DIVISION CHIEF
INVESTIGATIONS DEPARTMENT

IVD/ID-7/SD/TN/ /2005
August 31, 2005

Nalin P. Patel, Director
Paragi Patel, Director
M/s Compuquick Datamation (India) Ltd.

Sub:- Show Cause Notice u/s 11(4) read with 11B of the SEBI Act, 1992 for violation of Regulation 6 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Markets) Regulations, 1995.

Investigations were initiated by Securities and Exchange Board of India (SEBI) into the affairs of M/s Dhanlaxmi Lease Finance Ltd. (hereinafter referred to as 'the company') pertaining to the public issue of 31,00,000 equity shares of Rs. 10/- each of the company which opened for public subscription on November 21, 1995 and closed on November 24, 1995, being the earliest closing day. The said investigation was initiated on the basis of complaints received by SEBI, alleging several malpractices in the public issue such as making of multiple, fictitious and benami applications, acceptance of applications after the closure of the issue, as well as price rigging in the scrip and the possible violation of the provisions of Securities and Exchange Board of India Act, 1992, and various regulations made there under viz. SEBI (Insider Trading) Regulations, 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.

In the said issue, M/s Compuquick Datamation India Ltd. of which you are one of the Directors had acted as Registrar to the Issue.

On scrutiny of the records of United Bank of India pertaining to the said public issue, it appears that 3,300 cheques, drawn on United Bank of India by one single entity namely M/s Laxmi Movers, (as shown in the table below) were deposited along with 3,300 multiple applications in various names and addresses:

Cheque No.	No. of cheques
919500. 919502 to 920000	500
100401 to 100600	200
100701 to 101000	300
294201 to 294500	300
257701 to 258700	1000
232001 to 233000	1000

Total	**3,300**

A sum of Rs 1,60,00,000/- was debited in the Bank Accounts of Laxmi Movers maintained with the United Bank of India on December 8, 1995, towards 1600 instruments/applications and another sum of Rs 1,70,00,000/- was debited on December 9, 1995, towards 1,700 instruments/applications. These 3,300 applications were in various names and addresses other than M/s Laxmi Movers (to whom the cheques have been issued by United Bank of India). Hence it is clear that these applications were in multiple and benami names. As per the written confirmation issued by UBI, the above 3,300 cheques (blank cheques) were issued by UBI to M/s Laxmi Movers only on December 02, 1995. Hence, the cheques could have been accepted only after December 02, 1995 by Punjab National Bank (banker to the issue) in spite of the fact that the issue had closed on November 24, 1995.

During the course of the investigation, it was also noted that vide your letter dated December 11, 1995, you had informed the company about multiple/fictitious applications made in the said public issue. Further while pointing out the deficiencies in the said application forms, such as cheques drawn from the same account of one bank and branch etc, you had also advised the company to depute some responsible officer to check/verify all such applications and submit a list of applications which are multiple, incomplete, defective as per SEBI guidelines and the terms and conditions of the prospectus. This indicates that you were aware that multiple and benami applications had been made in the said public issue.

Although, your company as a registrar to the issue could have identified these 3,300 multiple / benami applications in various names and addresses, submitted along with the cheques issued by M/s Laxmi Movers and rejected all these applications, you failed to do so and thus acted without due skill, diligence and care to ensure proper allotment of securities as required to be done by a Registrar to Issue and Share Transfer Agent.

Registrar to an issue is required to abide by the code of conduct specified in Schedule III of SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993 (hereinafter referred to as RTA Regulation). As per clauses 1, 2 and 6(b) of the Code of Conduct prescribed under Schedule III of the RTA Regulation, the Registrar is required to maintain high standards of integrity and fairness in his dealings and act with due skill, diligence and care. A Registrar is also required to ensure that adequate steps are taken for proper allotment of securities and refund of application monies without delay and in accordance with law.

As per the activities listed in the Schedule I of the Agreement entered into between the Registrar to an issue and the issuer company, the Registrar to the issue is responsible for the activities related to collection of daily figures from the bankers to the issue, scrutiny of applications received from bankers to the issue, informing stock exchange / SEBI on closure of issue, identification and rejection of multiple applications, etc.

By accepting the above mentioned 3,300 multiple/ fictitious benami applications your company has violated Regulation no. 13 read with clause 1, 2 and 6(b) of the Code of Conduct prescribed under Schedule III of the RTA Regulation and also Regulation 6 (a) of SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to Securities Market) Regulations 1995, which clearly provides that no person shall in the course of his business, knowingly engage in any act, or practice which would operate as a fraud upon any person in connection with the purchase or sale of, or any other dealing in, any securities.

In view of the above, you are called upon to show cause, as to why directions in terms of Section 11B of SEBI Act and Sec 11(4) (b) of the SEBI Act read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 should not be issued against you and your company including debarring you and your company from dealing in the securities market.

Your reply together with documents, if any, should reach SEBI within 15 days of the date of this notice failing which SEBI shall be constrained to initiate action as aforesaid apart from any other action that it deems fit in the interest of investors and the securities market including initiation of prosecution under Section 24 of SEBI Act for violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.

In case you desire any personal hearing, the same shall be granted upon request from you.

Yours faithfully,

SANJIV DUTT