on the listing day;*
*** Off market sale;*
**** Magnum Equity, broker of Dushyant, received shares from Budhwani and thereafter sold these shares in account of Dushyant;*
@ Profits on sale of shares by Budhwani and Nimisha.

34. I have further noted that in the instant case, the Noticees provided an aggregate of about ₹ 85 crore towards subscription to these IPOs without any security and documentation. They received back the money either in cash or in kind (i.e. by way of shares). The striking features of these transactions are that :

a) the money was provided to the key operators around the closure of the IPOs, the money provided exactly matched the amount payable on a set of applications under the retail category, most of the shares received on allotment were transferred in lots matching allotments to RIIs, the shares were transferred in off-market around the date of listing, the shares were transferred at the IPO price when the key operators had option to sell them at a substantial higher price in market, excess money over and above the allotment amount were transferred back to the Noticees, etc. The timing and manner of movement of shares and funds from and to the key operators, by no stretch of imagination, can be associated with normal lending of money.

b) The precise timing of movement of the precise amounts of funds and of the precise number of shares between the key operators and the Noticees occurring repeatedly across various IPOs and the key operators over a period of time, clearly indicates that the Noticees had control over them (key operators) and the end use of funds and were aware of the modus operandi of those key operators and they all acted in collusion. The ledger details of the Noticees explicitly recognize the end use of the funds provided to the key operators. It has entries that acknowledge the name of the IPO in the header of the page itself. The Noticees received such IPO shares at the issue price even after the date of listing. For example, the First Noticee received 38,340 Gateway shares at the issue price of ₹ 72 on the listing day i.e. March 31 2005, when the opening and closing prices of the scrip were ₹ 90 and ₹ 112.05 respectively. I am of a strong opinion that such a pattern of dealings with the key operators cannot take place unless and until there is prior meeting of minds.

35. I have also noted that there is a pattern in the receipt of shares by the Noticees from the key operators. For example, the First Noticee received 1, 98,968 shares of IDFC from SEIPL. This corresponds to the allotment to 748 applications in the RII category. Had the Noticees applied in individual capacity, they could have got an allotment of 266 IDFC shares each. However, they could get 1, 98,968 IDFC shares by financing 748 applications under the RII category. SEBI DIP Guidelines, which were applicable during the relevant period, envisage an investor to apply for shares for a value up to ₹ 1 lakh. These do not envisage an investor funding 748 applications each up to ₹ 1 lakh, which defeats the solemn objectives of such provisions. If a person does so, it deprives genuine RIIs from getting their fair share in allotment. The Noticees did so by making available the finance to key operators for making multiple applications for an aggregate value in excess of ₹ 1 lakh with the full knowledge of prohibition of the same. Had they not done this, these 1, 98,968 IDFC shares would have been available for allotment to RIIs. Thus, there is no doubt, that the Notices cornered the shares meant for RIIs and in the process, deprived them of their rightful allotments in the said IPOs. In the matter, I have observed that SEBI had relied upon the

statements of Budhwani and Nimisha to arrive at the understanding between them and the key operators. However, even without relying on their statements, the said understanding is evident from the movement of money and the off-market transfer of shares, which have been detailed above. In my opinion those statements are only corroborative.

36. The Noticees, in their submissions made before the erstwhile AO have denied the allegations leveled against them. They have submitted that they were not aware about the said practice of applications in multiple accounts, which was adopted to corner the quota for retail investors in the IPOs of the companies. The Noticees denied that they were ultimate beneficiary or they were financier of the key operators in the whole process. The Noticees further submitted that they had no role to play with the applications by the so-called key operators except for few transactions, which were essentially loan transactions. I do not find any merit in the said submission of the Noticees. As has been detailed above, the key operators in such fraudulent game plan of cornering of shares had transferred the shares received on allotment from applicants to four demat accounts, which were held jointly by the First Noticee with his family members i.e. the Second Noticee and his late mother and father. They also transferred corresponding excess amounts, over and above the allotment money, to the First Noticee. The sale proceeds have been received in the accounts of the First Noticee as well as his other family members. In some cases, the sale proceeds have moved to the bank account of the First Noticee after its receipt in the accounts of his family members. This makes it clear that the First Noticee and his said family members acted together in the game plan and to execute the same they acted in collusion with others namely the key operators.

37. As has been stated above, despite being given sufficient time and opportunities the Noticees have failed to make their submissions before me in respect of the allegations referred to in the SCNs. The facts and circumstances of the case and the details as have been mentioned above, do confirm that the Noticees acted in collusion with others in cornering of shares meant for RIIs and made unlawful gains to the tune of ₹ 4, 94, 19,379, which

is indeed a loss to the RIIs, who by way of the aforesaid fraudulent game plan of the Noticees, were deprived of their legitimate allotments in various IPOs.

38. I, therefore, conclude that the noticees employed fraudulent, deceptive and manipulative practices to corner the shares meant for RIIs in the IPOs stated above and made unlawful gains. Hence, I hold that the Noticees have violated/contravened the above referred provisions of section 12A (a), (b) and (c) of the SEBI Act and regulations 3 (a), (b), (c), (d) and 4 (1) of the PFUTP Regulations.

39. The violations of the said provisions make the Noticees liable for penalty under section 15HA of the Act, which reads as under:

*"**Penalty for fraudulent and unfair trade practices**.*
15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."

40. In this regard, the provisions of Section 15J of the Act and Rule 5 of the Rules require that while adjudging the quantum of penalty, the adjudicating officer shall have due regard to the following factors namely;

a) *the amount of disproportionate gain or unfair advantage wherever quantifiable, made as a result of the default.*
b) *the amount of loss caused to an investor or group of investors as a result of the default.*
c) *the repetitive nature of the default.*

41. It is evident from the above details that the Noticees had cornered shares meant for retail investors in respect of aforesaid IPOs and have made unlawful gains to the tune of ₹ 4, 94, 19, 379. I am of the opinion that any unlawful gain made in the aforesaid manner is naturally a loss to other retail investors. I am further of the opinion that apart from the monetary loss to the investors, incidences of this nature definitely compromise the securities market's regulatory framework to the detriment of the investors at large. It lowers the confidence of the investors and distorts market integrity.

42. As per the mandate of section 15HA of the SEBI Act, the penalty shall be of twenty-five crore rupees or three times the amount of profits made as a result

of default, whichever is higher. The abovementioned actions of the Noticees in cornering of shares in a large number of IPOs indicate that they acting in connivance with other entities as discussed above, executed their game plan on a very huge scale and for a long period of time. Further, the Noticees played a key role in the whole process and have emerged as the ultimate beneficiary. Also, I cannot ignore the fact that the ill gotten gains were made by the Noticees way back in the year 2005. Therefore, considering all the said facts, it is felt that a consolidated penalty of ₹ 14,00,00,000 (Rupees fourteen crore only) on the Noticees, which is approximately three times of the unlawful gains made by them, shall be commensurate with the violations committed by them.

ORDER

43. In exercise of the powers conferred upon me under section15I of the Act and rule 5 of the Rules, I impose a penalty of ₹ 14,00,00,000 (Rupees fourteen crore only) on the Noticees in terms of the provisions of Section 15HA of the Act for the violation of the provisions of Section 12A (a),)(b) and (c) of the SEBI Act and regulations 3(a),(b),(c),(d) and 4 (1) of the PFUTP Regulations. In the facts and circumstances of the case, I am of the view that the said penalty is commensurate with the violations committed by the Noticees.

44. The penalty shall be paid by the Noticees jointly and severally by way of demand draft drawn in favour of "SEBI – Penalties Remittable to Government of India" payable at Mumbai within 45 days of receipt of this order. The said demand draft shall be forwarded to "The Chief General Manager, Integrated Surveillance Department, Securities and Exchange Board of India, Plot No. C4 -A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051."

45. In terms of the provisions of rule 6 of the Rules copies of this order are sent to the Noticees and to the Securities and Exchange Board of India.

Date**: June 02, 2011**
Place: **MUMBAI**

SATYA RANJAN PRASAD
ADJUDICATING OFFICER