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भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange Board of India**

**CHIEF GENERAL MANAGER &**
**DESIGNATED AUTHORITY**

**Through SPAD**

SEBI/EAD-08/PM/NS/ 21956/1 /2022
May 25 2022

**Sharepro Services (I) Pvt. Ltd.**
(PAN: AAICS5500L)
(CIN: U67120MH2004PTC148994)
(SEBI Registration No-INR000001476)

13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off. Andheri-Kurla Road, Sakinaka,
Andheri-East, Mumbai 400 072

**Notice under Regulation 25(1) of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 in the matter of investigation into the dealings in the matter of "Sharepro Services (I) Pvt. Ltd.".**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') vide communique dated June 19, 2018 (Copy enclosed as **Annexure 1a**) appointed Shri K Saravanan as an Designated Authority under under regulation 24 of the SEBI (Intermediaries) Regulations (hereinafter be referred to as the "Intermediaries Regulations") read with section 19 of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as the "SEBI Act") to enquire into the alleged violations committed by Sharepro Services (I) Pvt. Ltd. (hereinafter referred to as '**Noticee /Sharpero/RTA'**) of the provisions of Section 12 A (a) (b) (c) of SEBI Act, 1992, Regulation 2 (1) (c), 3 (b) (c) (d), 4 (1) & (2) (p) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003; Clauses (1),(2), (3), (5), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI (Registrars to an Issue and Share



सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in

Transfer Agents) Regulations, 1993 {"RTA" Regulations"}, Regulation 9 (A) (e) & (f), Regulation 6 (g) and Regulation 14 (3) (b) & (c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001; Section 11C(2) and 11C (3) of SEBI Act , 1992 under the provisions of Section 12 (3) of SEBI Act, 1992, Regulation 23 of the SEBI (Intermediaries) Regulations, 2008 read with Regulation 22 of "RTA Regulations" for the alleged irregularities in case of Sharepro while dealings with the share of shareholders. Thereafter, pursuant to transfer of Mr K Saravana, undersigned was appointed as Designated Authority in the matter, conveyed vide communique dated July 14, 2021 (attached as Annexure 2a).

2. Pursuant to an anonymous complaint dated October 20, 2015, SEBI conducted an investigation to examine in detail the records of the Noticee in the matter. Meanwhile, Whole Time Member, SEBI passed an interim order dated March 22, 2016 against the Sharepro and 15 other entities. Subsequently, SEBI vide confirmatory order dated November 03, 2017 confirmed the directions issued vide abovementioned interim order, against all but one entities. It was noted from the half yearly compliance report of Noticee as on end of September 2015, Noticee was managing 89,76,510 folios w.r.t total 278 companies. Further on the average each company issues one or two dividends every year. Hence on the average there are around 300-400 dividend accounts every year. Investigation revealed the fraudulent siphoning of dividends by backward working from the bank accounts of the entities.Similarly it is observed that the records of fraudulent transfer of shares at the office of Noticee are massively falsified. SEBI observed that the system/database of the Noticee shows that dividends were paid to the original shareholders but the verification of the bank accounts revealed that the dividends were paid to persons who were not the rightful shareholders or were not at all the shareholders of the companies. Thus it is alleged that, not only the dividend due to

genuine investors is fraudulently siphoned off by the Noticee but the records are falsified so as not to reflect the correct position. The details of investigation in various cases are explained in detail in the following paragraphs.

3. **The summary of the relationships are as below:**

| Sr. No. | Name | Related with | How |
|---|---|---|---|
| 1 | Ms. Indira Karkera | Sharepro | Vice President. Client Manager of majority of the client companies of Sharepro |
| 2 | G.R.Rao | Sharepro | Managing Director of Sharepro |
| 3 | Bhagyalaxmi Rao | Sharepro | Director of Sharepro |
| 4 | G.R.Rao | Bhagyalaxmi Rao | Husband of Bhagyalaxmi Rao |
| 5 | Ms. Indira Karkera | Prashant Karkera | Wife of Prashant Karkera |
| 6 | Ms. Indira Karkera | Mohit Karkera | Mother of Mohit Karkera |
| 7 | Ms. Indira Karkera | Anil Jathan | Sister of Anil Jathan |
| 8 | Ms. Indira Karkera | Bhavani Jathan | Daughter of Bhavani Jathan |
| 9 | Ms. Indira Karkera/ Prashant Karkera | Suresh Unavane | Servant of Indira/Prashant. Bank/Demat account transactions. Accounts of Suresh Unavane are opened and operated by Indira/Prashant. |
| 10 | Ms. Indira Karkera/ Prashant Karkera | Raju Landge | Driver of Indira/Prashant. Bank account transactions. Accounts of Raju Landge are opened and operated by of Indira/Prashant. |
| 11 | Prashant Karkera | Nagesh Karkera | Brother of Nagesh Karkera. Bank account transactions. Accounts of Nagesh Karkera are opened and operated by of Indira/Prashant. |
| 12 | Prashant Karkera | Narayan Devadiga | Servant of Prashant Karkera. Bank account transactions. Accounts of Narayan Devadiga are opened and operated by of Indira/Prashant. |
| 13 | Prashant Karkera | Satyam Brush Industries | Proprietary Firm of Prashant Karkera |

| Sr. No. | Name | Related with | How |
|---|---|---|---|
| 14 | Shrikant Bhalakia | Anand Bhalakia | Father of Anand Bhalakia. Accounts of Anand are operated by Shrikant. |
| 15 | Shrikant Bhalakia | Dina Bhalakia | Husband of Dina Bhalakia |
| 16 | Shrikant Bhalakia/ Anand Bhalakia | Raju Landge, Suresh Unavane, Nagesh Karkera, Narayan, Devadiga, Balram Mukherjee | Bank account transactions. Shrikant admitted transferring funds to them on the instruction of Indira. |
| 17 | Shrikant Bhalakia | Jayshree B Shah | Sister of Shrikant Bhalakia. |
| 18 | Shrikant Bhalakia | Indira | Both admitted knowing each other. |
| 19 | Rajesh Bhagat | Ganesh Nimbalkar | Brother-in-law of Rajesh Bhagat. Demat transactions. Accounts of Ganesh Nimbalkar are opened and operated by Rajesh Bhagat. |
| 20 | Rajesh Bhagat | Swapnil Sutar | Rajesh knows Swapnil as neighbor of Ganesh Nimbalkar. His accounts are opened and operated by Rajesh Bhagat. |
| 21 | Rajesh Bhagat | Sukhdev Bhosale | Rajesh and Sukhdev are friends. His accounts are opened and operated by Rajesh Bhagat. |
| 22 | Rajesh Bhagat | Chandrakant Pawar | Rajesh Bhagat knows Chandrakant as neighbor of Ganesh Nimbalkar. Demat transactions. His accounts are opened and operated by Rajesh Bhagat. |
| 23 | Chandrakant Pawar | Prashant Karkera/ Nagesh Karkera | Demat Transactions |
| 24 | Chandrakant Pawar | Ganesh Nimbalkar | Neighbor. Demat transactions |
| 25 | Dayanand Jathan | Sharepro | Employee of Sharepro |
| 26 | Dayanand Jathan | Sunanda Jathan | Wife of Dayananad Jathan |
| 27 | Dayanand Jathan | Ratnakar Loku Poojary | Cousin of Sunanda Jathan |
| 28 | Ratnakar Loku Poojary | G.R.Rao | Neighbour. Demat Transactions |

| Sr. No. | Name | Related with | How |
|---|---|---|---|
| 29 | Sunanda Jathan | G.R.Rao | Demat Transactions |
| 30 | Prashant Karkera | G.R.Rao | Funds Transactions |
| 31 | Akhil Dalal | Indira Related entities viz. Nagesh Karkera | Funds transactions |
| 32 | Pradeep Rathod | Indira Related entities viz. Raju Landge and Anil Jathan | Admitted dealing with Indira. Funds transfer with Indira Related entities. |

**RELATIONSHIP BETWEEN VARIOUS ENTITIES**

4. Investigation Report (hereinafter referred to as 'IR') observed the following relationship of the Noticee with others is observed-.

a. Noticee is a SEBI Registered Category I Registrars to Issues and Securities Transfer Agent (CIN: U67120MH2004PTC148994; SEBI Registration No-INR000001476). Shri Govind Raj Rao is the Managing Director and Ms. Bhagyalaxmi Rao is Designated Director of the Noticee. Ms. Indira Karkera was Vice President and Client Manager for a number of client companies of the Noticee. It was observed that Indira was Client Manager for all the companies for which irregularities were observed except for Larsen & Toubro Limited, MahIndira Lifespace Developers Limited and UPL Limited

b. Prashant Karkera is the husband of Indira. Mohit Karkera is son of Indira/Prashant. Anil Jathan is Brother of Indira. Bhavani Jathan is mother of Indira. Nagesh Karkera is brother of Prashant Karkera. Raju Landge is the driver of Prashant/Indira. Suresh Unavane is the household worker i.e. servant of Prashant/Indira. Prashant Karkera vide his statement dated September 27, 2016 (**Annexure-SR1**) has admitted the above. Indira vide her statement dated December 02, 2015 (**Annexure-SR2)** admitted that Raju Landge is their driver.

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c. Suresh Unavane and Prashant has the same address (viz. Shop no-2, Shri Krishna Nivas Co-Op Housing Soc, Juvekar Marg, Bhandup Village-East, Mumbai-400078) in their respective ICICI bank accounts nos. 623801517792 and 623801115552 (Annexure-BRICIC;Page No.442 & 30).

d. On the basis of the bank account statements for the period 2004 to 2015 of Suresh Unavane, Raju Landge, Narayan Devadiga and Nagesh Karkera it is alleged that there was outflow to Indira Karkera's family was noted. The summary of the transactions are as below:

| | Total Funds Received (in Rs.) | Withdrawn in Cash (in Rs.) | Transferred to Family of Karkera viz. Indira, Mohit, Prashant and Anil (in Rs.) | Total Funds Withdrawn in cash or Transferred to Karkera Family (in Rs.) | % of funds transferred to Indira and withdrawn in cash to total received |
|---|---|---|---|---|---|
| | A | B | C | D | D/A |
| Raju Landge (Bharat Cooperative Bank; Annexure-BRBCBL- Page-186) | 14322372 | 3870970 | 10229500 | 14100470 | 98.45 |
| Suresh Unawane (Bharat Cooperative Bank; Annexure-BRBCBL- Page-260, ICICI Bank; Annexure-BRICIC-Page-442, Kurla Nagarik Sahkari Bank; Annexure-BRMISC; Page-514) | 21849324 | 2335800 | 15476600 | 17812400 | 81.52 |
| Narayan Devadiga (Bharat Cooperative Bank; Annexure-BRBCBL- Page-190) | 7960688 | 1259000 | 5817500 | 7076500 | 88.89 |
| Nagesh Karkera (Bharat Cooperative Bank; Annexure-BRBCBL- Page-164) | 23147778 | 1293000 | 10136000 | 11429000 | 49.37 |
| **Total** | **67280162** | **8758770** | **41659600** | **50418370** | **74.94 %** |

SEBI observed from the pattern of the transactions that most of the amount received in the bank account of these entities is being transferred to the family of Indira Karkera or withdrawn in cash. SEBI observed that the amount so moving in the bank accounts

are hugely disproportionate to their social profile. It is alleged that the accounts of these entities are being used as front by Karkeras.

The bank account details of family of Indira in which the above mentioned funds were received is as below:

| Sr. No. | Name of Entity/Particulars | Bank Name | A/c No. | Annexure No | Page No |
|---|---|---|---|---|---|
| 1 | Prashant Karkera | ICICI Bank | 003501008891 | BRICIC | 178 |
| 2 | Prashant Karkera/Indira | | 042001503985 | BRICIC | 156 |
| 3 | Prashant Karkera | | 042001503992 | BRICIC | 142 |
| 4 | Prashant Karkera | | 623801115552 | BRICIC | 30 |
| 5 | Vinayak Enterprises/Prashant Karkera | | 623805500352 | BRICIC | 10 |
| 6 | Anil/Tanuja Jathan | | 002601023386 | BRICIC | 104 |
| 7 | Anil C Jathan | HDFC Bank | 00601140050951 | BRHDFC | 59 |
| 8 | Indira Karkera | | 01461050077471 | BRHDFC | 109 |
| 9 | Indira Karkera | Bharat Co-op Bank | 001810100014802 | BRBCBL | 224 |
| 10 | Indira Karkera | | 001810100087482 | BRBCBL | 210 |
| 11 | Anil Jathan | | 001810100008368 | BRBCBL | 180 |
| 12 | Mohit Karkera | | 001810100094710 | BRBCBL | 170 |
| 13 | Prashant Karkera | | 000910100103799 | BRBCBL | 230 |
| 14 | Prashant Karkera | | 001810100060069 | BRBCBL | 254 |
| 15 | Prashant Karkera | | 001810100060999 | BRBCBL | 240 |
| 16 | Prashant Karkera | | 001810100083282 | BRBCBL | 236 |
| 17 | Prashant Karkera | | 101/4362 | BRBCBL | 232 |
| 18 | Prashant Karkera HUF | | 001810100082751 | BRBCBL | 228 |
| 19 | Satyam Brush Industries | | 001812100026498 | BRBCBL | 266 |
| 20 | Indira Karkera | Kurla Nagrik Sahakari Bank | 007010100006583 | BRMISC | 500 |
| 21 | Prashant Karkera | | 007010100004662 | BRMISC | 488 |
| 22 | Indira Karkera | Kotak MahIndira Bank | 2811277541 | BRMISC | 62 |
| 23 | Prashant Karkera | | 9311284826 | BRMISC | 68 |
| 24 | Indira Karkera | Bank of Baroda | 05880100018488 | BRSTMT | 775 |
| 25 | Anil Chinnappa Jathan | PMC Bank | SB/010579 | BRSTMT | 653 |
| 26 | Prashant Karkera | Oriental Bank of Commerce | 10502010019100 | BRSTMT | 635 |

e. Further Prashant vide his statement dated September 27, 2016 (Annexure-SR1) has admitted that he used to operate the demat account and bank accounts (including

Bharat Co-operative Bank account no- 001810100146954) of Nagesh Karkera. All dealings in his demat/trading account with Sharekhan are done by him. Further all shares in his demat account and all money moving though his bank account belongs to him and Indira

f. Prashant vide his statement dated September 27, 2016 (Annexure-SR1) has also admitted that he used to operate the demat account and bank accounts of Suresh Unavane. All dealings in his demat/trading account with Sharekhan are done by him. Further all shares in his demat account and all money moving though his bank accounts (Bharat Co-op Bank A/c no-001810100074345; Kurla Nagarik Sahkari Bank Limited A/c no-007010100006316; ICICI Bank A/c No-623801517792) belongs to him and Indira. Suresh Unawane vide his statement dated September 20, 2016 (Annexure-SR3) has also admitted the same

g. Nagesh Karkera vide letter dated October 1, 2016 (**Annexure-LIR2**) has admitted his relationship with Indira and Prashant Karkera. Raju Landge vide letter dated October 01, 2016 (**Annexure-LIR3**) stated that he used to work as driver of Prashant and Indira. He also stated that Indira used to operate his Bharat Co-operative Bank account number 001810100075247 and he has no knowledge of the transactions therein. Prashant has stated that Indira has opened the bank account of Raju Landge for her share related work.

h. Prashant has also stated vide his statement dated September 27, 2016 (**Annexure-SR1**) that Narayan Devadiga was his employee and his bank account is opened and operated by Indira. Also all the money moving through the Bharat Co-op Bank A/c no-001810100074187 belongs to him and Indira. Prashant has further admitted that Satyam Brush Industries is his proprietary firm. Narayan Devadiga vide his letter dated October 01, 2016 (**Annexure-LIR4**) stated that he used to work as assistant of Prashant. He also stated that Indira used to operate his Bharat Co-Operative Bank account and he has no knowledge of the transactions therein.

i. Mohit Karkera vide his statement dated September 27, 2016 (Annexure-SR4) has stated that his bank account no-001810100094710 with Bharat Co-operative Bank is operated by his mother Ms. Indira Karkera. Bharat Cooperative Bank vide its letter dated January 01, 2016 submitted the KYC (Annexure-BRBCBL- Page No.122) of Joint Account of Indira and Mohit.

j. There are bank account and/or demat transaction between Shrikant/Anand Bhalakia on one side and Raju Landge, Suresh Unavane, Nagesh Karkera, Narayan Devadiga and Balram Mukherjee on other side. Amount transferred by Shrikant to the above entities viz. Raju Landge, Suresh Unavane, Nagesh Karkera, Narayan Devadiga were ultimately being transferred by those entities to Indira and her family. These transactions are given on subsequent paragraphs.

a. There is Off-Market transaction between Suresh Unavane and Prashant whereby illegally siphoned shares are transferred by Suresh to Prashant e.g.

| DP/ Client id | First holder name | First holder PAN | ISIN | Scrip name | Date | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|
| IN300513 13271158 | Suresh Unawane | AAXPU 3881C | INE021 A01018 | Asian Paints Limited Eq | 04/07/2011 | To Prashant Karkera IN30051312752672 | 800 | 0 |

All transactions in the Demat accounts of the Suspected Entities in the investigation matter were provided by NSDL email dated 03/05/2016 & 19/05/2016 and by CDSL email dated 04/05/2016.

a. Further, Rajesh Bhagat vide his statement dated September 15 and 23, 2016 deposed before SEBI that Ganesh Nimbalkar is his brother-in-law, Swapnil Sutar is the neighbor of Ganesh, Sukhdev Bhosale is his childhood friend. He has further admitted opening demat accounts and carrying out various transactions in their name under instruction from Indira.

b. Swapnil vide his statement dated September 15, 2016 before SEBI admitted knowing Ganesh and Rajesh Bhagat.

c. Sukhdev Bhosale also vide his statement dated September 15, 2016 before SEBI admitted relationship with Rajesh Bhagat.

d. Ganesh Nimbalkar vide his statement dated September 23, 2016 before admitted that he knows Chandrakant Pawar he stays nearby his residence. He also knows Rajesh Bhagat as Rajesh is his brother-in-law.

e. Chandrakant in his statement dated September 23, 2016 before SEBI submitted that he knows Ganesh Nimbalkar as he stays nearby his residence. He also knows Rajesh Bhagat from last 10 years, as he is the brother-in-law of Ganesh Nimbalkar.

f. On the basis of off market transactions of shares in the demat account of Ganesh Nimbalkar with Rajesh Bhagat, Chandrakant Pawar and Prashant Karkera it is alleged that these persons and the Prashant Karkera were known to one another and had financial dealings among themselves. The transactions are with respect to receipt or payment of siphoned off shares e.g.

| Date of Transaction | Transaction Particulars | Credit /Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name, | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 23/09/2011 | OF-DR TD:449059 TX:340734 1201120000234881 | D | 150 | 120112 000023 5710 | Ganesh Nimbalkar | 120112 000023 4880 | Rajesh Bhagat | Off-Market Transfer within CDSL |
| 29/09/2011 | OF-DR TD:968787 TX:480329 1201120000234881 | D | 125 | 120112 000023 5710 | Ganesh Nimbalkar | 120112 000023 4880 | Rajesh Bhagat | Off-Market Transfer within CDSL |
| 14/10/2011 | OF-DR TD:199374 TX:742526 1201120000234881 | D | 125 | 120112 000023 5710 | Ganesh Nimbalkar | 120112 000023 4880 | Rajesh Bhagat | Off-Market Transfer within CDSL |
| 18/11/2011 | OF-DR TD:432868 TX:310820 1201120000234881 | D | 300 | 120112 000023 5710 | Ganesh Nimbalkar | 120112 000023 4880 | Rajesh Bhagat | Off-Market Transfer within CDSL |
| 09/02/2012 | OF-CR TD:114828 TX:580890 1201120000255684 | C | 400 | 120112 000023 5710 | Ganesh Nimbalkar | 120112 000025 5680 | Chandrakant Pawar | Off-Market Transfer within CDSL |
| 10/10/2012 | OF-CR TD:389842 TX:263609 1201120000234881 | C | 500 | 120112 000023 5710 | Ganesh Nimbalkar | 120112 000023 4880 | Rajesh Bhagat | Off-Market Transfer within CDSL |
| 04/07/2013 | OF-CR TD:978296 TX:770868 1201120000234881 | C | 100 | 120112 000023 5710 | Ganesh Nimbalkar | 120112 000023 4880 | Rajesh Bhagat | Off-Market Transfer within CDSL |

| Date of Transaction | Transaction Particulars | Credit /Debit | Qty | BOID | Sole / First Holder Name | Counte r BOID | Counter Sole / First Holder Name, | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 11/07/2013 | INTDEP-DR 13752571CTRBO IN300513 12752672 | D | 500 | 120112 000023 5710 | Ganesh Nimbalkar | IN3005 131275 2672 | Prashant Karkera | Inter-Depository Off-Market Transfer |

g. Off market transactions of shares of Asian Paints Limited from the demat account of Chandrakant with Rajesh Bhagat, Ganesh Nimbalkar and Nagesh Karkera was observed. Some sample are given below-

| Date of Transaction | Transaction Particulars | Credit/ Debit | Qty | BOID | Sole / First Holder Name | Counte r BOID | Counter Sole / First Holder Name | Transactio n Type |
|---|---|---|---|---|---|---|---|---|
| 09/02/2012 | OF-DR TD:114829 TX:580891 120112000023488 1 | D | 400 | 120112 00002 55680 | Chandrakant Pawar | 120112 00002 34880 | Rajesh Bhagat | Off-Market Transfer within CDSL |
| 09/02/2012 | OF-DR TD:114828 TX:580889 120112000023571 6 | D | 400 | 120112 00002 55680 | Chandrakant Pawar | 120112 00002 35710 | Ganesh Nimbalkar | Off-Market Transfer within CDSL |
| 27/11/2013 | INTDEP-DR 25639336CTRBO IN300513 20939266 | D | 1600 | 120112 00002 55680 | Chandrakant Pawar | IN3005 13 20939 266 | Nagesh Karkera | Inter-Depository Off-Market Transfer |
| 29/11/2013 | OF-DR TD:791603 TX:499747 120112000023488 1 | D | 100 | 120112 00002 55680 | Chandrakant Pawar | 120112 00002 34880 | Rajesh Bhagat | Off-Market Transfer within CDSL |
| 29/11/2013 | INTDEP-DR 25886975CTRBO IN300513 20939266 | D | 1600 | 120112 00002 55680 | Chandrakant Pawar | IN3005 13 20939 266 | Nagesh Karkera | Inter-Depository Off-Market Transfer |

h. G.R.Rao vide statement dated December 04, 2015 before SEBI stated that Dayanand Jathan is employee of the Sharepro and is Sr Manager in charge of transfer/Demat department. He is the husband of SunandaJathan and Ratnakar Loku Poojary is



cousin of Sunanda Jathan (Reference letter dated June 30, 2016 sent by Sunanda Jathan).

i. As per the reply dated May 19, 2016 of Ratnakar Poojary he is neighbor of Shri G.R.Rao and knows him.

j. Shrikant Bhalakia vide his letter dated May 13, 2016 has admitted that he knows Indira Karkera since 2009 and he used to consult her in the matter of transfer of physical or demat shares and about requirement of documentation thereof. He has further admitted helping in transfer of shares belonging to other investors in his name and dematerializing and selling the same and later making payments to entities (Raju L, Suresh U, Nagesh K, Narayan D etc.) related to Indira on her instructions.

k. Jayshree B Shah is sister of Mr. Shrikant Bhalakia who has admitted the said relation vide letter dated May 13, 2016.

l. Akhil Dalal is known to Nagesh Karkera as can be seen from various fund transfers between Akhil Dalal to Nagesh Karkera:

| Date | Payer Name | Payer Bank & A/C Number | Payee Name | Payee Bank & A/C Number | Instrument Number | Amount |
|---|---|---|---|---|---|---|
| 20/11/2009 | Akhil Dalal | Bank of India000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383068 | 3,00,000 |
| 26/11/2009 | Akhil Dalal | BOI 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383071 | 2,50,000 |
| 11/12/2009 | Akhil Dalal | BOI 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383074 | 2,59,955 |
| 17/04/2010 | Akhil Dalal | BOI 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383104 | 1,40,000 |
| 17/04/2010 | Akhil Dalal | BOI 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383095 | 1,20,000 |
| 26/04/2010 | Akhil Dalal | BOI 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383111 | 2,00,000 |

In view of the facts that Nagesh by his own admission has acted as a proxy of Indira as well as the fact that funds from Nagesh's account received from Akhil were transferred onward to Indira, it is inferred that Akhil is also related to Indira.



m. Pradeep Rathod has admitted vide his letter dated June 27, 2016 that Indira approached him for sale of certain shares and also gave him Indemnity Bond to reimburse in case of any losses in the said transactions. There are below mentioned funds transfer between Pradeep and Raju Landge (driver of Indira), Anil Jathan (brother of Indira) and Indira herself:

| Date | Transferor Name | TransferorBank a/c No | Chq.No | Amount | Transferee Name | TransfereeBank a/c No |
|---|---|---|---|---|---|---|
| 06/05/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 138117 | 3,78,300.00 | Indira Karkera | National Co-op Bank 4672 |
| 07/03/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 138105 | 7,91,520.00 | Raju Landge | Bharat Co-op Bank 001810100075247 |
| 12/04/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 138115 | 5,00,000.00 | Raju Landge | Bharat Co-op Bank 001810100075247 |
| 05/06/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 155713 | 1,10,324.00 | Raju Landge | Bharat Co-op Bank 001810100075247 |
| 23/02/2006 | Pradeep Rathod | SBBJ 51010536110 | 638750 | 3,78,300.00 | Raju Landge | Bharat Co-op Bank 001810100075247 |
| 08/08/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 155717 | 3,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 |
| 21/11/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 166009 | 1,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 |
| 30/11/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 166010 | 2,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 |
| 23/10/2006 | Pradeep Rathod | SBBJ 51010536110 | 950906 | 2,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 |
| 24/11/2006 | Pradeep Rathod | SBBJ 51010536110 | 950908 | 7,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 |
| 28/11/2006 | Pradeep Rathod | SBBJ 51010536110 | 950914 | 1,95,510.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 |

Hence Pradeep Rathod is an accomplice of Indira

**EXAMINATION OF DIVIDEND PAYMENTS:**

5. **Brief Dividend Issue Process:** Dividend declared by company becomes due to the persons holding shares as on record date. Company opens one bank account for each dividend declared and total dividend amount is transferred to such account. All dividends payments are required to be disbursed from this account. This account

remains open till claims become barred by law and the balance unclaimed amount is transferred to IEPF set up in accordance with Companies Act. Sharepro explained that dividends are paid electronically or by demand drafts or by issue of warrants. Payment to each investor holding is identified by unique warrant no. If warrants are not encashed, then shareholders have to request Sharepro to once again send the dividend proceeds to them and this time the dividend proceeds are sent by way of demand drafts. Unique warrant no. remains same throughout even if further DDs are issued against unclaimed warrant.

6. Further, the Noticee ( through Mr. GR Rao) informed vide statement dated February 15, 2016 that it prints dividend warrants except for amounts greater than Rs. 10,000, in which case, demand drafts are issued. These details are captured in the system. Further, the warrants/demand drafts are dispatched to the shareholders; in case the warrants/demand drafts are not encashed /are returned undelivered, the same is once again issued by way of a demand draft on receipt of request from concerned shareholder. Indira (on behalf of the Noticee ) also informed vide statement dated December 02, 2015 that it validates the dividend re-issue requests made by shareholders by making all necessary due diligence (w.r.t. genuineness of the claim) and forwards the request for payment to the company. Thereafter, the company instructs the banks to re-issue the dividend instrument and in certain cases the companies in good faith have authorized the Noticee directly issue instruction to the banks.

7. In case the warrants/demand drafts are not encashed /are returned undelivered, the same is once again issued by way of a demand draft on receipt of request from concerned shareholder. However, no record such as DD no., date of reissue of demand drafts reissued against warrants or earlier demand drafts is maintained in the System of the Noticee. Indira Karkera has accepted this in her statement dated December 02, 2015. It is alleged that the Noticee has deliberately not maintained

proper records in its system so that demand drafts issued to persons belonging to or connected with the management of the Noticee instead of the genuine shareholders is not immediately visible to any observer. All such payments have been recorded as payment being made to the registered shareholder i.e. the names of wrongful beneficiaries were not recorded in database of the Noticee. It is alleged that this amounts to deliberate falsification of records by the Noticee.

8. With respect to the dividend issue process followed at the Noticee, Indira Karkera vide her statement dated December 02, 2015 explained that data of undelivered dividend warrants is kept only for 3 months. However, original undelivered data is not referred to while issuing duplicate instruments once expiry period is over. If any investor approaches for re-issuance, reconciliation file sent by bank is referred to for payment status and dividend is reissued accordingly. Undelivered demand drafts are inwarded in the system, but no details either in excel sheet or any format are maintained nor linked to the individual folio records. If any investor approaches for re-issuance, details are referred to bank for payment status and dividend is reissued accordingly. Bank confirmation for payment status of original or subsequent instrument is taken before issuing further instrument. Noticee does not maintain record such as DD no., date of reissuance of re-issued demand drafts. There is no link of reissued instruments with original instruments. However, only payment status is updated in the system. For example, screenshot of dividend details pertaining to Folio no. 60245 of Asian Paints Ltd. is placed at **Annexure-SP1.**

**Alleged Modus operandi of the Noticee to divert dividends:**

9. Noticee and its management would come to know about inactive folios from the fact that dividend pertaining to them would regularly get transferred to IEPF or letters/warrants sent to them would return undelivered. Noticee would then issue demand drafts of dividends pertaining to such folios in favour of people connected

with its management. Since system does not capture dividend instruments returned, demand draft no. re-issued, and other details it led to audit trail is blurred.

10. The Noticee has also followed another practice. It would issue demand drafts in favour of investors in bulk just before dividend account is closed and balance is transferred to IEPF. Since, many investors would not claims such demand drafts, all demand drafts would eventually get cancelled. The Noticee would then request banks to issue demand drafts in favour of people connected with its management. The fact that account has got closed and the Noticee system shows dividend paid helped the Noticee management to blur the audit trail.

11. It is alleged that there is large scale siphoning off of dividends of companies which have authorized the Noticee to issue instructions to banks directly without going through them. Indira has submitted vide statement dated December 02, 2015 **(Annexure-SR2)** that following companies have authorized the Noticee to issue instructions directly to banks.

- Tata Communications
- Kansai Nerolac Paints
- Navin Fluorine International
- Merck Ltd.

Incidentally, Ms. Indira Karkera was client manager for all above companies as per data submitted by the Noticee vide letter dated December 07, 2015.

12. It is alleged that on 1004 instances (involving Rs. 74,95,420/-) the Noticee has misused the authority of instructing the banks directly by issuing dividend payment instruments to persons who were not shareholders. The particulars of all these instances are provided as part of **Annexure A** (Details of Dividend Transfers to persons other than shareholders by direct instruction of the Noticee to banks). SEBI observed from instruction letters obtained from banks and companies that most of the letters were either signed by Indira or she had knowledge of the instructions by being

on CC of the emails. Further, it is also observed that explanations such as 'Late transfer case', 'matter under dispute cases and settled now', 'transmission' are written on many of the aforementioned instruction letters so that no questions are raised by banks. This strategy was employed by the Noticee to mislead the banks.

13. **Methodology followed by investigation team for tracing fund flow with respect to misappropriated dividends as mentioned in Annexure-A:**

i. SEBI observed that dividends siphoned off was credited to bank accounts of the entities related to management of the Noticee. Statements of all these accounts are placed at **Annexure-BRBCBL.**

| Sr. No. | Name | Account No. | Bank | Page no. of Annexure- BRBCBL |
|---|---|---|---|---|
| 1 | Anil Jathan | 001810100008368 | Bharat Co-op Bank | 180 |
| 2 | Nagesh Karkera | 001810100146954 | Bharat Co-op Bank | 164 |
| 3 | Raju Landge | 001810100075247 | Bharat Co-op Bank | 186 |
| 4 | Satyam Brush Industries | 001812100026498 | Bharat Co-op Bank | 266 |
| 5 | Suresh Unawane | 001810100074345 | Bharat Co-op Bank | 260 |
| 6 | Narayan Devadiga | 001810100074187 | Bharat Co-op Bank | 190 |

ii. In view of the above, Bharat Co-op Bank was asked to provide Drawee Bank, Account No. from which DD was issued and DD Issue Date in respect of all such dividend instances vide emails mentioned below. All these emails are placed at **Annexure-BRBCBL**.

| Sr. No. | Email dated | Page no. of Annexure-BRBCBL |
|---|---|---|
| 1 | 19/01/2016 | 406 |
| 2 | 05/01/2016 | 396 |
| 3 | 04/01/2016 | 346 |
| 4 | 23/12/2015 | 334 |
| 5 | 01/01/2016 | 322 |

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iii. Bharat Co-op Bank provided details of drawee bank and DD issue date vide emails mentioned below. All these emails are placed at **Annexure-BRBCBL**.

| Sr. No. | Email dated | Page no. of Annexure-BRBCBL |
|---|---|---|
| 1 | 21/01/2016 | 410 |
| 2 | 15/01/2016 | 402 |
| 3 | 13/01/2016 | 388 |
| 4 | 07/01/2016 | 382 |
| 5 | 12/01/2016 | 366 |
| 6 | 31/12/2015 | 342 |
| 7 | 05/01/2016 | 330 |

iv. Respective drawee banks as mentioned by Bharat Co-op Bank were asked by email or by summons to provide following details:

- Account No. from which DD was issued
- Name of the account holder
- Copy of letter of instruction from the Noticee to release payments in all cases
- Folio no. to which particular payments belonged, warrant no., MICR no.

Details of emails/summons sent to all drawee banks are placed below:

| Sr. No. | Bank | Annexure | Email / Summons dated | Page no. |
|---|---|---|---|---|
| 1 | Standard Chartered Bank | Annexure - BRSTNC | 01/01/2016 | 123 |
| 2 | | | 07/01/2016 | 121 |
| 3 | | | 13/01/2016 | 119 |
| 4 | | | 27/01/2016 | 117 |
| 5 | | | 03/05/2016 | 111 |
| 6 | ICICI Bank | Annexure - BRICIC | 01/01/2016 | 528 |
| 7 | | | 07/01/2016 | 526 |
| 8 | | | 13/01/2016 | 524 |
| 9 | | | 27/01/2016 | 510 |
| 10 | | | 10/02/2016 | 508 |
| 11 | HDFC Bank | Annexure - BRHDFC | 01/01/2016 | 205 |
| 12 | | | 07/01/2016 | 195 |
| 13 | | | 13/01/2016 | 187 |

| Sr. No. | Bank | Annexure | Email / Summons dated | Page no. |
|---|---|---|---|---|
| 14 | | | 27/01/2016 | 115 |
| 15 | Citibank | Annexure - BRMISC | 03/05/2016 | 450 |
| 16 | | | 07/01/2016 | 446 |
| 17 | | | 01/01/2016 | 442 |
| 18 | | | 27/01/2016 | 438 |
| 19 | IDBI Bank | | 07/01/2016 | 74 |
| 20 | Kotak MahIndira Bank | | 07/01/2016 | 70 |
| 21 | HSBC | | 01/01/2016 | 36 |
| 22 | | | 07/01/2016 | 28 |
| 23 | | | 10/02/2016 | 26 |
| 24 | Deutsche Bank | | 13/01/2016 | 6 |

v. Respective drawee banks provided various information/documents (e.g. Account No. from which DD was issued, Name of the account holder, Copy of letter of instruction from the Noticee to release payments and warrant no., MICR no. etc) w.r.t. the said irregular transactions vide letters/emails mentioned below:

| Sr. No. | Sender | Annexure | Letter/ Email dated | PageNo. |
|---|---|---|---|---|
| 1 | Standard Chartered Bank | Annexure - BRSTNC | 11/03/2016 | 268 |
| 2 | | | 15/07/2016 | 143 |
| 3 | | | 07/01/2016 | 129 |
| 4 | | | 18/01/2016 | 127 |
| 5 | ICICI Bank | Annexure - BRICIC | 03/08/2016 | 704 |
| 6 | | | 25/05/2016 | 700 |
| 7 | | | 18/04/2016 | 696 |
| 8 | | | 23/02/2016 | 654 |
| 9 | HDFC Bank | Annexure - BRHDFC | 25/04/2016 | 345 |
| 10 | | | 18/02/2016 | 295 |
| 11 | | | 02/03/2016 | 265 |
| 12 | | | 13/01/2016 | 209 |
| 13 | | | 13/01/2016 | 203 |
| 14 | | | 16/01/2016 | 191 |
| 15 | | | 02/02/2016 | 185 |
| 16 | Citibank | Annexure - BRMISC | 08/06/2016 | 464 |
| 17 | | | 18/01/2016 | 448 |
| 18 | | | 12/01/2016 | 444 |
| 19 | | | 01/02/2016 | 440 |
| 20 | IDBI Bank | | 25/01/2016 | 78 |

| Sr. No. | Sender | Annexure | Letter/ Email dated | PageNo. |
|---|---|---|---|---|
| 21 | Kotak MahIndira Bank | | 14/01/2016 | 72 |
| 22 | HSBC | | 26/02/2016 | 52 |
| 23 | | | 19/02/2016 | 38 |
| 24 | | | 10/03/2016 | 34 |
| 25 | Deutsche Bank | | 14/01/2016 | 8 |

vi. Warrant no. and MICR no. data with respect to particular dividend accounts received from drawee banks was compared with Sharepro systems and the data of names of original investors and their folios to which such dividends actually belonged as per Sharepro Systems was taken on records vide various statements (**Annexure SR12, Annexure SR13**) and email dated May 17, 2016 (**Annexure SSR3**) and other information (**Annexure OD40**) by Mr. GR Rao/Sharepro. Accordingly the instances of illegal siphoning of dividend by Sharepro related entities were arrived at which is explained in subsequent paragraphs.

14) SEBI observed from the statement Ms. Indira Karkera's statement dated December 02, 2015 (**Annexure-SR2**) that in respect of most of the companies, *Sharepro* was not directly authorized to issue instructions regarding dividend payments to the bankers but was required to route the instructions to the company who in turn would issue the instructions to the bankers. In this context, it was observed that on a number of occasions, *Sharepro* misled the company by asking the company to issue requisite instructions to bankers to credit the dividend proceeds of rightful investors to entities/persons who were linked to Ms. Indira Karkera. During investigation 36 such sample instances involving ₹41,09,249/- belonging to shareholders of Asian Paints Ltd. and JM Financial Ltd. have been observed. The details of these instances are provided at **Annexure B** (Details of Dividend Transfers to persons other than shareholders by instruction of Sharepro routed through companies). It is observed from instruction letters obtained from companies that most of the - letters were either

signed by Ms. Indira Karkera or she had knowledge of the instructions by being on CC of the emails. Further, it is also observed that explanations such as 'Late transfer case', 'name mismatch', 'transmission', 'Name deletion case' are written on many of the aforementioned instruction letters so that no questions are raised by banks/companies. This strategy was employed by Sharepro/Indira to mislead the banks and the companies.

15. In the course of investigation SEBI observed that shares in certain folios were misappropriated by entities related to the Indira Karkera. In respect of such shares of certain companies, SEBI observed that entity misappropriating shares has also siphoned off dividend pertaining to those shares. Since, folio name itself was changed, all subsequent dividends were issued in favour of entities/persons who were linked to Indira Karkera. During investigation it was observed that 43 such sample instances involving Rs. 24, 10,736/- belonging to shareholders of Hexaware Technologies Ltd., JM Financial Ltd., Britannia, Larsen and Toubro and Asian Paints have been observed. The details of these instances are provided at **Annexure C**.

16. A summary of illegal diversion of dividend payments to some of non-genuine recipients of dividend payments, who are connected to the Noticee management viz.

| Sr. No. | Name of the Person to whom dividend was wrongfully paid | Amount Paid In Rs. |
|---|---|---|
| 1 | Satyam Brush Industries | 45,58,009/- |
| 2 | Mr. Raju Landge | 21,35,969/- |
| 3 | Mr. Suresh Unawane | 17,67,243/- |
| 4 | Mr. Nagesh Karkera | 10,18,060/- |
| 5 | Mr. Narayan Devadiga | 5,18,203/- |
| 6 | Mr. Anil Jathan | 27,000/- |
| 7 | Mr. Swapnil Sutar | 24,37,500/- |
| 8 | Mr. Balram Mukherjee | 15,01,470/- |
| 9 | Mr. GR Rao | 8,059/- |
| 10 | Mr. Ratnakar Loku Poojary | 24,090/- |
| 11 | Mr. Sadashiv Poojary | 19,802/- |
| | **Total** | **1,40,90,923/-** |

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17. The above mentioned modus operandi adopted by the Noticee is explained in the subsequent paragraphs with a few illustrative instances taken out from the total number of such sample cases as given in **Annexure A & B.**

I. **Instruction by the Noticee to banks directly to release dividend payments in favour of persons who are not the rightful shareholders**

**a. Dividend paid to Mr. Suresh Unawane**

**Instance 1** (As mentioned at Sr. No. 55 to 65 of **Annexure-A**)

- SEBI observed from the information/documents provided by HDFC Bank vide letter dated February 02, 2016 that the Noticee vide its letter signed by Indira Karkera dated January 25, 2008 (**Annexure-OD4**) requested the bank, HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 49,500/- to shareholder 'U Suresh' (i.e. Mr. Suresh Unawane) from dividend account no. 00602220001063 of Tata Communications as shown below. It is alleged that the Noticee misled bank by stating that these cases pertain to matter under dispute and settled now.

| Name | Dividend Warrant No. | Amount in Rs. |
|---|---|---|
| U Suresh | 2864 | 4,500.00 |
| U Suresh | 2977 | 4,500.00 |
| U Suresh | 2983 | 4,500.00 |
| U Suresh | 3763 | 4,500.00 |
| U Suresh | 3920 | 4,500.00 |
| U Suresh | 4015 | 4,500.00 |
| U Suresh | 4069 | 4,500.00 |
| U Suresh | 4589 | 4,500.00 |
| U Suresh | 4992 | 4,500.00 |
| U Suresh | 5001 | 4,500.00 |
| U Suresh | 5002 | 4,500.00 |

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- SEBI observed from the HDFC Bank email dated January 13, 2016 (**Annexure-BRHDFC; Page No. - 196-203**) that one demand draft no. – 401431 dated January 30, 2008 for Rs. 49,500.00 was issued in favour of "U Suresh". SEBI observed from the Bharat Co-Operative Bank email dated January 05, 2016 (**Annexure-BRBCBL; Page-323-330**) that the said demand draft number 401431 was encashed by Mr. Suresh Unawane in his Bharat Co-op Bank account no. 001810100074345 (**Annexure-BRBCBL; Page No. - 259**) on February 02, 2008. Further, two pay instruments no. 477002 and 477003 worth Rs. 13,000/-and Rs. 35000/- were issued from the said bank account of Mr. Suresh Unawane in favour of Indira Karkera (**Annexure-BRBCL; Page Nos. 259**). SEBI observed that the Indira Karkera encashed cheque no. 477002 in Bharat Co-op Bank account no. 001810100014802 along with another instruments issued from Raju Landge's account no. 001810100075247 (consolidated credit entry is visible in **Annexure-BRBCBL; Page No. - 220**) on February 06, 2008. Further, she withdrew funds in cash against cheque no. 477003 from Fort Branch of Bharat Co-op Bank on February 06, 2008 as per information provided by email dated Oct 19, 2016 from Bharat Bank (**Annexure-BRBCL; Page No 292**). It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders:

| Warrant No. | Folio | Name of investor | No. of Shares | Amt of Dividend (Rs.) |
|---|---|---|---|---|
| 2864 | 026491 | Shiv Atan Goenka | 60 | 4500.00 |
| 2977 | 026892 | Padma Sharma | 60 | 4500.00 |
| 2983 | 026903 | Jasjit Singh Walia | 60 | 4500.00 |
| 3763 | 029809 | John Mathai | 60 | 4500.00 |
| 3920 | 030333 | Devender N Sood | 60 | 4500.00 |
| 4015 | 030693 | Alok Kumar Srivastava | 60 | 4500.00 |
| 4069 | 030985 | Prerna Patni | 60 | 4500.00 |
| 4589 | 032961 | Manju Saraswat | 60 | 4500.00 |
| 4992 | 034751 | Ramesh Shankar Ambekar | 60 | 4500.00 |

| | | | | |
|---|---|---|---|---|
| 5001 | 034763 | Sunil P Shethia | 60 | 4500.00 |
| 5002 | 034764 | Sujata S Shethia | 60 | 4500.00 |

Above, (viz. genuine shareholders against the old warrant nos.) is also corroborated by information provided by Mr. G.R.Rao regarding original shareholders to whom dividend payments belonged (**Annexure-OD40; Page No. - 6-7 of 87**).

**Instance 2** (As mentioned at Sr. No. 990 to 995 of **Annexure-A**)

- SEBI observed from the information/documents submitted by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee vide its letter signed by the Indira dated December 05, 2008 (**Annexure-OD5**) requested the bank Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 1,39,750/- to shareholder 'U Suresh' from 6 different dividend accounts of Kansai Nerolac Paints as shown below. It is alleged that the Noticee misled bank by stating that these cases pertain to late transfer/transmission.

| Name | Bank Account No | Warrant No. | MICR No. | Amount (Rs.) |
|---|---|---|---|---|
| U Suresh | 22205285585 | 7964 | 591335 | 13,500.00 |
| U Suresh | 2220530794514 | 8128 | 930514 | 18,750.00 |
| U Suresh | 22205321522 | 7463 | 965454 | 28,750.00 |
| U Suresh | 22205325110 | 7527 | 68933 | 21,250.00 |
| U Suresh | 22205350999/11945 | 8162 | 195764 | 28,750.00 |
| U Suresh | 22205377951 | 7713 | 2747 | 28,750.00 |

- SEBI observed from the above mentioned letter of Standard Chartered Bank that the above mentioned request of the Noticee was w.r.t. credit of Rs. 1, 39,750/- vide instrument no. - 968174 on December 29, 2008 in the Bharat Co-op Bank account no. 001810100074345 of Mr. Suresh Unawane (**Annexure-BRBCBL; Page No. - 259**). SEBI observed from the bank account statement

of Mr. Unawane that Rs. 1,30,000 was withdrawn in cash on various occasions. Prashant Karkera has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and Indira were operating this account of Suresh Unawane. This has also been corroborated by Shri Suresh Unawane in his statement dated September 20, 2016(**Annexure-SR3**). It is alleged that these payments rightfully belonged to one Sangeeta Singh. This is also evident from information provided by the Noticee vide email dated May 17, 2016 (**Annexure-SSR3**) regarding original shareholders to whom dividend payments belonged.

**b. Dividend paid to Mr. Narayan Devadiga**

**Instance 1** (As mentioned at Sr. No. 66 to 73 of **Annexure-A**)

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee vide its letter signed by Indira dated December 05, 2008 (**Annexure-OD6**) requested the bank, Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 3,68,628/- to shareholder 'Narayan D' from 8 different dividend accounts of Kansai Nerolac Paints Ltd. as shown below:

| Name | Bank Account No. | Warrant No. | MICR No. | Amount (Rs.) |
|---|---|---|---|---|
| Narayan D | 222-0-527157-6 | 6219 | 591219 | 27,675.00 |
| Narayan D | 222-0-528558-5 | 6822 | 930338 | 38,437.50 |
| Narayan D | 222-0-5307945-14 | 6323 | 965223 | 58,937.50 |
| Narayan D | 222-0-5321522 | 6525 | 68788 | 43,562.50 |
| Narayan D | 222-0-532511-0 | 7185 | 195382 | 58,937.50 |
| Narayan D | 222-0-5350999 / 11945 | 6796 | 2586 | 58,937.50 |
| Narayan D | 222-0-537795-1 | 8370 | 3158 | 61,500.00 |
| Narayan D | 231-0-504077-5 | 6750 | 889965 | 20,640.50 |

- It was also observed from the above mentioned letter of Standard Chartered Bank that the above mentioned request of the Noticee was w.r.t. credit of Rs.

3,68,628/- {against respective instrument nos. 966379, 966380, 966381, 966382, 966383, 966384, 966385, 966386 as provided by Bharat Co-op Bank vide email dated January 21, 2016 (**Annexure; BRBCBL; Page No. - 407-410)**} in Bharat Co-op Bank account no. 001810100074187 of Mr. Narayan Devadiga (**Annexure-BRBCBL; Page No. - 190**) on December 22, 2008. This information was provided by Standard Chartered in response to SEBI summons dated January 27, 2016 (**Annexure-BRSTNC; Page No. - 117**). Total Rs. 3,40,000 was withdrawn in cash on various occasions from the above mentioned account of Mr. Narayan Devadiga. Prashant karkera has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and Indira were operating this account of Narayan Devadiga. Shri Narayan Devadiga vide his letter dated October 01, 2016 (**Annexure-LIR4**) has corroborated the above information furnished by Prashant karkera. It is alleged that these payments against the said old warrant nos. rightfully belonged to one Ms. Mor Devi holding folio no. M0000118 (Screen Print placed at **Annexure-SP3**). Further, system of the Noticee also showed that payments were made to Ms. Mor Devi which is alleged to be incorrect as evident from the above details. The details of the genuine shareholder against the old warrant number is evident from information provided by G.R Rao regarding original shareholders to whom dividend payments belonged (**Annexure-OD40; Page No. - 7-8 of 87**).

**Instance 2**(As mentioned at Sr. No. 909 to 930 of **Annexure-A**)

- SEBI observed from the information/documents provided by HDFC Bank vide letter dated April 25, 2016 (**Annexure-BRHDFC; Page No. - 345**) that the Noticee vide its letter dated February 04, 2008 (**Annexure-OD7**) requested the bank HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 99,000/- to shareholder 'Narayan D' from dividend bank account no. 00602220001063 of Tata Communications Ltd. as shown below:

| Name | Warrant No. | MICR No. | Amount in Rs. |
|---|---|---|---|
| Narayan D | 27364 | 715861 | 4,500.00 |
| Narayan D | 28132 | 711302 | 4,500.00 |
| Narayan D | 28141 | 731362 | 4,500.00 |
| Narayan D | 28233 | 724149 | 4,500.00 |
| Narayan D | 28395 | 723223 | 4,500.00 |
| Narayan D | 28509 | 703354 | 4,500.00 |
| Narayan D | 28844 | 729881 | 4,500.00 |
| Narayan D | 29685 | 734796 | 4,500.00 |
| Narayan D | 29805 | 734003 | 4,500.00 |
| Narayan D | 32283 | 718177 | 4,500.00 |
| Narayan D | 32331 | 701607 | 4,500.00 |
| Narayan D | 34921 | 737882 | 4,500.00 |
| Narayan D | 40275 | 736326 | 4,500.00 |
| Narayan D | 42171 | 729670 | 4,500.00 |
| Narayan D | 43496 | 672098 | 4,500.00 |
| Narayan D | 44873 | 720372 | 4,500.00 |
| Narayan D | 45125 | 673725 | 4,500.00 |
| Narayan D | 48154 | 682798 | 4,500.00 |
| Narayan D | 49198 | 723317 | 4,500.00 |
| Narayan D | 49779 | 700483 | 4,500.00 |
| Narayan D | 50087 | 696425 | 4,500.00 |
| Narayan D | 53583 | 703045 | 4,500.00 |

- SEBI observed from the above mentioned letter (**Annexure-BRHDFC; Page no. - 305-306**) of HDFC Bank that one demand draft no. - 631025 dated February 06, 2008 for Rs. 99,000/- was issued against the above mentioned request of the Noticee. The said demand draft was encashed in Bharat Co-op Bank account no. 001810100074187 of Mr. Narayan Devadiga (**Annexure-BRBCBL; Page No. - 190**) on February 18, 2008. Further, cheque no. 726361 for Rs. 99,000 was issued from the said account of Mr. Devadiga (**Annexure-BRBCBL; Page No. - 190**) which was encashed on February 29, 2008 by Indira in Bharat Co-op Bank account no. 001810100014802 along with other instrument (no. 351856) of Rs. 90,000 from bank account no. - 001810100146954 of Nagesh Karkera as consolidated amount of Rs.

1,89,000/- (**Annexure-BRBCBL; Page No. - 220**). Prashant karkera has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and Indira were operating this account of Narayan Devadiga. On a scrutiny of the Noticee back office system, SEBI observed that these payments against the said old warrant nos. rightfully belonged to following shareholders.

| Folio No. | Warrant No. | MICR No. | Name of Investor | Amount of Dividend |
|---|---|---|---|---|
| IN30018310344616 | 27364 | 715861 | Ashish Goel | 4,500.00 |
| IN30018310621308 | 28132 | 711302 | Kuldip Singh Babra | 4,500.00 |
| IN30018310623578 | 28141 | 731362 | S Srinivasa Rao | 4,500.00 |
| IN30018310652686 | 28233 | 724149 | Angalakuduru Visweswar Rao | 4,500.00 |
| IN30018310742084 | 28395 | 723223 | Rajendra Prasad Sharma | 4,500.00 |
| IN30018310786300 | 28509 | 703354 | Rajat Mathur | 4,500.00 |
| IN30018310917998 | 28844 | 729881 | Nagabhushana Ayyanahalli Matad | 4,500.00 |
| IN30018311250044 | 29685 | 734796 | MalaGopinathan | 4,500.00 |
| IN30018311300982 | 29805 | 734003 | Naresh Mohan Ramchandani | 4,500.00 |
| IN30018312861872 | 32283 | 718177 | Inderjit Kaur Juneja | 4,500.00 |
| IN30018312914553 | 32331 | 701607 | VikrantGugnani | 4,500.00 |
| IN30023910277098 | 34921 | 737882 | Abu Hashim | 4,500.00 |
| IN30039410758907 | 40275 | 736326 | K Mamata Reddy | 4,500.00 |
| IN30044110169434 | 42171 | 729670 | Anuradha Shankar | 4,500.00 |
| IN30044110895484 | 43496 | 672098 | Gulneet Kaur | 4,500.00 |
| IN30045010381092 | 44873 | 720372 | Padmanabh Raghunath Kulkarni | 4,500.00 |
| IN30045010533032 | 45125 | 673725 | Isha Singh | 4,500.00 |
| IN30048410481114 | 48154 | 682798 | Gayatri Garg | 4,500.00 |
| IN30050510107355 | 49198 | 723317 | Deepak Shantaram Wankhedkar | 4,500.00 |
| IN30051310057461 | 49779 | 700483 | Sudha Jain | 4,500.00 |
| IN30051310163069 | 50087 | 696425 | Asgarali Barodawala | 4,500.00 |
| IN30064410014915 | 53583 | 703045 | Jean Chugh | 4,500.00 |

The details of the genuine shareholders against the old warrant nos. is evident from information provided by G.R Rao vide email dated March 09, 2016. The same information was authenticated on page "5-6 of 8" of Annexure-B to Statement of G.R Rao, dated March 23, 2016 (**Annexure-SR12**).

c. **Dividend paid to Anil Jathan** (As mentioned at Sr. No. 75 of **Annexure-A**)

- SEBI observed from the information/ documents provided by HDFC Bank vide letter dated February 02, 2016 (Annexure-BRHDFC; Page No. - 185) that the Noticee vide its letter dated August 11, 2006 (**Annexure-OD8**) requested the bank HDFC Bank to issue pay order of Rs. 18,000/- in lieu of warrant no. 70846 to shareholder 'Anil C J' from dividend account no. 00602220001063 of Tata Communications. SEBI observed from the letter dated April 25, 2016 (Annexure-BRHDFC; Page No. - 307) that HDFC Bank issued one demand draft No. - 590613 dated August 14, 2006 for Rs. 18,000.00 which was encashed on September 25, 2006 by Anil Jathan in his bank account no. 001810100008368 maintained with Bharat Co-op Bank (**Annexure-BRBCBL; Page No. - 180**). Anil Jathan transferred Rs.18,000 on October 20, 2006 to bank account no. 001810100014802 of Indira maintained with Bharat Co-op Bank (**Annexure-BRBCBL; Page No. - 222**). It is alleged that these payments against the said warrant no. rightfully belonged to one Mr. A Cyril Joseph. This is also evident from information provided by G.R Rao regarding original shareholders to whom dividend payments belonged. (**Annexure-OD40; Page No. - 8 of 87**).

d. **Dividend paid to Mr. Nagesh Karkera**

**Instance 1** (As mentioned at Sr. No. 84 to 101 of **Annexure-A**)

- SEBI observed from the information/documents provided by HDFC Bank vide letter dated February 02, 2016 (**Annexure-BRHDFC; Page No. - 185**) that the Noticee vide its letter signed by Indira dated January 25, 2008 (**Annexure-OD9**) requested the bank HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 81,000/- to shareholder Nagesh K' from

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dividend account no. 00602220001063 of Tata Communications as shown below.

| Name | Warrant No. | Amount in Rs. |
|---|---|---|
| Nagesh K | 5007 | 4,500.00 |
| Nagesh K | 6787 | 4,500.00 |
| Nagesh K | 6834 | 4,500.00 |
| Nagesh K | 7431 | 4,500.00 |
| Nagesh K | 8107 | 4,500.00 |
| Nagesh K | 8465 | 4,500.00 |
| Nagesh K | 8500 | 4,500.00 |
| Nagesh K | 10899 | 4,500.00 |
| Nagesh K | 14996 | 4,500.00 |
| Nagesh K | 15821 | 4,500.00 |
| Nagesh K | 17579 | 4,500.00 |
| Nagesh K | 18249 | 4,500.00 |
| Nagesh K | 18994 | 4,500.00 |
| Nagesh K | 20654 | 4,500.00 |
| Nagesh K | 22021 | 4,500.00 |
| Nagesh K | 22519 | 4,500.00 |
| Nagesh K | 26766 | 4,500.00 |
| Nagesh K | 27243 | 4,500.00 |

- SEBI observed from HDFC Bank letter dated April 25, 2016 (Annexure-BRHDFC; Page No. - 306) that HDFC issued demand draft No 401432 dated January 30, 2008 for Rs. 81,000.00 which was encashed on February 02, 2008 in Bharat Co-op Bank account no. 001810100146954 of Mr. Nagesh (**Annexure-BRBCBL; Page No. - 164**). Pay instrument No. -351854 for Rs. 80,000.00 was issued from the said bank account no. of Mr. Nagesh in favor of Indira. It was confirmed vide email dated October 19, 2016 from Bharat Co-Operative Bank (**Annexure-BRBCBL; Page No. - 292**) that Indira withdrew funds in cash on February 06, 2008 against said instrument from Fort Branch

of Bharat Co-op Bank. It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders:

| Warrant No. | Folio | Name of investor | No. of Shares | Amount of Dividend in Rs. |
|---|---|---|---|---|
| 5007 | 034770 | Dhiren Kantilal Shah | 60 | 4500.00 |
| 6787 | 042052 | V Revathy | 60 | 4500.00 |
| 6834 | 042224 | Mallika Vasudev | 60 | 4500.00 |
| 7431 | 044446 | Ravi Kapoor | 60 | 4500.00 |
| 8107 | 047429 | Bhavna K Thacker | 60 | 4500.00 |
| 8465 | 049425 | Satish Chander Chadha | 60 | 4500.00 |
| 8500 | 049740 | G. Pushpanjali | 60 | 4500.00 |
| 10899 | 011327 | Ashok Kumar | 60 | 4500.00 |
| 14996 | IN30002010450249 | Ajay Krishna Guntupalli | 60 | 4500.00 |
| 15821 | IN30002010961752 | Pushpa Ramesh Shetty | 60 | 4500.00 |
| 17579 | IN30009510252662 | Ajay Rastogi | 60 | 4500.00 |
| 18249 | IN30009510569947 | Sharmila Patni | 60 | 4500.00 |
| 18994 | IN30010010114363 | Savitribai Gordhandas Thakkar | 60 | 4500.00 |
| 20654 | IN30011810125992 | Sanjaya Khanwilkar | 60 | 4500.00 |
| 22021 | IN30012610168064 | Bhargavi Karamcheti | 60 | 4500.00 |
| 22519 | IN30012610323726 | Mohta Securities Private Limited | 60 | 4500.00 |
| 26766 | IN30018310148195 | T Vivekananda Reddy | 60 | 4500.00 |
| 27243 | IN30018310298448 | Suneel Shankar Tingare | 60 | 4500.00 |

The details of the genuine shareholders against the old warrant nos. is also supported from information provided by G.R Rao regarding original shareholders to whom dividend payments belonged (**Annexure-OD40; Page No. - 9-11 of 87**).

**Instance 2** (As mentioned at Sr. No. 815 to 894 of **Annexure-A**)

- SEBI observed from the information/documents provided by HDFC Bank vide letter dated April 25, 2016 (**Annexure - BRHDFC; Page No. - 345**) that the Noticee vide its letter signed by Indira dated March 14, 2008 (**Annexure-**

**OD10**) requested the bank, HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 2,87,325 to shareholder 'Unit Trust of India' from dividend account no. 00602220001063 of Tata Communications. Accordingly, HDFC Bank issued DD no. 535275 dated March 18, 2008. Later, the Noticee vide its letter dated April 19, 2008 (**Annexure-OD11**) requested HDFC Bank to cancel aforementioned demand draft in favour of 'Unit Trust of India' and instead issue it in favour of 'Nagesh Karkera' as shown below.

| Name | Warrant No. | MICR No. | Amount in Rs. |
|---|---|---|---|
| Nagesh K | 11085 | 703484 | 3,000.00 |
| Nagesh K | 11482 | 719985 | 3,000.00 |
| Nagesh K | 21361 | 747108 | 3,000.00 |
| Nagesh K | 26997 | 745730 | 3,000.00 |
| Nagesh K | 29953 | 732345 | 3,000.00 |
| Nagesh K | 32490 | 745739 | 3,000.00 |
| Nagesh K | 32821 | 747348 | 3,000.00 |
| Nagesh K | 84257 | 747441 | 3,000.00 |
| Nagesh K | 86572 | 732194 | 3,000.00 |
| Nagesh K | 86899 | 678186 | 3,000.00 |
| Nagesh K | 84417 | 738776 | 3,300.00 |
| Nagesh K | 18016 | 731764 | 3,375.00 |
| Nagesh K | 26746 | 684374 | 3,375.00 |
| Nagesh K | 27127 | 717947 | 3,375.00 |
| Nagesh K | 27709 | 713374 | 3,375.00 |
| Nagesh K | 27893 | 731600 | 3,375.00 |
| Nagesh K | 28376 | 745731 | 3,375.00 |
| Nagesh K | 28379 | 716594 | 3,375.00 |
| Nagesh K | 29165 | 726067 | 3,375.00 |
| Nagesh K | 29732 | 721084 | 3,375.00 |
| Nagesh K | 36904 | 746777 | 3,375.00 |

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| Name | Warrant No. | MICR No. | Amount in Rs. |
|---|---|---|---|
| Nagesh K | 53465 | 689657 | 3,375.00 |
| Nagesh K | 57797 | 687806 | 3,375.00 |
| Nagesh K | 59538 | 696449 | 3,375.00 |
| Nagesh K | 72609 | 745745 | 3,375.00 |
| Nagesh K | 73160 | 717915 | 3,375.00 |
| Nagesh K | 82922 | 747366 | 3,375.00 |
| Nagesh K | 30456 | 730382 | 3,450.00 |
| Nagesh K | 12173 | 746599 | 3,750.00 |
| Nagesh K | 16030 | 710104 | 3,750.00 |
| Nagesh K | 16173 | 698039 | 3,750.00 |
| Nagesh K | 19655 | 738893 | 3,750.00 |
| Nagesh K | 21990 | 724326 | 3,750.00 |
| Nagesh K | 24611 | 747464 | 3,750.00 |
| Nagesh K | 30262 | 736841 | 3,750.00 |
| Nagesh K | 30652 | 724157 | 3,750.00 |
| Nagesh K | 30725 | 715237 | 3,750.00 |
| Nagesh K | 31167 | 729243 | 3,750.00 |
| Nagesh K | 31936 | 724892 | 3,750.00 |
| Nagesh K | 32831 | 741402 | 3,750.00 |
| Nagesh K | 34781 | 747315 | 3,750.00 |
| Nagesh K | 35135 | 747326 | 3,750.00 |
| Nagesh K | 35168 | 737883 | 3,750.00 |
| Nagesh K | 37142 | 747116 | 3,750.00 |
| Nagesh K | 37208 | 741814 | 3,750.00 |
| Nagesh K | 38949 | 730466 | 3,750.00 |
| Nagesh K | 48407 | 734312 | 3,750.00 |
| Nagesh K | 49439 | 721259 | 3,750.00 |
| Nagesh K | 49460 | 719734 | 3,750.00 |
| Nagesh K | 49962 | 703751 | 3,750.00 |
| Nagesh K | 54313 | 747279 | 3,750.00 |
| Nagesh K | 60709 | 741881 | 3,750.00 |
| Nagesh K | 60947 | 691860 | 3,750.00 |

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| Name | Warrant No. | MICR No. | Amount in Rs. |
|---|---|---|---|
| Nagesh K | 62116 | 682676 | 3,750.00 |
| Nagesh K | 64708 | 674837 | 3,750.00 |
| Nagesh K | 65054 | 745744 | 3,750.00 |
| Nagesh K | 65059 | 747353 | 3,750.00 |
| Nagesh K | 66611 | 683366 | 3,750.00 |
| Nagesh K | 68597 | 727090 | 3,750.00 |
| Nagesh K | 70902 | 721329 | 3,750.00 |
| Nagesh K | 72101 | 671445 | 3,750.00 |
| Nagesh K | 72188 | 678164 | 3,750.00 |
| Nagesh K | 74425 | 733253 | 3,750.00 |
| Nagesh K | 77750 | 681993 | 3,750.00 |
| Nagesh K | 81730 | 745118 | 3,750.00 |
| Nagesh K | 84365 | 719777 | 3,750.00 |
| Nagesh K | 85932 | 723210 | 3,750.00 |
| Nagesh K | 85974 | 709609 | 3,750.00 |
| Nagesh K | 86146 | 725839 | 3,750.00 |
| Nagesh K | 86752 | 682370 | 3,750.00 |
| Nagesh K | 87723 | 689209 | 3,750.00 |
| Nagesh K | 88267 | 740502 | 3,750.00 |
| Nagesh K | 88818 | 730899 | 3,750.00 |
| Nagesh K | 89759 | 731859 | 3,750.00 |
| Nagesh K | 91703 | 678733 | 3,750.00 |
| Nagesh K | 92631 | 703908 | 3,750.00 |
| Nagesh K | 35015 | 738144 | 4,050.00 |
| Nagesh K | 34309 | 703375 | 4,125.00 |
| Nagesh K | 56053 | 712511 | 4,125.00 |
| Nagesh K | 31562 | 730138 | 4,275.00 |

- It was also observed from the letter of HDFC bank dated April 25, 2016 (**Annexure; BRHDFC; Page No. - 304-305**) that HDFC Bank issued demand draft No. - 263748 dated April 21, 2008 for Rs. 2,87,325.00 which was

encashed on April 26, 2008 in Bharat Co-op Bank account no. 001810100146954 of Mr. Nagesh (**Annexure-BRBCBL; Page No. - 164**). Thereafter, 2 cheques no. 351857 and 351858 amounting to Rs. 1,00,000 and Rs. 2,00,000 were issued from the said account of Mr. Nagesh in favour of Indira. Cheque no. 351858 for Rs. 200,000/- was encashed by Indira in her Bharat Co-op Bank account no. 001810100014802 on May 07, 2008 (**Annexure-BRBCBL; Page No. - 220**). As per email dated October 19, 2016 from Bharat Co-Op Bank she withdrew funds in cash against cheque no. 351857 from Fort Branch of Bharat Co-op Bank on May 07, 2008 (**Annexure-BRBCBL; Page No. - 292**). Prashant karkera has accepted vide statement dated Sep 27, 2016 (**Annexure-SR1**) that he and Indira were operating this account of Nagesh Karkera. It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders:

| Warrant No. | Folio | Name of investor | Amount of Dividend in Rs. |
|---|---|---|---|
| 11085 | 012076 | Deepak Gupta | 3,000.00 |
| 11482 | 013845 | Mangleshwar Nath Verma | 3,000.00 |
| 21361 | IN30012610021694 | PDC Securities Private Limited | 3,000.00 |
| 26997 | IN30018310212912 | G Hari Krishnan | 3,000.00 |
| 29953 | IN30018311361135 | Thomas John Sebastian | 3,000.00 |
| 32490 | IN30018313076532 | Joseph Charleston Dsouza | 3,000.00 |
| 32821 | IN30018313340815 | AbdulQadir | 3,000.00 |
| 84257 | IN30153230015769 | George David | 3,000.00 |
| 86572 | IN30154916351197 | Anup Pai | 3,000.00 |
| 86899 | IN30155710494209 | Mahipal Sirohi | 3,000.00 |
| 84417 | IN30154914066418 | Nazeem Latheef | 3,300.00 |
| 18016 | IN30009510459166 | K Padmanabha Rao | 3,375.00 |
| 26746 | IN30018310142598 | Shino P Chacko | 3,375.00 |
| 27127 | IN30018310258396 | Vijay Kumar Bhutra | 3,375.00 |
| 27709 | IN30018310460071 | Pravin Roshanlal Agarwal | 3,375.00 |
| 27893 | IN30018310527173 | Kavitha Vemula | 3,375.00 |
| 28376 | IN30018310732983 | Ajay Kumar Ganatra | 3,375.00 |

| Warrant No. | Folio | Name of investor | Amount of Dividend in Rs. |
|---|---|---|---|
| 28379 | IN30018310734165 | Arti Rungta | 3,375.00 |
| 29165 | IN30018311025155 | Prakash Malani | 3,375.00 |
| 29732 | IN30018311272003 | Sandeep Vasant Shouche | 3,375.00 |
| 36904 | IN30028010270589 | Growever Investment Pvt Ltd | 3,375.00 |
| 53465 | IN30063610039790 | Rafik Ahmed Umarbhai Chokshi | 3,375.00 |
| 57797 | IN30075711094944 | Pinki Kumari | 3,375.00 |
| 59538 | IN30082910136590 | Deshpande Ulhas Krishnaji | 3,375.00 |
| 72609 | IN30112715604227 | Chamakalayil Kuruvilla George | 3,375.00 |
| 73160 | IN30112715829979 | Ashok Chandrabhan Balpande | 3,375.00 |
| 82922 | IN30133017835967 | Everesto Lourenco Fernandes | 3,375.00 |
| 30456 | IN30018311589315 | K Surya Narayana Raju | 3,450.00 |
| 12173 | IN30001110147029 | Forward Financial Services Limited | 3,750.00 |
| 16030 | IN30004610013555 | Sanjay Bhatia | 3,750.00 |
| 16173 | IN30004610054049 | HomaiRajendra Dalal | 3,750.00 |
| 19655 | IN30010010815823 | Asha Debi Bajaj | 3,750.00 |
| 21990 | IN30012610159851 | Amber Chaurasia | 3,750.00 |
| 24611 | IN30014210102677 | SohansInternationalLimited | 3,750.00 |
| 30262 | IN30018311487405 | S Kumar | 3,750.00 |
| 30652 | IN30018311696834 | Azhar Perwaiz Khan | 3,750.00 |
| 30725 | IN30018311726632 | Chandrashekhar Shreechandra Sukhlani | 3,750.00 |
| 31167 | IN30018312036518 | Pramod Viswanath Holenarsipur | 3,750.00 |
| 31936 | IN30018312581865 | Niranjana Gupta | 3,750.00 |
| 32831 | IN30018313347407 | Pankaj Kumar Khetan | 3,750.00 |
| 34781 | IN30023910149448 | David John | 3,750.00 |
| 35135 | IN30023910462493 | Melwyn S R D Souza Dr | 3,750.00 |
| 35168 | IN30023910484545 | Abdul Khader C K | 3,750.00 |
| 37142 | IN30032710009001 | Jaycee Securities Pvt Ltd. | 3,750.00 |
| 37208 | IN30032710023715 | RabIndira Nath Mazumder | 3,750.00 |
| 38949 | IN30037810100320 | Sandhya Nair | 3,750.00 |
| 48407 | IN30048410630876 | Harjinder Singh | 3,750.00 |
| 49439 | IN30050510265313 | Vyankatesh Kulkarni | 3,750.00 |
| 49460 | IN30050510281992 | Sujata Moghe | 3,750.00 |
| 49962 | IN30051310109125 | Vinay Gupta | 3,750.00 |
| 54313 | IN30068510347146 | Intel Fibre And Jute P Ltd | 3,750.00 |
| 60709 | IN30083760017528 | Deb Kumar Basu | 3,750.00 |

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| Warrant No. | Folio | Name of investor | Amount of Dividend in Rs. |
|---|---|---|---|
| 60947 | IN30084510060980 | Girishkumar Narang | 3,750.00 |
| 62116 | IN30088813026051 | Yogendra Pal | 3,750.00 |
| 64708 | IN30088814520503 | Vishwanath Aggarwal | 3,750.00 |
| 65054 | IN30088814795737 | Dilip Kumar Desai | 3,750.00 |
| 65059 | IN30088814800190 | Anil Anant Pakale | 3,750.00 |
| 66611 | IN30096610029424 | Satish Kumar | 3,750.00 |
| 68597 | IN30102220385018 | Muralidhar L V N | 3,750.00 |
| 70902 | IN30109810008488 | Vinaykumar Bhikulal Kabra | 3,750.00 |
| 72101 | IN30112715320769 | Bhagwat Sahai Saxena | 3,750.00 |
| 72188 | IN30112715373529 | Subbappayya Vadya | 3,750.00 |
| 74425 | IN30113526285150 | Mohan Durgappa Metri | 3,750.00 |
| 77750 | IN30118620031427 | Amit Chadha | 3,750.00 |
| 81730 | IN30133017119387 | Pratima Verma | 3,750.00 |
| 84365 | IN30154914034826 | Ravi Kumar Peddibhotla | 3,750.00 |
| 85932 | IN30154915343122 | Vivek Sharad Adavatkar | 3,750.00 |
| 85974 | IN30154915388722 | Bhavini S Parikh | 3,750.00 |
| 86146 | IN30154915677595 | Velpucharla Triveni Bharathi | 3,750.00 |
| 86752 | IN30155710036762 | Noor Ahmad | 3,750.00 |
| 87723 | IN30164510014484 | Patel Narendra Gandalal | 3,750.00 |
| 88267 | IN30179910018144 | Krishn Kant Barasia | 3,750.00 |
| 88818 | IN30192610562754 | Sanjay Choudhary | 3,750.00 |
| 89759 | IN30214810033923 | N Venkatesh | 3,750.00 |
| 91703 | 1201170000005131 | Hishamuddin Abdul Latif Mukadam | 3,750.00 |
| 92631 | 1301540000033164 | Liaquatali Noorali Ladak | 3,750.00 |
| 35015 | IN30023910360145 | Sukumaran Kanjiraparampil Raman | 4,050.00 |
| 34309 | IN30021410180651 | Hema Srinivas | 4,125.00 |
| 56053 | IN30075710331838 | Kumari Namrata Shahani | 4,125.00 |
| 31562 | IN30018312278964 | Shashank Shekhar Agrawal | 4,275.00 |




The above (viz. the details of genuine shareholders against the old warrant nos.) is also supported from information provided by G.R Rao vide email dated March 09, 2016. The same information was authenticated on page "1-5 of 8"

of Annexure-B to Statement of G.R Rao dated March 23, 2016 (**Annexure-SR12**).

**Instance 3** (As mentioned at Sr. No. 899 to 908 of **Annexure-A**)

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee vide its letter dated April 23, 2009 (**Annexure-OD12**) requested the bank, Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 1,13,385/- to shareholder 'K Nagesh' from different dividend accounts of Kansai Nerolac Paints as shown below.

| Name | Bank Account No | Warrant No. | MICR No. | Amount in Rs. |
|---|---|---|---|---|
| K Nagesh | 22205307945 | 6720 | 386071 | 10,821.50 |
| K Nagesh | 22205321522 | 6878 | 906139 | 7,998.50 |
| K Nagesh | 22205325110 | 7532 | 938291 | 10,821.50 |
| K Nagesh | 22205350999 | 7118 | 1178 | 10,821.50 |
| K Nagesh | 22205377951 | 8657 | 100971 | 11,292.00 |
| K Nagesh | 22205307945 | 6282 | 965585 | 19,159.00 |
| K Nagesh | 22205321522 | 6487 | 66019 | 9,911.00 |
| K Nagesh | 22205325110 | 7152 | 196044 | 12,834.00 |
| K Nagesh | 22205350999 | 6764 | 2857 | 10,534.00 |
| K Nagesh | 22205377951 | 8337 | 3228 | 9,192.00 |

- SEBI observed from the letter dated July 15, 2016 (Annexure-BRSTNC; Page No. - 131) of Standard Chartered Bank that they issued demand draft No. - 281737 dated April 28, 2009 for Rs. 1,13,385.00 in favour of Nagesh Karkera against the said request of the Noticee. This demand draft for Rs. 1,13,385/- was encashed on May 04, 2009 in Bharat Co-op Bank account no. 001810100146954 of Mr. Nagesh (**Annexure-BRBCBL; Page No. - 164**). Further, cheque no. 351878 for Rs. 1,30,000 was issued from the said account of Nagesh Karkera in favour of Indira. She encashed cheque issued from the bank account of Nagesh in her Bharat Co-op Bank account no. 001810100014802 on June 30, 2009 (**Annexure-BRBCBL; Page No. - 218**).

Prashant Karkera has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and Indira were operating this account of Nagesh Karkera. It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders:

| Warrant No. | Folio | Name of investor | Amount of Dividend in Rs. |
|---|---|---|---|
| 6720 | P0000260 | Pananghat AnthonyPaul | 10,821.50 |
| 6878 | P0000260 | Pananghat AnthonyPaul | 7,998.50 |
| 7532 | P0000260 | Pananghat AnthonyPaul | 10,821.50 |
| 7118 | P0000260 | Pananghat AnthonyPaul | 10,821.50 |
| 8657 | P0000260 | Pananghat AnthonyPaul | 11,292.00 |
| 6282 | L0000042 | Life Insurance Corp Of India | 19,159.00 |
| 6487 | L0000042 | Life Insurance Corp Of India | 9,911.00 |
| 7152 | L0000042 | Life Insurance Corp Of India | 12,834.00 |
| 6764 | L0000042 | Life Insurance Corp Of India | 10,534.00 |
| 8337 | L0000042 | Life Insurance Corp Of India | 9,192.00 |

The above (viz. details of genuine shareholders against the old warrant nos.) is supported from information provided by the Noticee vide email dated May17, 2016 (**Annexure-SSR3**).

**e. Dividend paid to Satyam Brush Industries**

**Dividend pertaining to Tata Communications**

i. It is alleged that on a number of occasions, the Noticee instructed the banks to credit dividend payments of Tata Communications Ltd. to one Satyam Brush Industries ("Satyam Brush") even though Satyam Brush was not a shareholder of Tata Communications (Satyam Brush does not appear as shareholder in any of the Annual Returns data submitted by Tata Communications to RoC from year 2005 to 2015). the Noticee vide its letter dated December 02, 2015 (Annexure to statement of G.R Rao dated December 04, 2015 placed at **Annexure-SR10**) submitted that this matter pertains to "Tata Communications" and involves dividend account no. 000405006601 held with ICICI Bank. the

Noticee vide its letter dated December 02, 2015 further confirmed that DDs were issued in June 2008 in the name of respective shareholders and maintained in custody of the Noticee as the amount was due for transfer to IEPF. Thereafter, the DDs issued in favour of respective shareholders were cancelled and issued in favour of Satyam Brush for "centralized processing". Further, DDs were issued to Satyam Brush to the tune of Rs.13,66,379/-.

ii. G.R Rao, vide his statement dated December 04, 2015 (**Annexure-SR10**), inter alia, submitted the following:

- All dividend related functions are handled by dividend department attached to respective client manager who reports to Managing Director. In case of Tata Communications, Indira was client manager as per information submitted by G.R Rao vide his letter dated December 07, 2015.
- The transfer to Satyam Brush was permitted by him as Satyam Brush was known to them, so they used their account for temporary period
- DDs from the account of Satyam Brush was dispatched by the Noticee.
- the Noticee did not have the authority to operate the account of Satyam Brush but it was operated by Prashant Karkera
- The matter was not informed to Tata Communications
- There is no other amount transfer to Satyam Brush except Rs. 13,66,379/-.
- There is no other transfer of dividend to third party except one another case of Radha/Rajiv Manucha

iii. However, G.R Rao **failed to support his submissions with relevant documents** such as the details of DDs first issued in the name of individual shareholders, details of cancellation and issue of DDs in the name of Satyam Brush, details of bank account where such amount was deposited by Satyam

Brush, Details of DDs issued to individual shareholders from the bank account of Satyam Brush, details of dispatch etc. G.R Rao could not provide any of the above details till date even though he undertook to provide the said details within one week from the date of his submissions before Investigation Authority(hereinafter refered as 'IA') on December 04, 2015 (**Annexure-SR10**).

iv. The proprietor of Satyam Brush, Prashant karkera was also asked to provide information regarding Satyam Brush and provide evidence in support of the Noticee 's assertion that the amount temporarily diverted to Satyam Brush was finally given to the rightful shareholders However, Prashant Karkera did not provide any information in spite of repeated summons dated December 08, 2015 and January 04, 2016 in this regard (as mentioned in "Non compliance with summons" table). However, later, Prashant Karkera appeared for statement before IA on September 27, 2016(**Annexure-SR1**) and was asked to provide

- The bank account number and bank branch where the DDs/instruments issued to Satyam Brush Industries were encashed. Provide the copy of bank account statement highlighting the credit entries for the encashment of said DDs.
- The details of the DDs/instruments issued in the name of individual shareholders of Tata Communications from his/Satyam Brush Industries's bank account. Details shall comprise DD/Instrument no, Amount, Date, name in which DD/instrument was issued. Also provide the copies of the said DDs.
- The copy of his bank account statement for the relevant period from which the aforesaid DDs/instruments were issued in the name of individual

shareholders also highlights the entries indicating the debit for the said DDs in the bank account statement.

- Also the bank account number and bank branch of his bank account from where the said DDs/instrument were issued in the name of individual shareholders.

But he could not explain or provide any detail of the said transactions. The Prashant Karkera also stated that the transactions were undertaken under instruction of Indira and only she can explain the same.

v. SEBI observed that it does not appeal to reason as to why would an RTA first make DDs in the name of Shareholders, cancel those DDs, again re-issue the DDs in the name of a third party over which the RTA had no control and again issue DDs from third party account in the name of shareholders and then again dispatch the same to the rightful shareholders.

vi. It is alleged that these circuitous transfers were clearly made to blur the audit trail as no details/record of DD issued against DDs are maintained in the systems of the Noticee. Further, it is also alleged that the amount was not kept with Satyam Brush for "central management" but was actually siphoned off by the Noticee. The same is corroborated by the fact that no demand drafts were issued from the bank accounts of Satyam Brush in favour of original shareholders and no such transactions appeared in any of the available bank accounts of Satyam Brush Industries nor Prashant Karkera or Indira or the Noticee could provide any such details.

**Instance 1**(As mentioned at Sr. No. 102 to 115 of **Annexure-A**)

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee vide its letter dated November 19, 2010 (**Annexure-**

**OD13**) requested the bank Standard Chartered Bank to issue demand drafts against old warrant nos. for total amount Rs. 1,28,325/- to shareholder 'Satyam Brush Industries' from dividend account no. 22205285585 of Kansai Nerolac Paints Ltd. as shown below:

| Name | Warrant No. | MICR No. | Amount |
|---|---|---|---|
| Satyam Brush Industries | 623 | 930430 | 23,750.00 |
| Satyam Brush Industries | 7146 | 930512 | 16,900.00 |
| Satyam Brush Industries | 4756 | 930377 | 12,500.00 |
| Satyam Brush Industries | 7832 | 997036 | 9,562.50 |
| Satyam Brush Industries | 1268 | 928446 | 9,375.00 |
| Satyam Brush Industries | 884 | 930328 | 7,862.50 |
| Satyam Brush Industries | 7275 | 997618 | 7,062.50 |
| Satyam Brush Industries | 759 | 997031 | 6,750.00 |
| Satyam Brush Industries | 3500 | 996038 | 6,562.50 |
| Satyam Brush Industries | 927 | 927856 | 6,262.50 |
| Satyam Brush Industries | 2931 | 929563 | 6,250.00 |
| Satyam Brush Industries | 8582 | 927642 | 5,312.50 |
| Satyam Brush Industries | 8332 | 929935 | 5,087.50 |
| Satyam Brush Industries | 8330 | 996064 | 5,087.50 |

- SEBI observed from the said letter of Standard Chartered Bank that the above request of the Noticee was w.r.t. the credit of Rs. 1,28,325/- vide demand draft No. – 457105 dated November 22, 2010. This letter of Standard Chartered was submitted in response to SEBI summons dated January 27, 2016 (Annexure-BRSTNC; Page No. - 117). The said instrument for Rs. 1,28,325/- was encashed on November 25, 2010 by Satyam Brush Industries in its Bharat Co-op Bank account no. 001812100026498 (**Annexure-BRBCBL; Page No. - 265**). It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders.

| Warrant No. | Folio | Name of investor | No. of Shares | Amount of Dividend |
|---|---|---|---|---|
| 623 | A0000671 | Aloo Framroze Dubash | 1900 | 23750.00 |
| 7146 | N0000495 | Natwarlal s. Bhanatia | 1352 | 16900.00 |

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| Warrant No. | Folio | Name of investor | No. of Shares | Amount of Dividend |
|---|---|---|---|---|
| 4756 | IN30098210008084 | Jasubhai Pritamlal Shah | 1000 | 12500.00 |
| 7832 | S0000989 | Shakuntaladevi Basappa Ekunde | 765 | 9562.50 |
| 1268 | I0000011 | Ivan Clarence Menezes | 750 | 9375.00 |
| 884 | C0000192 | Chhaya Vivek Mhatre | 629 | 7862.50 |
| 7275 | P0000260 | Pananghat Anthony Paul | 565 | 7062.50 |
| 759 | B0000118 | Basappa Mallappa Ekunde | 540 | 6750.00 |
| 3500 | IN30047640335912 | Rita Sapru | 525 | 6562.50 |
| 927 | D0000073 | Dossabhoy Kaikhushru Shroff | 501 | 6262.50 |
| 2931 | IN30028010316512 | Rohini Anand Bhide | 500 | 6250.00 |
| 8582 | V0000416 | Vinita Jain | 425 | 5312.50 |
| 8332 | SR000117 | R Srinivasan | 407 | 5087.50 |
| 8330 | SR000112 | Raj Kumar Saini | 407 | 5087.50 |

The above allegations (viz. details of genuine shareholders against the old warrant nos.) are also supported from the information provided by G.R Rao regarding original shareholders to whom dividend payments belonged (Annexure-OD40; Page No 11-12 of 87).

**Instance 2** (As mentioned at Sr. No. 952 to 964 of **Annexure-A**)

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee vide its letter signed by Indira dated Nov 30, 2010 (**Annexure-OD14**) requested the bank Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 1,85,426/- to shareholder 'Satyam Brush Industries' from dividend account no. 22205350999 of Kansai Nerolac Paints Ltd. as shown below:

| Name | Warrant No. | MICR No. | Amount |
|---|---|---|---|
| Satyam Brush Industries | 6947 | 2688 | 28462.50 |
| Satyam Brush Industries | 7400 | 2818 | 27600.00 |
| Satyam Brush Industries | 4368 | 2674 | 15467.50 |

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| Name | Warrant No. | MICR No. | Amount |
|---|---|---|---|
| Satyam Brush Industries | 7509 | 11150 | 14662.50 |
| Satyam Brush Industries | 1294 | 2719 | 14375.00 |
| Satyam Brush Industries | 7674 | 2858 | 13604.50 |
| Satyam Brush Industries | 7927 | 2689 | 13225.00 |
| Satyam Brush Industries | 7021 | 2744 | 10384.50 |
| Satyam Brush Industries | 943 | 11147 | 10350.00 |
| Satyam Brush Industries | 7094 | 2726 | 10350.00 |
| Satyam Brush Industries | 1065 | 2351 | 9602.50 |
| Satyam Brush Industries | 6762 | 11094 | 9200.00 |
| Satyam Brush Industries | 8028 | 2320 | 8142.00 |

- SEBI observed from the said letter of Standard Chartered Bank that the above mentioned request of the Noticee was w.r.t. credit of Rs. 1,85,426/- vide demand Draft No. - 487309 dated December 01, 2010 in the bank account of Satyam Brush. This information was in response to SEBI summons dated January 27, 2016 (**Annexure-BRSTNC; Page no. - 117**). SEBI observed from Bharat Co-Op Bank vide email dated January 07, 2016 (**Annexure-BRBCBL; Page No. - 368**), the said demand draft was encashed by Satyam Brush Industries in its Bharat Co-op Bank account no. 001812100026498 on December 04, 2010. It is alleged that these payments against the said warrant nos. rightfully belonged to following shareholders.

| Warrant No. | Folio | Name of investor | Amount of Dividend in Rs. |
|---|---|---|---|
| 6947 | M0001504 | Mukund Rao Narsingrao Tekhalli | 28462.50 |
| 7400 | S0000014 | Satya Charan Guin | 27600.00 |
| 4368 | IN300888 13174319 | Sarosh Kaikhushru Wadia | 15467.50 |
| 7509 | S0000989 | Shakuntaladevi Basappa Ekunde | 14662.50 |
| 1294 | I0000011 | Ivan Clarence Menezes. | 14375.00 |
| 7674 | S0001970 | Stock Holding Corporation Of India Ltd. | 13604.50 |

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| Warrant No. | Folio | Name of investor | Amount of Dividend in Rs. |
|---|---|---|---|
| 7927 | T0000142 | Tekhalli Narsingrao Mukundrao | 13225.00 |
| 7021 | N0000495 | Natwarlal S. Bhanatia | 10384.50 |
| 943 | B0000118 | Basappa Mallappa Ekunde | 10350.00 |
| 7094 | P0000061 | Pushpadevi Sudhakar Pathak | 10350.00 |
| 1065 | D0000073 | Dossabhoy Kaikhushru Shroff | 9602.50 |
| 6762 | L0000006 | Lakshmipathi Satyavolu | 9200.00 |
| 8028 | V0000416 | Vinita Jain | 8142.00 |

The above details (viz. details of genuine shareholders against the old warrant nos.) are supported from information provided by G.R Rao vide email dated Mar 09, 2016. The same information was authenticated on page "6-7 of 8" of Annexure-B to statement dated Mar 23, 2016 of G.R Rao (**Annexure-SR12**).

**Instance 3**(As mentioned at Sr. No. 965 to 978 of **Annexure-A**)

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No 268**) that the Noticee vide its letter dated Nov 29, 2010 (**Annexure-OD15**) requested the bank Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 2,18,753/- to shareholder 'Satyam Brush Industries' from dividend account no. 22205307945 of Kansai Nerolac Paints Ltd. as shown below:

| Name | Warrant No. | MICR No. | Amount |
|---|---|---|---|
| Satyam Brush Industries | 6325 | 387197 | 38329.5 |
| Satyam Brush Industries | 6112 | 965583 | 29279 |
| Satyam Brush Industries | 4277 | 965348 | 15467.5 |
| Satyam Brush Industries | 7417 | 965586 | 15329.5 |
| Satyam Brush Industries | 4502 | 387212 | 14950 |
| Satyam Brush Industries | 7209 | 387239 | 14662.5 |
| Satyam Brush Industries | 1218 | 965420 | 14375 |
| Satyam Brush Industries | 6305 | 387266 | 12765 |
| Satyam Brush Industries | 2110 | 387200 | 11500 |
| Satyam Brush Industries | 3767 | 387205 | 11500 |
| Satyam Brush Industries | 775 | 387236 | 10350 |

| | | | |
|---|---|---|---|
| Satyam Brush Industries | 983 | 387265 | 10120 |
| Satyam Brush Industries | 3219 | 387201 | 10062 |
| Satyam Brush Industries | 6916 | 387268 | 10062 |

- SEBI also observed from the said letter of Standard Chartered Bank that the said request of the Noticee was w.r.t. credit of Rs. 2,18,753/- vide demand draft No. - 484467 dated Nov 30, 2010 in the bank account of Satyam Brush. This information was in response to SEBI summons dated January 27, 2016 (**Annexure-BRSTNC; Page no. - 117**). As per the information received from Bharat Co-Op Bank vide email dated January 07, 2016 (**Annexure-BRBCBL; Page No. - 368**), the said demand draft was encashed by Satyam Brush Industries in its Bharat Co-op Bank account no. 001812100026498 on December 04, 2010. It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders.

| Warrant No. | Folio | Name of investor | Amount of Dividend in Rs. |
|---|---|---|---|
| 6325 | M0000123 | Madhu Trehan | 38329.50 |
| 6112 | J0000405 | Jeroo K. Mehta | 29279.00 |
| 4277 | IN30088813174319 | Sarosh Kaikhushru Wadia | 15467.50 |
| 7417 | S0001970 | Stock Holding Corporation Of India Ltd. | 15329.50 |
| 4502 | IN30103924107144 | Jaideep Agrawal | 14950.00 |
| 7209 | S0000989 | Shakuntaladevi Basappa Ekunde | 14662.50 |
| 1218 | I0000011 | Ivan Clarence Menezes | 14375.00 |
| 6305 | L0000192 | Lijo Panghat | 12765.00 |
| 2110 | IN30014210342343 | Surojit Basak | 11500.00 |
| 3767 | IN30072410005813 | Abha Sardana | 11500.00 |
| 775 | B0000118 | Basappa Mallappa Ekunde | 10350.00 |
| 983 | D0000499 | Deepli Panghat | 10120.00 |
| 3219 | IN30047640335912 | Rita Sapru | 10062.00 |
| 6916 | R0000313 | Rosy Paul Pananghat | 10062.00 |

The above details (viz. details of genuine shareholders against the old warrant nos.) are supported from information provided by The G.R Rao vide email dated

March 09, 2016. The same information was authenticated on page "7-8 of 8" of Annexure-B to G.R Rao statement dated March 23, 2016 (**Annexure-SR12**).

**f. Dividend paid to Mr. Raju Landge**

**Instance 1** (As mentioned at Sr. No. 938 to 945 of **Annexure-A**)

- SEBI observed from information/documents provided by HDFC Bank vide letter dated Apr 25, 2016 (**Annexure - BRHDFC; Page No. 345**) that the Noticee vide its letter signed by Indira dated February 14, 2008 (**Annexure-OD2**) requested the bank HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 1,02,525/- to "shareholder" 'Landge Raju' from dividend account no. 00602220001063 of **Tata Communications Ltd.** as shown below.

| Name | Warrant No. | Amount |
|---|---|---|
| LandgeRaju | 34717 | 14,400.00 |
| LandgeRaju | 9779 | 15,000.00 |
| LandgeRaju | 9857 | 15,000.00 |
| LandgeRaju | 93515 | 11,250.00 |
| LandgeRaju | 94251 | 11,250.00 |
| LandgeRaju | 34876 | 12,000.00 |
| LandgeRaju | 72849 | 12,375.00 |
| LandgeRaju | 82486 | 11,250.00 |

- It was also observed from HDFC email dated January 01, 2016 (**Annexure-BRHDFC; Page No. - 206-209**) that HDFC Bank has issued one demand draft number 781993 of Rs.1,02,525/- on February 15, 2008. It was further, observed from the Bharat Co-operative Bank email dated December 31, 2015 (**Annexure-BRBCBL; Page No. - 335-342**) that the said demand draft was encashed by Mr. Raju Landge in his Bharat Co-op Bank account no. 001810100075247 (**Annexure-BRBCBL; Page No. 185**) on February 18, 2008. Further, cheque nos. 320099 and 320100 bearing amount Rs. 75000/- and Rs. 27000/- respectively were issued from the said bank account of Raju Landge in favour of Indira. Ms. Karkera encashed cheque no. 320100 in Bharat

Co-op Bank account no. 001810100014802(**Annexure-BRBCBL Page No. 220**) on February 26, 2008. Further, she withdrew funds in cash against cheque no. 320099 from Fort Branch of Bharat Co-op Bank on February 26, 2008 as per the information provided by Bharat Co-Operative Bank vide email dated October 19, 2016 (**Annexure-BRBCBL; Page No. -292**). It is alleged that these payments against the said old warrant nos. rightfully belonged to the following shareholders.

| Folio No. | Warrant No. | MICR No. | Name of Investor | Amt of Dividend |
|---|---|---|---|---|
| IN30023910099799 | 34717 | 737893 | Sameesh Shamsudheen | 14,400.00 |
| 001827 | 9779 | 716471 | Narender Gaur | 15,000.00 |
| 001940 | 9857 | 698539 | Devendra Kumar Nimal | 15,000.00 |
| 049588 | 93515 | 745747 | Krishnakumar B Taori | 11,250.00 |
| IN30014210045968 | 94251 | 700373 | Amar Bathija | 11,250.00 |
| IN30023910229932 | 34876 | 747318 | VitusJosephFernandes | 12,000.00 |
| IN30112715728387 | 72849 | 696211 | Mayur Singhi | 12,375.00 |
| IN30133017582953 | 82486 | 675189 | Bela Juneja | 11,250.00 |

The above details (viz. genuine shareholders against the old warrant nos.) are also supported by information provided by G.R Rao vide email dated March 09, 2016. The same information was authenticated on page no "6 of 8" of **Annexure-B** to the G.R Rao statement dated March 23, 2016 ( **Annexure-SR12**). On the basis of documents submitted by G.R Rao (**Annexure OD40**), it is alleged that Raju Landge was not even a shareholder of Tata Communications Ltd.

**Instance 2** (As mentioned at Sr. No. 937 of **Annexure-A**)

- SEBI observed from the information/documents provide by HDFC Bank vide letter dated February 02, 2016 (**Annexure-BRHDFC; Page No. - 185**) that the Noticee vide its letter dated July 30, 2007(**Annexure-OD3**) requested the HDFC Bank to issue cheque of Rs. 99,200/- to shareholder 'Raju S Landge' from dividend account no. 0602220003501 of Navin Fluorine International Ltd. It was also observed from the HDFC Bank letter dated April 25, 2016

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(**Annexure-BRHDFC; Page 345**) that the said request pertained to original warrant no. 93064 (as is visible on **Page No. - 307 of Annexure-BRHDFC**).

Further, cheque no. - 705565 dated August 01, 2007 for Rs.99,200/- was issued against the said old warrant number (as is visible on Page No. - 307 of Annexure-BRHDFC). It was further observed from the Bharat Co-operative Bank email dated December 31, 2015 (**Annexure-BRBCBL; Page No. - 335-342**) that the said demand draft was encashed by Mr. Raju Landge in his Bharat Co-op Bank account no. 001810100075247(**Annexure-BRBCBL Page No. 185**) on August 07, 2007. Further, cheque nos. 288899 and 288900 bearing amount Rs. 25000/- and Rs. 76000/- respectively were issued from the said account of Raju Landge in favour of Indira. Indira Karkera encashed cheque no. 288900 in Bharat Co-op Bank account no. 001810100014802 (**Annexure-BRBCBL; Page No.-220**) on August 11, 2007. Further, she withdrew funds in cash against cheque no. 288899 from Bhandup Village Road Branch of Bharat Co-op Bank on August 11, 2007 as per the information provided by Bharat Co-Operative Bank vide email dated October 19, 2016 (**Annexure-BRBCBL; Page No. - 292**). It is alleged that this payment against original warrant no. 93064 rightfully belonged to one Mr. Mahesh K Shah. The above is corroborated by information provided by G.R Rao vide email dated Mar 09, 2016. The same information was authenticated on page no "6 of 8" of Annexure-B to the G.R Rao's statement dated March 23, 2016 (**Annexure-SR12**).

**Instance 3** (As mentioned at Sr. No. 30 to 35 of **Annexure-A**)

- SEBI observed from the information/documents provide by Standard Chartered Bank letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee vide its letter dated November 06, 2008 (**Annexure-OD1**) requested the bank Standard Chartered Bank to issue demand drafts of Rs.

7,38,125/- against old MICR nos. to shareholder 'L Raju' from 6 different dividend accounts of Kansai Nerolac Paints Ltd. as shown below.

| Name | Bank Account No | MICR No. | Amount in Rs. |
|---|---|---|---|
| L Raju | 22205285585 | 930361 | 88,575.00 |
| L Raju | 22205307945 | 965815 | 135,815.00 |
| L Raju | 22205321522 | 68806 | 100,385.00 |
| L Raju | 22205325110 | 196015 | 135,815.00 |
| L Raju | 22205350999 | 2605 | 135,815.00 |
| L Raju | 22205377951 | 1 | 141,720.00 |

SEBI observed from the email of Standard Chartered Bank dated January 18, 2016 (Annexure BRSTNC Page No. 124-127) that 2 separate demand drafts of Rs. 5,96,405/- dated November 11, 2008 and Rs. 1,41,720/- dated December 23, 2008 were issued. SEBI observed from the Bharat Cooperative Bank e-mail dated December31, 2015 (Annexure BRBCBL; Page No. 335-342) that these demand drafts were encashed by Mr. Raju Landge in his Bharat Co-op Bank account no. 001810100075247 **(Annexure-BRBCBL; Page No. -185)** on November 15, 2008 and December 29, 2008, respectively. Prashant Karkera has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and Indira were operating this account of Raju Landge. Shri Landge vide his letter dated October 1, 2016(**Annexure-LIR3**) has also corroborated Shri Karkera's aforesaid statement. It was further observed that total Rs. 94,000 in cash on various occasions were withdrawn from the said account of Raju Landge and cheque no. 482829 amounting to Rs. 5,00,000 was issued to Indira from the said account (Annexure-BRBCBL Page No.185). Indira encashed the cheque in Bharat Co-op Bank account no. 001810100014802 (**Annexure-BRBCBL Page No. 219**) on December 12, 2008. It is alleged that these payments rightfully belonged to one Mr. Amrit Lal holding folio no. A0000079 (Screen Print of dividend issue issued in the folio is placed at **Annexure-OD108**). SEBI also observed from the system that

payments were made to Mr. Amrit Lal which is alleged to be incorrect as evident from above actual payment details. SEBI observation that dividends against listed original MICR nos., belonged to Amrit Lal is also strengthened from the information provided by G.R Rao regarding original shareholders to whom dividend payments belonged **(Annexure-OD40; Page no 4 of 87)**. With respect to a payment of Rs. 135,815.00 made from account no. 22205307945 which is not available in Annexure-OD40, however it is confirmed by new RTA (TSR Darashaw) of Kansai Nerolac (**Annexure-OD111**), that a payment of Rs. 135,815.00 pertaining to Amrit Lal was indeed made from account no. 22205307945. In this regard it was also alleged that Raju Landge was not even a shareholder of Kansai Nerolac Paints Ltd.

II. **Instruction by the Noticee to the companies to release dividend payments in favour of persons who are not rightful shareholders** (instances explained are part of **Annexure - B)**

Few instances illustrating the modus operandi adopted by the Noticee are discussed as under:

a. **Dividend paid to Mr. Raju Landge** (As mentioned at Sr. No. 1 to 14 of **Annexure-B**)

- SEBI observed from email of Asian Paints dated December 11, 2015 (**Annexure-CRAP1**) that the Noticee requested Asian Paints vide email dated Jan 21, 2012 (**Annexure-OD16**) to issue instructions to HDFC Bank, HSBC Bank and Standard Chartered Bank to issue demand drafts from dividend bank accounts of Asian Paints Limited in favour of one 'Raju SL' as given below. In view of the foregoing it is alleged that the Noticee tried to mislead company by stating that these cases pertain to name deletion case.

| Dividend Bank Account No. | Dividend Bank Account Held with | Folio | Warrant No. | MICR No. | Amount |
|---|---|---|---|---|---|
| 602220006853 | HDFC Bank | 60245 | 4850 | 13630 | 62,160.00 |
| 602220007360 | HDFC Bank | 60245 | 4675 | 15232 | 28,560.00 |
| 602220007699 | HDFC Bank | 60245 | 4467 | 12674 | 78,960.00 |
| 602220008285 | HDFC Bank | 60245 | 4285 | 13711 | 31,920.00 |
| **Total** | | | | | **201,600.00** |
| 22205350115 | Standard Chartered Bank | 60245 | 6161 | 17331 | 37,440.00 |
| 22205350220 | Standard Chartered Bank | 60245 | 6039 | 17130 | 5,760.00 |
| 22205358477 | Standard Chartered Bank | 60245 | 5879 | 16229 | 37,440.00 |
| 22205377900 | Standard Chartered Bank | 60245 | 5558 | 15330 | 35,280.00 |
| 22205387078 | Standard Chartered Bank | 60245 | 5425 | 15112 | 21,840.00 |
| 22205395755 | Standard Chartered Bank | 60245 | 5257 | 12702 | 36,960.00 |
| **Total** | | | | | **1,74,720.00** |
| 19170612902 | HSBC Bank | 60245 | 6375 | 600019 | 31,680.00 |
| 19170612901 | HSBC Bank | 60245 | 6617 | 300494 | 46,080.00 |
| 19170612005 | HSBC Bank | 60245 | 7182 | 812153 | 25,920.00 |
| 19170612004 | HSBC Bank | 60245 | 7587 | 369997 | 31,680.00 |
| **Total** | | | | | **1,35,360.00** |

Accordingly, based on the advice of the Noticee , Asian Paints requested all 3 banks to issue demand drafts in favour of 'Raju SL' vide respective letters dated Jan 23, 2013 (**Annexure-OD17**). Asian Paints vide said email also provided information that the Banks issued demand drafts as given below.

| Dividend Bank Account No. | Dividend Bank Account Held with | Original Warrant No. | Original MICR No. | Amount of Dividend | New Instrument No. as per Bank | New Instrument Date as per Bank |
|---|---|---|---|---|---|---|
| 00602220006853 | HDFC Bank | 4850 | 13630 | 62,160.00 | 512717 | 24/01/2012 |
| 00602220007360 | HDFC Bank | 4675 | 15232 | 28,560.00 | 512718 | 24/01/2012 |
| 00602220007699 | HDFC Bank | 4467 | 12674 | 78,960.00 | 512719 | 24/01/2012 |
| 00602220008285 | HDFC Bank | 4285 | 13711 | 31,920.00 | 512720 | 24/01/2012 |
| 22205350115 | Standard Chartered Bank | 6161 | 17331 | 37,440.00 | 643746 | 25/01/2012 |
| 22205350220 | Standard Chartered Bank | 6039 | 17130 | 5,760.00 | 643717 | 25/01/2012 |

| Dividend Bank Account No. | Dividend Bank Account Held with | Original Warrant No. | Original MICR No. | Amount of Dividend | New Instrument No. as per Bank | New Instrument Date as per Bank |
|---|---|---|---|---|---|---|
| 22205358477 | Standard Chartered Bank | 5879 | 16229 | 37,440.00 | 643722 | 25/01/2012 |
| 22205377900 | Standard Chartered Bank | 5558 | 15330 | 35,280.00 | 643758 | 25/01/2012 |
| 22205387078 | Standard Chartered Bank | 5425 | 15112 | 21,840.00 | 643723 | 25/01/2012 |
| 22205395755 | Standard Chartered Bank | 5257 | 12702 | 36,960.00 | 643762 | 25/01/2012 |
| 19170612902 | HSBC Bank | 6375 | 600019 | 31,680.00 | 762229 | 28/01/2012 |
| 19170612901 | HSBC Bank | 6617 | 300494 | 46,080.00 | 762230 | 28/01/2012 |
| 19170612005 | HSBC Bank | 7182 | 812153 | 25,920.00 | 762231 | 28/01/2012 |
| 19170612004 | HSBC Bank | 7587 | 369997 | 31,680.00 | 762232 | 28/01/2012 |

- SEBI observed that above demand drafts were encashed by Mr. Raju Landge in his Bharat Co-op Bank account no. 001810100075247 on March 28, 2012 and bank wise consolidated amount (i.e. Rs. 201,600.00, Rs. 1,74,720.00 and Rs. 1,35,360.00 for HDFC, Standard Chartered and HSBC respectively) was credited to his bank account (**Annexure-BRBCBL; Page No. - 184**). Prashant Karkera has accepted vide statement dated September 27, 2016 that he and Indira were operating this account of Raju Landge. Further, two cheques of Rs. 3,50,000 each were issued from the said bank account of Mr. Raju Landge in favour of Indira and Mohit Karkera. The said cheques were encashed by both of them on Mar 30, 2012 in their respective Bharat Co-op Bank account nos. 001810100014802 (**Annexure-BRBCBL; Page No. - 216**) and 001810100094710 (**Annexure-BRBCBL; Page No. - 168**). Asian Paints vide email dated December 11, 2015 (**Annexure-CRAP1**) has submitted that folio no. 60245 for which the above demand drafts were issued belonged to one Radha Manucha. Screenshot of the Folio 60245 is placed at **Annexure-SP1**.



- Further, the fact that Mr. Raju Landge encashed dividends belonging to Ms. Radha Manucha was not even recorded in back office system of the Noticee as observed from the Screenshot of the said folio.

**b. Dividend paid to Satyam Brush Industries** (As mentioned at Sr. No. 24 and 25 of **Annexure-B**)

- SEBI observed from the Asian Paints email dated January 29, 2016 (**Annexure-CRAP3)** that the Noticee has issued instructions to HDFC bank directly (though not authorized to issue instructions directly) vide letter dated Jan 27, 2012 signed by Indira (**Annexure-OD18**) to issue demand drafts of Rs. 4,23,000/- and Rs. 3,52,500/- in favour of Satyam Brush Industries from dividend account no. 00602220007699 of Asian Paints Ltd. Accordingly, HDFC Bank issued two demand drafts nos. 977372 and 977373 both dated January 31, 2012 as observed from HDFC Bank email dated January 16, 2016 (**Annexure-BRHDFC; Page No. - 189-191**). SEBI observed that the above mentioned DDs were encashed by Satyam Brush Industries in its bank account no. 001812100026498 maintained with Bharat Co-op Bank on March 28, 2012 and April 30, 2012 respectively (**Annexure-BRBCBL; Page No. - 264**).
- As per Asian Paints email dated January 29, 2016 (**Annexure-CRAP3**), those payments pertained to dividends of folio no. 1493 which belonged to Unit Trust of India. The fact that these payments belonged to folio no. 1493 and that this folio belonged to Unit Trust of India is also evident from HDFC Bank reconciliation files submitted in a CD by the Noticee vide letter dated Feb 25, 2016 (**Annexure-SSR4**). Screen Shot of Folio No 00001493 is placed at **Annexure-SP8**.



c. **Dividend paid to Mr. Swapnil Sutar** (As mentioned at Sr. No. 26 to 28 of **Annexure-B**)

- SEBI observed from the Asian Paints email dated February 12, 2016 (**Annexure-CRAP4**) that the Noticee has requested Asian Paints Ltd. to issue instructions to HDFC bank vide email sent from email id of Indira on October 06, 2014 (**Annexure-OD19**) to issue demand drafts of Rs. 3,33,000/- from dividend account no. 00602220007360 and Rs. 3,52,500/- from dividend account no. 00602220007699 of Asian Paints Ltd. in favour of Mr. Swapnil S Sutar. Accordingly, HDFC Bank issued two demand drafts nos. 869006 and 869007 respectively which were encashed by Mr. Swapnil Sutar in his bank account no. SBVIS/951 maintained with Saraswat Bank on October 11, 2014 and October 13, 2014 (**Annexure-BRMISC; Page No. - 116**). As per Asian Paints email dated Jan 29, 2016 (**Annexure-CRAP3**), those payments pertained to dividend of folio no. 1493 which belonged to Unit Trust of India. The fact that payment of Rs. 3,52,500 belonged to folio no. 1493 and that this folio belonged to Unit Trust of India is also evident from HDFC Bank reconciliation files submitted in a CD by the Noticee vide letter dated Feb 25, 2016 (**Annexure-SSR4**). HDFC Bank has confirmed vide email dated Oct 28, 2016 (**Annexure-BRHDFC; Page No. - 349**) that DD no. 869006 was issued in lieu of dividend warrant pertaining to Unit Trust of India (Folio No. 1493).
- Additionally, one more deposit of Rs. 17,52,000/- vide DD no. 681270 is observed in account number SBVIS/951 of Mr. Swapnil held with Saraswat Bank on Nov 26, 2014 (**Annexure-BRMISC; Page No. - 116**). It is alleged that payment pertained to dividend of folio no. 1493 which belonged to Unit Trust of India and was issued from dividend bank account no. 00602220009684. The allegation that this payment belonged to folio no. 1493 and that this folio belonged to Unit Trust of India is also supported by HDFC Bank reconciliation

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files submitted by the Noticee vide letter dated Feb 25, 2016 (**Annexure-SSR4**).

- The allegation that above three dividend payments actually belonged to UTI is also supported by the all transaction files (containing transfer, demat, certificate printing, dividend record of certain folios) submitted by the Noticee vide their email dated February 15, 2016 (**Annexure-SSR1**). Further, from the system data of the Noticee it appears that the above payments has been made to UTI while actually these has been made to Swapnil Sutar by apparently cancelling earlier instruments. SEBI observed from bank account statement of Mr. Swapnil Sutar that he withdrew all the siphoned off money in cash.

- Mr. Swapnil vide his statement dated Sep 15, 2016 (**Annexure-SR6**) has submitted that he is a small time carpenter earning approximately Rs. 10000 per month. Mr. Rajesh Bhagat told him to deposit all demand drafts in his account held with Saraswat Bank and he doesn't know Indira or G.R Rao. Swapnil Sutar withdrew funds mainly in cash from bank and handed over money to Rajesh Bhagat. He has further submitted that he was approached by Mr. Rajesh Bhagat in around January 2016 with a letter dated Jan 16, 2016 (**Annexure-OD112**) signed by one G.R Rao by hand delivery. In the said letter the dividend amount deposited in his account in 2014 was demanded back. Mr. Bhagat handed over cash to him and the same was deposited in his bank account No.SBVIS/951 in Saraswat Bank for demand drafts. Three DDs worth Rs.3,52,500, Rs.3,33,000 and Rs. 17,52,000 in favour of Asian Paints were handed over to Mr. Bhagat. Mr. Bhagat vide his statement dated Sep 15, 2016 (**Annexure-SR5**) has submitted that Mr. Swapnil has carried out all transactions on his instructions and what Swapnil has submitted is true and also that all this was done at Indira's instructions to him. Rajesh further stated that the cash given to Swapnil by him was received from Indira. Asian Paints

vide its email dated Nov 17, 2016 has submitted that they have received DD no. 3980, 3981 and 3985 worth Rs. 24,37,500 from the Noticee vide its letter dated Jan 29, 2016 and also that it has deposited the said amount in a separate bank account opened with HDFC Bank Limited.

18. SEBI observed that in all the aforesaid cases, the system/database of the Noticee shows that dividends were paid to the original shareholders but the verification of the bank accounts revealed that the dividends were paid to persons who were not the rightful shareholders or were not at all the shareholders of the companies. Thus it is alleged that, not only the dividend due to genuine investors is fraudulently siphoned off by the Noticee but the records are falsified so as not to reflect the correct position.

19. It is pertinent to mention that out of the 1004 cases referred in Annexure A, in respect of 785 cases "paid date" in the back office system maintained by the Noticee was found to be different from the date of issuance of the instrument by the bank. These instances are provided in **Annexure A1**. In respect of 42 cases, "paid date" is not available in the back office system maintained by the Noticee. Surprisingly, in 13 cases, the system of the Noticee shows that dividend has been transferred to IEPF whereas these payments have actually been made to Mr. Nagesh Karkera and Satyam Brush Industries. Particulars of these cases are provided in **Annexure A2**. Therefore, it is alleged that the Noticee has not only failed to maintain the proper books of account but has falsified the records to hide the fraud committed by the Noticee management.

**Non Compliance with Summons:**

**Sharepro (Noticee )**

20. Various information and documents w.r.t. the dividend belonging to Radha and Rajiv Manucha misappropriated by Raju Landge and dividend of Tata Communication

misappropriated by Satyam Brush were sought from G.R Rao, MD of the Noticee vide SEBI summons dated 04/12/2015 which was hand delivered to him. G.R Rao vide reply dated December 07, 2015 stated that he is MD and doesnt have the operation details of the matter. During his statement recording dated January 07, 2016 (Annexure-SR14) he was informed that the questions asked were as Managing Director of the Noticee. The G.R Rao and the Noticee did not comply with below mentioned summons.

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered to the Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that GR Rao is not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 17/03 /2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. GR Rao sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03 /2016 | MIRSD2/DB/OW /2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03 /2016 | MIRSD2/OW/P/ 2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03 /2016 | MIRSD2/DB/SD/ SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02 /2016 | MIRSD2/OW/20 16/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02 /2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02 /2016 | Hand Delivery to GR Rao on 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12 /2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12 /2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

However he failed to co-operate with investigation and did not comply with the Summons.

21. Further, in two cases SEBI observed that Indira issued instructions to HDFC Bank directly vide her letter dated January 27, 2012 for the purpose of issuance of demand drafts in favour of Satyam Brush Industries while the Noticee was not authorized to issue instructions to the banks for revalidation of demand drafts/dividend warrants by the company namely, Asian Paints Limited. It is apparent that the Noticee has misled various entities to perpetrate the fraud.

22. In view of the above, it is alleged that

a. the records at the Noticee are not being maintained properly,

b. There is lack in exercising proper due skill, care and proper due diligence while processing the requests of the shareholders for payment of dividend.

c. There is complete lack of internal systems, checks and balances and control on how dividend is being issued, how the records of unpaid dividend are maintained and most importantly how the new instruments are issued for unpaid dividend.

d. Consequently the dividend rightfully belonging to some investors is being siphoned off by entities which are related to the management of the Noticee viz. Indira; this fraud has also occurred with the knowledge and concurrence of G.R Rao as is evident from the manner in which G.R Rao permitted the siphoning off of money belonging to genuine shareholders to the account of Satyam Brush Industries and thereafter tried to mislead SEBI. Similarly, it is seen in several cases such as the fraud perpetrated by Shri Sutar/Indira, G.R Rao did not take any action against Indira in spite of clear evidence of wrongdoing.

e. there is deliberate falsification of the records to avoid the audit trails

f. there has been non co-operation with the investigation as well attempt to mislead the investigation at the highest level

g. the Noticee has not maintained high standards of integrity in the conduct of its business and has not fulfilled its obligations in a prompt, ethical and professional manner.

h. Fraud is perpetrated by the Noticee and related entities to siphon off the dividends belonging to rightful investors and the dividend due for transfer to IEPF.

23. The summary of violations and applicable Regulatory provisions w.r.t. the above mentioned matter of dividend payment is as below:

| S.no | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | Sharepro Services (I) Pvt. Ltd. | Committed fraud, falsification of records, Failure to do due diligence, non compliance with summons, attempt to mislead | Section 11C (2) and 11C (3) of SEBI Act, 1992.Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) & (2) (p)of SEBI(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. {Hereinafter PFUTP Regulations, 2003}, Clauses (1),(2),(3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI(Registrars to an Issue and Share Transfer Agents) Regulations, 1993 {"RTA" Regulations"}, Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations, |

**EXAMINATION OF IRREGULARITIES WITH RESPECT TO TRANSFER, TRANSMISSION, BUYBACK/REDEMPTION OF SECURITIES, PRINTING OF SHARE CERTIFICATES AND MAINTENANCE OF RECORDS:**

## I. GENERAL OBSERVATIONS AND EXPLANATIONS

The actual modus-operandi, facts and circumstances of the state of affairs at the Noticee are explained in subsequent paragraphs but before that certain general observations and extract of the statement of the Noticee management which is relevant for understanding the modus operandi of fraud by the Noticee is given in this section.

**General delegations of work at the Noticee :**

As per the statement of G.R Rao dated December 04, 2015 (**Annexure-SR10**) he is the MD and overall in-charge of operations however he does not look into day to day operations. He further explained that the Noticee functions under three departments viz. Transfer Processing, Demat Processing and Handling Correspondences. Mr. Dayanand Jathan is the in-charge of Transfer/Demat Department and directly reporting to G.R Rao.

Correspondence department is divided into 7 client managers of whom Indira alone handles 70 to 80 client companies. All dividend related functions viz. payment of dividend, re-issue of dividend, transfer of unpaid dividend to IEPF etc. are handled by client managers who directly report to MD himself. He further explained that there is no formal work allocation order or delegation of work in the Noticee.

**Signature verification Process at the Noticee** :

G.R Rao vide his statement dated February 15, 2016 (**Annexure-SR11**) submitted the signature verification process as below:

"It is further submitted that for all clear "Transfer" cases (except Name deletion, transmission, transposition, change of name, rectification etc) the transfer deed and other supporting documents are received by "Inward Department" after inward entry the documents are sent to the "Signature Verification Department" which verifies the signature of the transferor/shareholder from the available record. For value of transaction less than one lakh only one person verifies, for one lakh to five lakh two persons verify and for more than five lakh permission of MD (Mr. G.R. Rao) is required. If the signature in our record and on transfer document matches, the person verifying signs on the transfer document near the signature of the shareholder. If the signature does not match a cross (X) is placed and signed by person verifying. In case of minor mismatch "R/N" word is written which signifies "Registered Notice" to be sent to parties before transfer. Register notice is also required in case of high value transfer viz. more than five lakh. In case the signature is matching the verification is completed by placing signature as mentioned above. After verification the documents are sent to the "Transfer Department" (Headed by Dayanand Jathan) which completes the transfer process by making entries in the system, printing "transfer register", taking approval of the company etc. This department also sends rejection letter in case of signature mismatch and "registered notice' in case of minor mismatch and high value transfers The shares certificates after due transfer are dispatched by "Transfer Department" to the shareholders In cases of Name deletion,

transmission, transposition, change of name etc. the matter is handled by Correspondence department (in short CD; i.e headed by respective Client Manager). In these cases after inward the documents are given to Correspondence department (headed by respective Client Manager). CD after satisfying themselves about the relevant documentation (and having further correspondences with the entities, if required) give it to "Signature Verification Department" (wherever required). Signature verification department after the due process sent the documents back to CD. Correspondence department then instructs to "Transfer Department" for making entry in the system and printing of share certificates. Transfer department after completing the process in system, taking approval of company, printing of new certificates etc. hand over the share certificates to correspondence department which dispatches the same to shareholder. "

**Share Certificate Printing Process:**

As per the statement of G.R Rao dated January 28, 2016(**Annexure-SR15**) he explained that printing of share certificate is always initiated by the shareholder request. He explained that request is initiated by the concerned client manager of the department by entry in a register viz. duplicate/split/merger/renewal etc. the instruction register contains inward number and is signed by client manager and in case of transactions above five lakhs the same is approved by MD (himself). The register is then given to concerned department which processes the same and generates "Reference nos." based on which EDP prints the share certificates and hand over the same to concerned department which after checking details hands over the same to client manager under acknowledgement in a register. The concerned department also maintains share certificate inventory control register (print reconciliation register). The client manager then send the share certificate to the company for signature and dispatch it to the client after signature. He also clarified that it is the Noticee which is doing share certificate printing for all the client companies.

It may be noted that duplicate share certificate can be printed by an RTA only as per due process such as shareholder request, filing FIR/court case, issuing advertisements (in

case value is more than Rs. 10000/-), obtaining indemnity bondand affidavit etc. in terms of SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001. The said documents were asked from the Noticee w.r.t. all observed transactions of printing of certificates but it failed to submit any documents.

Physical Share certificate reconciliation/control register of the Noticee was taken on records as Annexure-C to statement of G.R Rao before IA on February 15, 2017 (**Annexure-SR11**).

**Process for Rectification of records:**

As per the statement of G.R Rao dated January 28, 2016 (**Annexure-SR15**)"rectification" is carried out through preparation of "Rectification Forms" which is approved by MD himself when value of transaction is more than five lakhs. He further explained that the details of rectification are stored by capturing in the system and taking print out of the same in the form of "Rectification Registers". He further explained that the rectifications are not required to be informed to the companies. He explained that shares from the folio of an institution say UTI can be transferred to an individual by way of a rectification entry only when there is a court order case. The 'rectification forms' and approvals etc. w.r.t. all observed transactions were sought from the Noticee /G.R Rao but it is observed that they failed to submit the same.

**Requirement of maintaining unique folio:**

In terms of Section 108 of Companies Act, 1956, transfer should be registered only after due process on production of instrument of transfer. Each folio in the register of members of a company contains details such as name of person, address, number of shares held etc. Thus it is clear from the very scheme that folio is unique to an individual/entity.

As per the statement of G.R Rao dated January 28, 2016(**Annexure-SR15**), the transferor's folio is never assigned to the transferee as folio is unique to an individual so as to ensure the integrity of transactions. He further explained that a folio which exists in the name of "X" can also be assigned to name "Y" only when the later changes the name to former (by virtue of marriage etc). Thus, it is clear that if there are instances where one folio is assigned from one person to another, these are not merely procedural lapses but actually are major irregularities and indicate fraud since that would imply tampering of records to portray a different person as a shareholder instead of the rightful one and thus severely compromises the integrity of transactions.

It may be noted that the requirement of maintenance of separate folios for every person also flows from Para 1.13 of Secretarial Standard 4. As RTA of various companies,the Noticee was required to adhere to the aforesaid Secretarial Standard.

As per statement dated March 23, 2016 (**Annexure-SR12**) of G.R Rao Annual Return data of various companies were taken on record and he was also asked to provide certain missing Annual Return data. Observations w.r.t. ownerships and transfer transactions reported in Annual Report is given at relevant places in the subsequent paragraphs.

## II. COMPANY AND TRANSACTION SPECIFIC OBSERVATIONS

Facts & circumstances and modus operandi of fraud alleged to have been committed by the Noticee in company specific transactions as well as various acts of omission & commissions by various entities is explained in subsequent paragraphs.

### A. Company Name: Britannia Industries Limited

**Fraudulent Transfer of shares, dividend of a deceased shareholder (viz. Sujit Kumar Gupta) to one Balaram Mukherjee;**

24. The complaint dated October 20, 2015 alleged that in case of Balaram Mukherjee accounts has been tampered with and Indira has taken custody of 33750 Shares of

Britannia Industries Limited worth Rs. 10.50 crores. In this regard,SEBI observed following information in the matter-

i. Mr. Sujit Kumar Gupta held certain shares of Britannia Industries Ltd. and died intestate in 1985. He was not married and died without any issue. SEBI observed that Britannia Industries has forwarded to the Noticee a letter dated March 12, 2009 from Aloka Choudhary (legal heir) where all the above mentioned facts are mentioned. Further the Noticee has replied to Aloka Choudhary vide letter dated March 26, 2009 (Copies of Letter dated March 12, 2009 and March 26, 2009 is placed at **Annexure-OD20 & OD21**). Therefore, SEBI observed that the Noticee and Britannia knew the fact of death of Sujit Gupta at least from March 2009 onwards.

ii. In 2014, the Noticee apparently received a letter from certain persons claiming to be the legal heirs of Mr. Sujit Kumar Gupta wherein they requested the Noticee to inform the exact number of shares held by Mr. Sujit Kumar Gupta as they had no copies of the share certificates held by him.

iii. After receipt of the aforesaid letter,the Noticee received a letter from one Balram Mukherjee(hereinafter be referred to as "**Balram Mukherjee/BM)** enclosing a document purportedly a court order passed in 1985 where he was entitled to 3000 shares of Britannia Industries Ltd. Britannia Industries Ltd. was also a party to the purported suit filed by Mr. Balram Mukherjee.

iv. As per the Noticee , it was in correspondence with BM from 2007 onwards regarding the issue. However the purported "court order" was handed over only in 2015.

v. Britannia Industries Ltd. had handed over its share transfer functions to the Noticee in 2003. GR Rao vide statement dated December 29, 2015 admitted

that at that time, no such "court order" was handed over by Britannia Industries Ltd. to the Noticee.

vi. the Noticee has received a letter dated February 24, 2015 from a legal heir of Sujit Gupta and Indira has made a noting for approval of G.R Rao on the same letter stating "more than 500 Shares. Splitting of S/Cs of and to comply the order and Transmission". The same is approved by G.R Rao (Copy of the letter along with the notings placed at **Annexure-OD22**).SEBI observed from the transmission Forms submitted by Britannia vide letter dated March 17, 2016, the Transmission Forms for transfer of shares to Aloka and Balram were also initiated by Indira and approved by G.R Rao (Copy of the forms placed at **Annexure-OD23**). Hence the aforesaid transfer of shares to BM was approved by Indira and G.R Rao (Managing Director of the Noticee ).

vii. It was noted that the advocate appointed by Eastern regional Office -SEBI submitted his findings about the said purported court order vide email dated December 10, 2015 (**Annexure-OD24**) and submitted that the copy of the certified copy of the judgement and order dated 19th September, 1985 in T. S. / Case No. 1931 of 1985 has been verified from the officials of the department concerned of the Ld. City Civil Court at Calcutta. It was also submitted that, the document has been identified as forged document by the department concerned for the following reasons:-

- At the relevant time in the City Civil Court there was no use of electronic typewriter.
- Court fee stamp as affixed on the document was not introduced at that point of time.
- At page 2 the various columns viz. the date of application for copy and other 7 columns are blank.



- The entire judgement is xerox copy; at the relevant time supply of xerox certified copy was not introduced in the City Civil Court.
- On the backsheet signatures are not proper: -

(a) The person "Arun Baran Das" had been employed in 1988 and therefore, he could not sign on 7th December, 1986.

(b) The other signatory "Himali" was born in 1986 and got the employment in 2012.

(c) The third signatory "Ashis Roy" was not an employee in 1986

viii. Further, a Right to Information reply dated March 31, 2016 (**Annexure-OD25**) by Registrar City Civil Court, Calcutta to SEBI advocate stated that the case being T.S. No. 1931/1985 has not been filed or lay in the Court of Ld. Judge, Bench-III of this judgeship. It also stated that Ld Ex-judge Sri Biswanath Konar took charge of Bench-III of this Judgeship on 09/09/2011 and he retired from service on 30/04/2014. Therefore, question of passing of the said Judgement (purported court order submitted by Balram) on 19/09/1985 by him does not arise. In reply to SEBI queries dated March 08, 2016 Registrar, Calcutta High Court vide letter dated March 28, 2016 (**Annexure-OD26**) has also confirmed the above facts and also informed that Sri Biswanth Konar joined West Bengal Judicial Services on 08/10/1988 i.e. three years after the date of said purported court order.

ix. There was no signature record available of Sujit Kumar Gupta in the records of the Noticee as no such signature data was received from the company.

x. After getting the shares transferred to his name BM dematerialized the shares and transferred the same to his broker Shah Investor Home for sale in market. The demat transactions areas below:

| DP_ID | CLIENT_ID | DATE | DESCRIPTION | DEBIT | CREDIT |
|---|---|---|---|---|---|
| IN300343 | 11357011 | 06/01/2015 | By Dematerialisation | 0 | 15000 |
| IN300343 | 11357011 | 06/01/2015 | By Dematerialisation | 0 | 18750 |
| IN300343 | 11357011 | 06/02/2015 | To CM Shah Investors Home Ltd., Normal / 2015102 | 750 | 0 |
| IN300343 | 11357011 | 06/03/2015 | To CM Shah Investors Home Ltd., Normal / 2015103 | 1000 | 0 |
| IN300343 | 11357011 | 06/04/2015 | To CM Shah Investors Home Ltd., Normal / 2015104 | 3000 | 0 |
| IN300343 | 11357011 | 06/06/2015 | To CM Shah Investors Home Ltd., Normal / 2015105 | 4000 | 0 |
| IN300343 | 11357011 | 06/08/2015 | To CM Shah Investors Home Ltd., Normal / 2015106 | 2500 | 0 |
| IN300343 | 11357011 | 06/09/2015 | To CM Shah Investors Home Ltd., Normal / 2015107 | 1500 | 0 |
| IN300343 | 11357011 | 06/10/2015 | To CM Shah Investors Home Ltd., Normal / 2015108 | 1000 | 0 |
| IN300343 | 11357011 | 06/11/2015 | To CM Shah Investors Home Ltd., Normal / 2015109 | 250 | 0 |
| IN300343 | 11357011 | 6/13/2015 | To CM Shah Investors Home Ltd., Normal / 2015110 | 750 | 0 |
| IN300343 | 11357011 | 6/15/2015 | To CM SHAH INVESTORS HOME LTD., NORMAL / 2015111 | 1000 | 0 |
| IN300343 | 11357011 | 6/16/2015 | To CM Shah Investors Home Ltd., Normal / 2015112 | 250 | 0 |
| IN300343 | 11357011 | 6/17/2015 | To CM Shah Investors Home Ltd., Normal / 2015113 | 2000 | 0 |
| IN300343 | 11357011 | 6/22/2015 | To CM Shah Investors Home Ltd., Normal / 2015116 | 1500 | 0 |
| IN300343 | 11357011 | 6/23/2015 | To CM Shah Investors Home Ltd., Normal / 2015117 | 250 | 0 |
| IN300343 | 11357011 | 6/30/2015 | To CM Shah Investors Home Ltd., Normal / 2015122 | 1000 | 0 |
| IN300343 | 11357011 | 07/01/2015 | To CM Shah Investors Home Ltd., Normal / 2015123 | 500 | 0 |
| IN300343 | 11357011 | 07/02/2015 | To CM Shah Investors Home Ltd., Normal / 2015124 | 500 | 0 |
| IN300343 | 11357011 | 07/04/2015 | To CM Shah Investors Home Ltd., Normal / 2015125 | 500 | 0 |
| IN300343 | 11357011 | 07/06/2015 | To CM Shah Investors Home Ltd., Normal / 2015126 | 1000 | 0 |
| IN300343 | 11357011 | 07/07/2015 | To CM Shah Investors Home Ltd., Normal / 2015127 | 1500 | 0 |
| IN300343 | 11357011 | 07/09/2015 | To CM Shah Investors Home Ltd., Normal / 2015129 | 500 | 0 |
| IN300343 | 11357011 | 07/11/2015 | To CM Shah Investors Home Ltd., Normal / 2015130 | 2000 | 0 |

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| DP_ID | CLIENT_ID | DATE | DESCRIPTION | DEBIT | CREDIT |
|---|---|---|---|---|---|
| IN300343 | 11357011 | 7/13/2015 | To CM Shah Investors Home Ltd., Normal / 2015131 | 1000 | 0 |
| IN300343 | 11357011 | 7/14/2015 | To CM Shah Investors Home Ltd., Normal / 2015132 | 500 | 0 |
| IN300343 | 11357011 | 7/18/2015 | To CM Shah Investors Home Ltd., Normal / 2015135 | 500 | 0 |
| IN300343 | 11357011 | 7/27/2015 | To CM Shah Investors Home Ltd., Normal / 2015141 | 250 | 0 |
| IN300343 | 11357011 | 7/28/2015 | To CM Shah Investors Home Ltd., Normal / 2015142 | 750 | 0 |
| IN300343 | 11357011 | 8/26/2015 | To CM Shah Investors Home Ltd., Normal / 2015163 | 1000 | 0 |
| IN300343 | 11357011 | 8/27/2015 | To CM Shah Investors Home Ltd., Normal / 2015164 | 1000 | 0 |
| IN300343 | 11357011 | 8/28/2015 | To CM Shah Investors Home Ltd., Normal / 2015165 | 500 | 0 |
| IN300343 | 11357011 | 09/01/2015 | To CM Shah Investors Home Ltd., Normal / 2015167 | 1000 | 0 |

xi. As per the ledger statement (**Annexure-OD27**) with the broker, BM sold the shares in market. The broker allowed BM to trade even before bringing any funds. The annual income in the KYC was 1-5 lakh while he sold shares worth approx 10 Crore but still the broker allowed such transactions. Broker vide email dated July 25, 2016 (**Annexure-OD28**) stated that they have filed STR. BM also received dividend of Rs. 16000 on shares of Britannia held in the pool account of the broker which was credited to his ledger account on August 06, 2015.

xii. SEBI observed that after dematerializing the shares (Britannia Industries Limited EQ New F.V. RS.2/-) BM transferred 3500 shares to Prashant Karkera who returned the same after about 1-2 months. The details the same are as below:

| Date | Transferor Clnt Name | Transferrorcln tPAN | Transferr or BO ID | Transferee Clnt Name | Transfe ree Clnt Pan | Transfere e BO ID | Txn Type | Bkn g Qty |
|---|---|---|---|---|---|---|---|---|
| 11/06/2015 | BalramMukherjee | CIGPM5834A | IN300343 11357011 | Prashant Karkera | AANPK8238K | IN300513 12752672 | OFF MKT | 700 |
| 17/06/2015 | BalramMukherjee | CIGPM5834A | IN300343 11357011 | Prashant Karkera | AANPK8238K | IN300513 12752672 | OFF MKT | 700 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 25/06/2015 | BalramMukherjee | CIGPM5834A | IN300343 11357011 | Prashant Karkera | AANPK8238K | IN300513 12752672 | OFF MKT | 700 |
| 02/07/2015 | BalramMukherjee | CIGPM5834A | IN300343 11357011 | Prashant Karkera | AANPK8238K | IN300513 12752672 | OFF MKT | 700 |
| 09/07/2015 | BalramMukherjee | CIGPM5834A | IN300343 11357011 | Prashant Karkera | AANPK8238K | IN300513 12752672 | OFF MKT | 700 |
| 06/08/2015 | Prashant Karkera | AANPK8238K | IN300513 12752672 | BalramMukherjee | CIGPM5834A | IN300343 11357011 | OFF MKT | 3500 |

It was noted that Prashant Karkera transferred 500 shares on 04/08/2015 to Sharekhan Ltd. in "On Market" transaction but Sharekhan Ltd. transferred back 500 shares on 06/08/2015 in "Off-Market" transaction. Thus, it is alleged that Prashant Karkera is recipient of 3500 ill gotten shares which he later returned to blur the audit trail. Prashant Karkera vide his statement dated September 27, 2016 (**Annexure-SR1**)admitted he had not paid any consideration for these shares and could not furnish any explanation except stating that the shares of B Mukherjee were parked in his account under the instructions of Indira.

xiii. After selling the shares of Britannia, BM bought shares of certain other companies including Asian Paints. SEBI observed that apart from above off market transaction with Prashant Karkera in the scrip of Britannia there are below mentioned off market transactions by BM in the shares of Asian Paints (Asian Paints Limited EQ New FV Re. 1/-) with Indira related entities:

| Dp Id | Client Id | First Holder Name | Date | Description | Debit | Credit |
|---|---|---|---|---|---|---|
| IN300343 | 11357011 | BalramMukherjee | 06/17/2015 | To Anil Jathan IN30115128257835 | 2500 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 06/23/2015 | To Anil Jathan IN30115128257835 | 2500 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 06/25/2015 | To Anil Jathan IN30115128257835 | 2500 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 07/06/2015 | To Anil Jathan IN30115128257835 | 2790 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 07/13/2015 | To Anil Jathan IN30115128257835 | 3000 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 06/30/2015 | To Anil Jathan IN30115128257835 | 1710 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 08/06/2015 | By Anil Jathan IN30115128257835 | 0 | 15000 |
| IN300343 | 11357011 | BalramMukherjee | 06/23/2015 | To Bhavani Jathan 1201090005804873 | 2500 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 6/25/2015 | To Bhavani Jathan 1201090005804873 | 2105 | 0 |

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| Dp Id | Client Id | First Holder Name | Date | Description | Debit | Credit |
|---|---|---|---|---|---|---|
| IN300343 | 11357011 | BalramMukherjee | 08/10/2015 | By Bhavani Jathan 1201090005804873 | 0 | 4605 |
| IN300343 | 11357011 | BalramMukherjee | 6/17/2015 | To Sadashiv Poojary120109000 5798358 | 2500 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 6/23/2015 | To Sadashiv Poojary 1201090005798358 | 2105 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 7/22/2015 | To Sadashiv Poojary 1202700000284338 | 3500 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 08/07/2015 | By Sadashiv Poojary 1202700000284338 | 0 | 4005 |
| IN300343 | 11357011 | BalramMukherjee | 08/07/2015 | By Sadashiv Poojary 1202700000284338 | 0 | 3500 |
| IN300343 | 11357011 | BalramMukherjee | 07/02/2015 | To Shrikant Bhalakia IN30014210743077 | 3000 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 07/06/2015 | To Shrikant Bhalakia IN30014210743077 | 3000 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 07/09/2015 | To Shrikant Bhalakia IN30014210743077 | 3790 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 7/13/2015 | To Shrikant Bhalakia IN30014210743077 | 3500 | 0 |
| IN300343 | 11357011 | BalramMukherjee | 08/06/2015 | By Shrikant Bhalakia IN30014210743077 | 0 | 13290 |

It is alleged that the above shares were bought by BM from the sale proceeds of siphoned off shares of Britannia. It was also observed that all the above shares transferred by BM were returned by the entities after 1-2 months. However, Sadashiv Poojary did not return balance of 600 shares of Asian Paints Limited. Both Shrikant Bhalakia (hereinafter be referred to as the "**SB/ Shrikant Bhalakia**") vide his letter dated May 13, 2016 (**Annexure-LIR7**) and Sadashiv Poojary vide his statement dated December 21, 2016 (**Annexure-SR17**) have admitted that no consideration was paid by them for the said transactions and they don't even know BM and these transactions were carried out at the instructions of Indira. Anil Jathan and Bhavani Jathan did not reply to summons. Thus, it is alleged that shares worth Crores obtained as a result of a fraud were transferred to Indira related entities without any consideration apparently as share of illegal gains but later these transactions were reversed in order to blur the audit trail. As such, SEBI observed that Indira, Anil Jathan, Prashant

Karkera, Bhawani Jathan, Sadashiv Poojary and SB are also the beneficiaries of the fraud along with BM.

xiv. Balaram thereafter sold all the shares obtained out of sale proceeds of Britannia except 705460 shares of Kausambi Vanijya Limited EQ New F.V Re.1/- (Price at Rs. 3.5 Approx).Balram Mukherjee received the below mentioned payments from broker Shah Investor Homes after sale in Market as per the data submitted by the broker:

| Date | Amount | Rtgs Nos | Payee Bank | Payer Bank | Account No. |
|---|---|---|---|---|---|
| 11-09-2015 | 20,20,000.00 | 108994 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 10-09-2015 | 20,00,000.00 | 108126 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 09-09-2015 | 60,00,000.00 | 108044 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 08-09-2015 | 70,00,000.00 | 107953 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 07-09-2015 | 70,00,000.00 | 107836 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 04-09-2015 | 55,00,000.00 | 107728 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 03-09-2015 | 30,00,000.00 | 107608 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 02-09-2015 | 40,00,000.00 | 107478 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 01-09-2015 | 45,00,000.00 | 107304 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 31-08-2015 | 32,00,000.00 | 106984 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 31-08-2015 | 3,32,668.00 | 49679 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 10-08-2015 | 3,50,000.00 | 103467 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 05-08-2015 | 30,00,000.00 | 102769 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 03-08-2015 | 20,00,000.00 | 102364 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 30-07-2015 | 25,00,000.00 | 102026 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 29-07-2015 | 15,00,000.00 | 101667 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 24-07-2015 | 25,00,000.00 | 100891 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 22-07-2015 | 30,00,000.00 | 100591 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 20-07-2015 | 20,00,000.00 | 100104 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 17-07-2015 | 15,00,000.00 | 99938 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 16-07-2015 | 25,00,000.00 | 99787 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 15-07-2015 | 30,00,000.00 | 99620 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 13-07-2015 | 20,00,000.00 | 99289 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 10-07-2015 | 20,00,000.00 | 99124 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 08-07-2015 | 25,00,000.00 | 98767 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 07-07-2015 | 15,00,000.00 | 98545 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 06-07-2015 | 20,00,000.00 | 98407 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 02-07-2015 | 20,00,000.00 | 98042 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 30-06-2015 | 20,00,000.00 | 97775 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 29-06-2015 | 12,50,000.00 | 97657 | Karur Vysya Bank | HDFC | 2111172000002972 |

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| Date | Amount | Rtgs Nos | Payee Bank | Payer Bank | Account No. |
|---|---|---|---|---|---|
| 26-06-2015 | 12,50,000.00 | 97555 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 24-06-2015 | 21,00,000.00 | 97246 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 22-06-2015 | 16,25,000.00 | 96934 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 19-06-2015 | 15,75,000.00 | 96784 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 17-06-2015 | 12,00,000.00 | 96607 | Karur Vysya Bank | HDFC | 2111172000002972 |
| 15-06-2015 | 10,00,000.00 | 96451 | Karur Vysya Bank | HDFC | 2111172000002972 |
| **Total** | **9,24,02,668.00** | | | | |

The above payments received from the broker is also reflecting in his bank account statement (**Annexure-BRSTMT; Page No. - 685**).

xv. SEBI observed from the analysis of Bank account statement of Balram w.r.t. bank account no. - 2111172000002972 (The Karur Vysya Bank Ltd, Mulund Branch) that Balram has withdrawn Rs. 9,52,27,000/- in cash.

xvi. Further, it was also noticed that Balram Mukherjee has transferred below mentioned amount from the above mentioned bank account to the Noticee related entities out of the sale proceeds of the shares misappropriated by him:

| Txn Dt | Brn | Description | Reference | Debits | Balance |
|---|---|---|---|---|---|
| 27/06/2015 | 2111 | Po/Suresh Venkatunaware | 114 | 8,00,000.00 | 4,66,554.40 |
| 02/07/2015 | 2111 | Po/Suresh Venkatunawane | 117 | 8,00,000.00 | 14,770.87 |

It was noted that the said amount was received by Suresh Unavane in his bank account number 001810100074345 with Bharat Cooperative Bank. Suresh made 2 DDs as given below.

| Tran Dt | Particulars | Chq | Debit | Credit | Balance |
|---|---|---|---|---|---|
| 29-10-15 | DD/PO-502521,502522 | | 1,600,000.00 | | 62,753.10 CR |

As per information received from Bharat Co-op Bank vide email dated July 22, 2016 (**Annexure-BRBCBL; Page No. - 283-286**), both DDs were issued in favour of Noticee. DD no. 502521 was encashed by Balram Mukherjee in his a/c no. 2111172000002972 held with Karur Vysya Bank. As per the information

received from Bharat Co-operative Bank vide email dated July 25, 2016 (**Annexure-BRBCBL; Page No. - 438**) the other DD no. 502522 got cancelled and amount was credited back to Suresh Unavane which he has withdrawn in cash on March 14, 2016.

xvii. The below mentioned transactions were observed in the demat account of Sadashiv Poojary in addition to transactions with Balram Mukherjee mentioned above:

| ISIN Name | Date of Txn | Transaction Particulars | Credit/ Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|---|
| Asian paintslimited # new equity shares of re.1/- | 01/08/2015 | OF-DR TD: 648777 TX:677066 12019101 00000391 | D | 582 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0000 0391 | SMC Global Securities Ltd. | Off-Market Transfer within CDSL |
| Asian paintslimited # new equity shares of re.1/- | 22/08/2015 | OF-DR TD: 169423 TX:636621 12019101 00000391 | D | 18 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0000 0391 | SMC Global Securities Ltd. | Off-Market Transfer within CDSL |
| Asian paintslimited # new equity shares of re.1/- | 18/03/2016 | OF-CR TD: 500112 TX:613712 12019101 00055137 | C | 184 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0005 5137 | SMC Global Securities Ltd. | Off-Market Transfer within CDSL |
| Astec lifesciences limited | 04/08/2015 | INTDEP-CR 94567891CTRBO IN655267 RM1516085 | C | 500 | 1202 7000 0028 4338 | Sadashiv N Poojary | IN65 5267 | | Inter-Depository On-Market Transfer |
| Astec lifesciences limited | 22/08/2015 | OF-DR TD: 169425 TX:636625 12019101 00000391 | D | 241 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0000 0391 | SMC Global Securities Ltd. | Off-Market Transfer within CDSL |
| Astec lifesciences limited | 25/08/2015 | OF-DR TD: 466939 TX:334091 12019101 00000391 | D | 259 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0000 0391 | SMC Global Securities Ltd. | Off-Market Transfer within CDSL |
| Stampede capital limited | 07/09/2015 | OF-CR TD: 636118 TX:683713 12019101 00055137 | C | 280 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0005 5137 | SMC Global Securities Ltd. | Off-Market Transfer within CDSL |
| Stampede capital limited | 11/01/2016 | CA-Split00236514 Db Current | D | 280 | 1202 7000 0028 | Sadashiv N Poojary | | | Corporate Action |

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| ISIN Name | Date of Txn | Transaction Particulars | Credit/ Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|---|
| | | Balance | | | 4338 | | | | |
| Stampede capital limited # new eq sh with fv rs.1/- | 11/01/2016 | CA-Split00236514 Cr Current Balance | C | 2800 | 1202 7000 0028 4338 | Sadashiv N Poojary | | | Corporate Action |
| Vimal oil & foods limited | 04/08/2015 | ON-CR TD: 855441 TX:191737 12019101 00000218 SET:1110001 516085 | C | 648 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0000 0218 | SMC Global Securities Ltd. | On-Market Transfer Within CDSL |
| Vimal oil & foods limited | 04/08/2015 | INTDEP-CR 94568091CTRBO IN655267 RM1516085 | C | 352 | 1202 7000 0028 4338 | Sadashiv N Poojary | IN65 5267 | | Inter-Depository On-Market Transfer |
| Vimal oil & foods limited | 22/08/2015 | OF-DR TD:169424 TX:636623 12019101 00000391 | D | 1000 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0000 0391 | SMC Global Securities Ltd. | Off-Market Transfer within CDSL |
| Vimal oil & foods limited | 07/09/2015 | OF-CR TD: 635934 TX:683345 12019101 00055137 | C | 1000 | 1202 7000 0028 4338 | Sadashiv N Poojary | 1201 9101 0005 5137 | SMC Global Securities Ltd. | Off-Market Transfer within CDSL |

It was noted from the Sauda Book and Ledger statement of Sadashiv as provided by his stock Broker SMC Global Securities Ltd. vide email dated June 23, 2016(**Annexure-OD103**) that he has traded based on the value of said 600 shares of Asian Paints Limited as initial amount. Ultimately he has 2800 Shares of Stampede Capital Limited, 1000 shares of Vimal Oil & Foods Limited and 184 shares of Asian Paints Limited in his account as shown in the table above. He has not withdrawn any amount from his account with the broker from April 01, 2015 till March 31, 2016. Therefore, it is alleged that Sadashiv has received 600 shares of Asian Paints Limited as his help in fraudulent transactions.

xviii. Sadashiv vide his statement dated December 21, 2016(**Annexure-SR17**) submitted that he used to work in transfer department of the Noticee and used

to effect/validate transfers in the system as per Transfer Deed received and in dividend department used to work for reissue of dividend to the parties as per their demand letters He used to prepare covering letter based on letter/documents received from shareholders for forwarding to the companies for reissue of dividend. The letter used to be signed by Indira. After signature of client manager i.e. Indira the letter used to be couriered to the companies. He used to prepare covering letters for Asian Paints, Tata Communications, Navin Flourine, Britannia Industries Limited. He further, submitted that he is not an Income tax payee and his salary at the Noticee was Rs. 14000/- pm only. He denied knowing or having any kind of relationship with Balram Mukherjee. He further submitted that his Bharat Co-operative Bank account was opened by Indira along with some other staff members She gave them Rs. 1000/ to open the bank account. The passbook and cheque book of the account has always been with him and he used to transact in the said account. Further, Demat account at SMC Global was opened at the instruction of Indira. He never operated the said accounts. Indira used to operate the same. He was not aware of the transactions in the demat/trading account. Later, he received SMS regarding receipt of some shares in his account which he came to know at the Noticee office is of some Balram Mukherjee. He informed the matter to G.R Rao who stated that he will speak to Indira. As per his knowledge later she sold the shares. He never placed any order or request with the broker or DP for sale/purchase or transfer of shares. He never received or paid any amount/consideration for transfer/buy/sale of shares in those demat/trading accounts. He has never signed any cheque in favour of the broker or received any from the broker. He has not paid any consideration for the 600 shares received from Balaram Mukherjee.He has denied carrying out any transactions or placing orders with the broker for the sale of 600 shares of Asian Paints received from Balram Mukherjee. There is no evidence on place to conclusively

prove that who actually was trading in the account with broker-SMC. However, SEBI observed that being employed in a RTA and an educated man he should not have provided his account to Indira for such fraudulent transactions. Further, from the bank account statement of Bharat Cooperative Bank Account number 000910100103416 (**Annexure-BRBCBL; Page No. - 172**) of Sadashiv, it was noted that he has received Rs. 19802/ on July 06, 2015 as dividend on the shares of Asian Paints Limited (Dividend @4.3 per shares on 600 shares for effective date June 24, 2016). Out of the said amount he has transferred Rs. 10000/ to Indira on July 14, 2015 and rest withdrawn in cash. As per his own admission he was himself transacting in the said bank account. Hence, it is alleged that Indira and Sadashiv were hand in glove in the matter. The amount of dividend on the 600 shares of Asian Paints transferred by Balram to Sadashiv is given to Indira corroborates that Sadashiv was being used as front entity by Indira however, Sadashiv has willingly cooperated in the arrangement. Moreover, the 600 shares of Asian Paints were transferred by Balram to Sadashiv without any consideration (as admitted by Sadashiv) strengthened that these were just attempts to hide the fraudulent transactions. It is alleged that Indira is hand in glove in the matter.

25. SEBI observed that with regard to this transaction the Noticee failed to exercise the required due diligence, due care and independent professional judgment because of the following reasons:

i. It is unreasonable to expect that a person in spite of obtaining a favourable court order in 1985 for shares of Britannia Industries Ltd. would remain silent for nearly 30 years especially when the shares in question are almost Rs.10 Crore.

ii. When the company, Britannia Industries Ltd. had not handed over any such "court order" to the Noticee , at the least it was expected of the Noticee that it would inquire about the matter with Britannia Industries Ltd. But admittedly (G.R

Rao statement dated December 29, 2015- **Annexure-SR16**), the Noticee did not seek the comments of Britannia Industries Ltd. in the matter and sent the documents to Britannia Industries Ltd. along with "Transfer Register" as a routine transmission.

iii. The documents available with the Noticee regarding Balram Mukherjee indicate that at the relevant time, Balram Mukherjee stayed at a rented premise in Thane and as per the income tax returns (available with the Noticee ), his income for the last two years wasRs.2.71 lakhs and Rs. 2.49 lakhs. It does not appeal to reason that a person whose income tax returns indicate such meager income would not provide the "court order" to the Noticee for year's altogether especially when the shares in question are of such high value.

iv. the Noticee produced an electricity bill (**Annexure-SSR7; Page-28**) from Calcutta Electric Supply Company (CESC), as an address proof, wherein the address of Balram Mukherjee was mentioned as a certain place in Kolkata.the Noticee could have easily checked the genuineness of the said bill from the website of CESC by entering consumer number mentioned on the bill which would have revealed that the bill actually belonged to somebody else (viz. Bakhatmull Sohanlal) (Screen Shot from the website is placed at **Annexure-OD29**).Further, The CESC Limited vide letter dated December 14, 2015 also submitted the electricity bill of the said consumer number which indicates that another person as owner and address was also different(**Annexure-OD30**).

v. The purported court order produced by the Noticee states that Mr. Biswanath Konar was the judge at the relevant time (viz. 1986). In fact, a Google search in public domain indicates that Mr. Biswanath Konar joined the West Bengal Judicial Service in 1988 i.e. after the purported "court order". These details are available at the website of Calcutta High Court viz.

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http://calcuttahighcourt.nic.in/JudicialOfficer/pdf_files/GradationList05042013.pdf(Screen Shot of the website is placed at **Annexure-OD31**)

vi. Even though the purported court decree had been submitted after almost 30 years contrary to reasonable norms of human behavior, the Noticee treated the issue as entirely routine and did not discuss the matter with the Company. This was in spite of the fact that as per the purported court decree, Britannia was a party and therefore the Noticee ought to have discussed the matter with the Company.the Noticee transferred the shares and sent the court order along with other documents for approval of the company in routine manner. The company also failed to recognize the seriousness of the matter.

26. SEBI observed that:

- If SEBI investigation could find out through its advocate that the purported court order is forged documents, it was not difficult on part of the Noticee to do the same. Especially, when the value of transactions was so high and the whole matter was of clear doubtful nature
- If SEBI could obtain RTI reply that no such court order exists,the Noticee could have also obtained such information
- Information was available on public domain that the judge passing the purported order was never there in such court could have been obtained easily
- The credentials of Balram could have been easily verified by the Noticee from available documents like online facility of electricity bill etc

In view of the above it is alleged that the Noticee failed to do all that and rather was in a hurry to transfer the shares overlooking all the signs of forgery/anomalies.

27. The above mentioned failure to carry out required due diligence and certain additional observations points to the involvement of the Noticee and its officials viz. G.R Rao,

Indira and Sadashiv Poojary in the conspiracy to siphon off the said shares by Balram Mukherjee. These additional observations are as follows:

i. Balram Mukherjee opened his bank account and demat account in 2015. There is apparently no available record for any other demat account before 2015.

ii. Further, the photograph and signature of Balram Mukherjee on his PAN application form submitted by NSDL e-Governance Infrastructure Limited vide letter dated February 22, 2016 (**Annexure-OD32**) are vastly different from the photograph and signature on actual PAN Card provided by the Noticee (**Annexure SSR7- Page No. 48**). This fact casts serious doubt on the very authenticity of existence of any natural person Mr. Balram Mukherjee.

iii. There are off market share transactions of Balram Mukherjee with entities related to the management of the Noticee and/or related to Indira including Sadashiv Poojary (office assistant of Indira), Anil Jathan, Prashant Karkera and Bhavani Jathan. These off-market transactions indicate that Balram Mukherjee was related / known to Indira and the management of the Noticee. The transfer of the shares to the Noticee management (viz. Indira) related entities without any consideration and later reversal of the transactions, proves the involvement of the Noticee officials in the conspiracy. It is alleged that the transfer of Britannia shares to Prashant Karkera and Asian Paints shares were actually sharing of the illegal gains but the same were reversed to blur the audit trail.

iv. Further, in addition to the facts and circumstances of the cases, the role of Indira is also confirmed through the letter of Shrikant Bhalakia dated May 13, 2016 (**Annexure-LIR7**) who has stated that 13290 shares of Asian Paint were transferred by Indira from demat account of Balram Mukherjee to his account which were later returned/reversed on her instructions. Mr. Bhalakia has denied knowing or having any kind relationship or dealings with Balram Mukherjee.

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v. Similarly, statements of Sadashiv Poojary also confirm the role of Indira in the matter and the fact that G.R Rao was in knowledge of the wrong doing in the matter. Sharing of dividend on the ill-gotten shares of Asian Paints transferred by Balram to Sadashiv also proves that Indira was the mastermind of the fraud. This explains the unusual favour by the Noticee in going ahead with the fraudulent transfer transaction.

vi. Balram Mukherjee has already withdrawn (in cash) almost all the money (Approx. Rs.9 Crore) credited by selling the shares of Britannia Industries Ltd. Further, Balram Mukherjee has transferred some of the ill-gotten money (Approx. Rs.8 lakhs) to Mr. Suresh Unawane who is servant of Indira/Prashant Karkera. While Prashant Karkera vide his statement dated September 27, 2016 (**Annexure-SR1**) has admitted that not only demat/bank account of Suresh were being operated by him and Indira but all the shares/funds moving through his account belongs to them. Prashant Karkera has also admitted that his transactions with Balram were carried out on the direction of Indira while he neither know nor have any kind of financial dealings with him. Further the transactions were not lending-borrowing and no consideration has moved between them. Regarding the shares transferred by Balram to Prashant Karkera which he returned later, he stated that Indira told him that some shares will come in his account and he has to return the same. He could not answer why shares worth crores were transferred without any documentation, without any reason etc. It is apparent that the shares transferred to Indira related entities were w.r.t. sharing of ill gotten money but later the same were reversed to obscure the audit trail. Later the shares were sold by Balram in market. The whole amount of sale was withdrawn in cash to avoid the audit trail. Shri Unawane in his statement dated September 20, 2016 (**Annexure-SR3**) has admitted that he did not know

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Balaram Mukherjee and his demat/bank accounts were operated by Prashant Karkera and Indira.

vii. Balaram Mukherjee who was in touch with G.R Rao till start of the investigation and has become untraceable later. Summons sent on the available addresses could not be delivered to him except one summons which also remains non-complied.

**Fraudulent Transfer of Debenture Redemption Payments of Britannia Industries Limited belonging to Sujit Gupta to Indira:**

28. Investigation alleged that officials of the Noticee deliberately made changes in payment master files of debenture redemption and submitted two different files to Britannia (on Mar 18, 2013) and to HDFC bank (on Mar 19, 2013).They changed name of the Folio No. - S005981 as Suresh Unavane in the file submitted to HDFC Bank while the folio originally owned by Sujit Gupta. Accordingly, HDFC Bank issued DDs no. - 202044 dated 04/04/2013 for Rs. 19, 85,627.93 which was encashed in Suresh Unawane's Bharat Co-op Bank a/c no. - 001810100074345 on 05/04/2013. The amount was ultimately transferred to Indira. It was noted that Rs. 19,85,627.93 were credited back to Britannia's a/c no. 50200000546177 on Jun 24, 2013 by transfer directly from Indira's Bharat Co-op Banka/c no. 001810100014802. It is further noted that DD no 767607 dated 02/07/2013 for Rs. 19,85,627.93 was issued against Folio no. S005981 in the name of Sujit Kumar Gupta on the request of the Noticee vide letter dated June 26, 2013 signed by Indira (Annexure-OD36). Then again on request of the Noticee vide letter dated November 25, 2013 signed by Indira (Annexure-OD33) fresh DD No. 360572 dated December 02, 2013 (against old DD) in favour of Sujit Kumar Gupta. The same was encashed on December 04, 2013 by one Mr. Sujitkumar Amarnath Gupta in his Bank of India account no. 003910310001280 and he withdrew Rs. 19,00,000 in cash on December 06, 2013. It

may be noted that the residential address of Sujitkumar Amarnath Gupta is of Andheri East, Mumbai 400 059 while original Sujit Gupta was resident of West Bengal. Further, he is a married person with two children whereas as per records submitted by the Noticee , Sujitkumar Gupta, original shareholder of Britannia Industries is dead since 1985 and he was not married and died without any issue. SEBI observed that Britannia Industries has forwarded to the Noticee a letter dated March 12, 2009 from Aloka Choudhary (legal heir) where all the above mentioned facts are mentioned. Further, the Noticee has replied to Aloka Choudhary vide letter dated March 26, 2009. Therefore, the Noticee and Britannia knew these facts at the time of issuing DD in favour of 'Sujit Kumar Gupta' in 2013.

29. In view of the above it is alleged that Indira first siphoned off the redemption payment through her servant and then paid back the same from her own account to avoid detection. Later, the amount was siphoned off through the account of another fake Sujit Gupta, though the Noticee and Indira were fully aware that the original investor was already dead. It is alleged that the Noticee and Indira were in conspiracy to siphon off assets of Sujit Gupta knowing full well that the original investor is already dead because the legal heirs were not fully aware of the complete details of the assets of Sujit Gupta. The complete details of the above fraudulent transactions w.r.t. debenture redemption along with supporting documents is provided in forthcoming paragraphs.

30. In view of the above it is alleged that the Noticee not only failed to carry out required due diligence, but it (along with the officials including G.R.Rao) also actively participated in fraudulent transfers in the matter by Balram Mukherjee. It is also alleged that Shri G.R. Rao, Indira/Prashant Karkera and Balram can be considered the mastermind of the fraudulent transactions related to securities belonging to Sujit Gupta because of the following reasons:



- Indira and G.R Rao approved the fraudulent transaction and sent the documents to the company as a routine matter.
- Ill-gotten shares of Balaram Mukherjee were parked in accounts of entities related to Indira/Prashant Karkera; subsequently when they realized that this was leading to a clear audit trail, they returned the shares to Balaram Mukherjee so that the shares can be sold by Balaram Mukherjee and the proceeds can be withdrawn in cash
- At least part of the sale proceeds of the ill-gotten shares were traced to Suresh Unawane who admittedly is a front entity of Indira/Prashant Karkera
- 600 shares of Asian Paints obtained by Balaram Mukherjee as a result of fraud are retained by Sadashiv Poojary , a front entity of Indira and the dividend proceeds thereof are traced to Indira
- Indira siphoned off the debenture proceeds of Shri Sujit Gupta and Sybil to her front entity viz. Suresh Unawane and Narayan D. Thereafter the funds were returned by Indira since she realized that the earlier action was resulting in a clear audit trail
- Indira wrote letter to Britannia to credit the account of one Sujit Gupta knowing fully well that the actual Sujit Gupta had died long back. Thus, she once again siphoned off the money which she had originally attempted through Suresh Unawane and used a fake entity viz. Sujitkumar Amarnath Gupta for the purpose

31. Valuation of Share Misappropriated/misused on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 33750 Shares of Britannia Industries Ltd. transferred on 13/04/2015 to Balram Mukherjee | Value= Rs. 77969250 (Price @ NSE Rs. 2310.2) | Value= Rs. 113967000 (Price @ NSE Rs. 3,376.80) |

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 2 | 600 shares of Asian Paints Limited transferred to Sadashiv Poojary on 17/06/2015 not returned | Value= Rs. 426390 (Price @ NSE Rs. 710.65) | Value= Rs. 727590 (Price @ NSE Rs. 1,212.65) |
| 3 | 7505 shares of Asian Paints Limited transferred to Sadashiv Poojary on June-July 2015and returned on August 07, 2015 | Value= Rs. 5879266.9 (Avg Price during June-July @ NSE Rs. 783.38) | Value= Rs. 9100938.25 (Price @ NSE Rs. 1,212.65) |
| 4 | 15000 shares of Asian Paints transferred to Anil Jathan in June-July 2015 and returned back on August 06, 2015 | Value= Rs. 11750700 (Avg Price during June-July @ NSE Rs. 783.38) | Value= Rs. 18189750 (Price @ NSE Rs. 1,212.65) |
| 5 | 4605 shares of Asian Paints transferred to Bhavani Jathan in June 23 & 25, 2015 and returned back on August 10, 2015 | Value= Rs. 3469222.8 (Avg Price during June 23 & 25 @ NSE Rs. 753.36) | Value= Rs. 5584253.25 (Price @ NSE Rs. 1,212.65) |
| 6 | 13290 shares of Asian Paints transferred to Shrikant Bhalakia in July 2015 and returned back on August 06, 2015 | Value= Rs. 10943517.6 (Avg Price during July @ NSE Rs. 823.44) | Value= Rs. 16116118.5 (Price @ NSE Rs. 1,212.65) |
| 7 | 3500 shares of Britannia Industries Limited transferred to Prashant Karkera June-July 2015 and returned back on August 06, 2015 | Value= Rs. 9682785 (Avg. Price during June-July Rs. 2766.51) | Value= Rs. 11818800 (Price @ NSE Rs. 3,376.80) |

**Fraudulent Transfer of Debenture Redemption Payments of Britannia Industries Limited (herein after referred to as 'Britannia')**

32. It was noted that once validity period of instruments such as dividend warrants or debenture redemption DDs etc. is over, banks holding dividend/redemption accounts start providing monthly reconciliation files to registrar and contain cumulative updated information such as name of investor, payment status of original instruments and of new instruments issued in lieu of original instruments. Such reconciliation files were

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submitted in a CD by the Noticee vide letter dated February 25, 2016 (**Annexure-SSR4**).

33. Britannia Industries held account no. 50200000546177 with HDFC Bank which was meant for debenture redemption { As confirmed from letter dated March 20, 2013 sent by Britannia to HDFC Bank and reproduced by Britannia with letter dated October 17, 2016 (**Annexure-CRBI5)**

34. Investigation team observed in reconciliation files of aforementioned account that some DDs were issued in lieu of original instruments. Investigation team sought details of actual beneficiary details of such DDs issued against initial warrants from HDFC Bank vide summons dated December 11, 2015 (Annexure-BRHDFC; Page-219). As per information submitted by HDFC Bank vide email dated December 21, 2015 (**Annexure-BRHDFC; Page-245**), it was found that following debenture redemption payments of Britannia Industries were made to persons who were not shareholders of Britannia Industries from bank account no. 50200000546177 of Britannia Industries maintained with HDFC Bank:

| Name of Original Shareholder | Instrument issued in favour of | Instrument No. | Amount | Encashed Date |
|---|---|---|---|---|
| Sonya Ruth Raymond | Suresh Unawane | 541422 | 639,751.05 | 14/01/2015 |
| Fairgrowth Financial Services Limited | Krishna M Ghosh | 158059 | 724,880.00 | 17/06/2014 |
| Centbank Financial & Custodial Services Ltd | Sukhdev S Bhosale | 418495 | 708,128.20 | 30/10/2014 |

- The above mentioned instrument was encashed by Mr. Suresh Unawane in his Bharat Co-op Bank account no. 001810100074345 on January 14, 2015 (**Annexure-BRBCBL; Page No. - 256**). On January 16, 2015, Mr. Suresh transferred Rs. 250,000 to Bharat Co-op Bank account of Mr. Raju Landge (A/c No. 001810100075247) (**Annexure-BRBCBL; Page No. - 182**), Rs. 130,000 to bank account of Indira (A/c No. 001810100087482 in Bharat Co-op Bank) (**Annexure-BRBCBL; Page No. - 204**) and withdrew Rs. 250,000 in cash.

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- Mr. Krishna M Ghosh encashed above mentioned instrument in his Corporation Bank account no. SB/01/1700 on June 17, 2014. Rs. 20000 and Rs. 700,000 were withdrawn in cash by Mr. Ghosh on June 17, 2014 and June 18, 2014 respectively (**Annexure-BRMISC; Page No. - 188**).
- Mr. Sukhdev Bhosale encashed above mentioned instrument in his Bank of India account no. 075810110000078 on October 30, 2014. Rs. 648,000 was withdrawn in cash by Mr. Bhosale on November 03, 2014 (**Annexure-BRBKOI; Page No. - 105**). Mr. Bhosale appeared before the Investigating Authority on September 15, 2016 and his statement was recorded (**Annexure-SR7**). He has submitted that he is a farm labourer making about Rs. 6000/- per month and does not know anything about instrument no. 418495 deposited in his account. The deposit belongs to Mr. Rajesh Bhagat. Cash withdrawn after deposit was also handed over to him. He doesn't know Indira or G.R Rao. In this respect, Mr. Bhagat has accepted vide his statement dated September 15, 2016(**Annexure-SR5**) that Mr. Bhosale's submission is correct and it was done at Indira's instance.

35. Britannia vide its letter dated October 17, 2016 (**Annexure-CRBI5**) has submitted that it received payment data master files from the Noticee on March 18, 2013 containing DDs to be issued which included following payments to be made.

| Name of Investor | Folio No. | Warrant No. | Amount |
|---|---|---|---|
| Sybil Beatrice Hughes | S005975 | 22271 | 2352054.48 |
| Sujit Kumar Gupta | S005981 | 22274 | 1985627.93 |

Britannia have also submitted that the Noticee changed names of investors as follows in payment data master files it shared with HDFC Bank on March 19, 2013.

| Name of Investor | Folio No. | Warrant No. | Amount |
|---|---|---|---|
| Narayan D | S005975 | 22271 | 2352054.48 |
| Suresh | S005981 | 22274 | 1985627.93 |

Britannia has also submitted a letter dated March 09, 2016 (**Annexure-CRBI1**) received from HDFC Bank which states that 'Narayan' and 'Suresh' were indeed names communicated by the Noticee to them.

Britannia sent a cover letter dated March 20, 2013 (**Annexure-OD35**) to HDFC Bank with request to issue a set of demand drafts. As per information provided by HDFC Bank vide email dated January 13, 2016 (**Annexure-BRHDFC; Page No. - 196-203**) and letter dated February 02, 2016 (**Annexure-BRHDFC; Page No. - 185**) that the above instruction was w.r.t. the credit of below mentioned amount in accounts as given below:

| DD in favour of | DD Date | DD No. | Encashed in A/c | Encashed Date |
|---|---|---|---|---|
| Narayan D | 22/03/2013 | 202048 | Bharat Co-op Bank 001810100074187 | 05/04/2013 |
| Suresh | 04/04/2013 | 202044 | Bharat Co-op Bank 001810100074345 | 05/04/2013 |

SEBI observed that the Folio No -S005975 and Folio No. - S005981 belongs to Mr. Sybil Beatrice Hughes and Mr. Sujit Kumar Gupta respectively as is evident from Letter dated March 09, 2016**(Annexure-CRBI1)** received from Britannia Industries. As per annual return data submitted by GR Rao vide his statement dated March 23, 2016 **(Annexure-SR12)** for 2005-2015 also, Folio No -S005975 and Folio No. - S005981 belongs to Mr. Sybil Beatrice Hughes and Mr. Sujit Kumar Gupta.

36. Narayan encashed DD no. 202048 worth Rs. 23, 52,054.48 in his Bharat Co-op Bank account no. 001810100074187on April 05, 2013 (**Annexure-BRBCBL; Page No. - 189**). Suresh encashed DD no. 202044 worth Rs19, 85,627.93 in his Bharat Co-op Bank account no. 001810100074345on April 05, 2013 (**Annexure-BRBCBL; Page**

**No. - 258**). Movement of funds in bank accounts of Suresh and Narayan is shown below.

| Date | Transferor Name | TransferorBank a/c No | DD No. | Amount | Transferee Name | TransfereeBank a/c No |
|---|---|---|---|---|---|---|
| 05/04/2013 | Britannia Industries | HDFC Bank 50200000546177 | 202048 | 2352054.48 | Narayan Devadiga | Bharat Co-op Bank 001810100074187 |
| 12/04/2013 | Narayan Devadiga | Bharat Co-op Bank 001810100074187 | 579408 | 2350000.00 | Indira | Bharat Co-op Bank 001810100014802 |

| Date | Transferor Name | TransferorBank a/c No | DD No. | Amount | Transferee Name | TransfereeBank a/c No |
|---|---|---|---|---|---|---|
| 05/04/2013 | Britannia Industries | HDFC Bank 5020000 0546177 | 202044 | 1985627.93 | Suresh Unawane | Bharat Co-op Bank 0018101 00074345 |
| 12/04/2013 | Suresh Unawane | Bharat Co-op Bank 0018101 00074345 | 573108 | 1,900,000.00 | Mohit Karkera | Bharat Co-op Bank 0018101 00094710 |
| 29/05/2013 | Mohit Karkera | Bharat Co-op Bank 0018101 00094710 | 161921 | 3,200,000.00 | Indira | HDFC Bank 1461050 077471 |

Narayan transferred Rs. 23, 50,000.00 to Indira which she duly received in her Bharat Co-op Bank account no. 001810100014802on April 12, 2013 (**Annexure-BRBCBL; Page No. - 215**). Suresh transferred Rs. 19,00,000.00 to Mohit Karkera which he received in his Bharat Co-op Bank account no. 001810100094710on April 12, 2013 (**Annexure-BRBCBL; Page No. - 168**). Mohit Karkera further, transferred money to Indira on May 29, 2013 in her HDFC Bank account no. 1461050077471(**Annexure-BRHDFC; Page No. - 103**).

37. Britannia Industries has submitted vide its reply dated March 09, 2016 (**Annexure-CRBI1**) to summons that amounts of Rs. 19,85,627.93 and Rs. 23,52,054.48 were credited back to Britannia's a/c no. 50200000546177 on Jun 24 and 25, 2013 respectively. It is also submitted by Britannia that Rs. 19,85,627.93 were transferred

in their account "by Cheque deposit MICR CLG Mumbai Clear 000000016323"from Indira and Rs. 23,52,054.48 were transferred "vide FT CR 01461050077471"by Indira's. It was noted that the same amount is being debited (along with DD charges) from Bharat Co-op Bank a/c no. 001810100014802 of Indira (**Annexure-BRBCBL; Page No. - 215**) on June 21, 2013 and debited from HDFC Bank a/c no. 1461050077471 of Indira (**Annexure-BRHDFC; Page No. - 103**) on June 25, 2013.

38. In view of the above, it is alleged that the Noticee deliberately submitted different payment master files of debenture redemption to Britannia and to bank. They changed names of original shareholders in file submitted to HDFC Bank so as to deprive original shareholders of their right and to benefit entities connected with client manager. As per letter dated December 07, 2015 submitted by the Noticee , Indira was client manager for Britannia Industries. As per the statement of G.R Rao dated December 04, 2015 (Annexure-SR10) all dividend related functions viz. payment of dividend, re-issue of dividend, transfer of unpaid dividend to IEPF etc. are handled by client managers. Further, beneficiaries transferred funds to Indira and her son, Mohit Karkera. Indira also tried to hide the fraud by returning the money from her own bank accounts. Prashant Karkera accepted vide his statement dated September 27, 2016 (Annexure-SR1) that he and Indira were operating Suresh and Narayan's aforementioned accounts. All these facts show deliberate attempt on part of Indira and the Noticee to siphon off payments due to original shareholders.

39. It is noted from Britannia's reply dated March 09, 2016 (**Annexure-CRBI1**) to summons that the Noticee subsequently requested for issuing demand drafts vide their letter signed by Indira dated June 26, 2013 (copy of letter placed at **Annexure-OD36**) as under:

| Name of Investor | Folio No. | Amount |
|---|---|---|
| Sujit Kumar Gupta | S005981 | 1985627.93 |

Accordingly, Britannia requested (**Annexure-OD37**) HDFC Bank to issue DD and HDFC Bank issued them as given below:

| DD in favour of | DD Date | DD No. | Amount | Encashed by | Encashed Date |
|---|---|---|---|---|---|
| Sujit Kumar Gupta | 02/07/2013 | 767607 | 1985627.93 | N/A | N/A |

Britannia further submitted that DD No. 767607 issued to Sujit Kumar Gupta was not encashed and the Noticee again requested through Britannia (copy of the Noticee request letter signed by Indira is placed at **Annexure-OD38**) for issuing fresh DD in favour of Sujit Kumar Gupta. Accordingly, HDFC Bank had issued DD No. 360572 dated December 02, 2013 in favour of Sujit Kumar Gupta. SEBI observed that the said DD no. - 360572 was encashed on December 04, 2013 by one Mr. Sujitkumar Amarnath Gupta in his Bank of India account no. 003910310001280 (**Annexure-BRBKOI; Page no. - 321**). Mr. Sujitkumar Amarnath Gupta withdrew Rs. 19, 00,000 in cash on December 06, 2013. As per bank's KYC records, his residential address is '202, Welfare Society, Nehru Nagar, Marol Pipe Line, Andheri East, Mumbai 400 059' and he opened his account on July 07, 2012. His date of birth is Oct 18, 1968. Further, as per his ration card submitted to bank, he is a married person with two children (Bank KYC information placed at **Annexure-OD39**). Whereas as per records submitted by the Noticee and authenticated by G.R Rao, Sujitkumar Gupta, original shareholder of Britannia Industries is dead since 1985. He was not married and died without any issue. SEBI observed that Britannia Industries has forwarded to the Noticee a letter dated March 12, 2009 from Aloka Choudhary (legal heir) where all the above mentioned facts are mentioned. Further, the Noticee has replied to Aloka Choudhary vide letter dated March 26, 2009 (Copies of Letter dated March 12, 2009 and March 26, 2009 is placed at **Annexure-OD20 & OD21**). Therefore, the Noticee and Britannia knew this fact at the time of issuing request to Britannia in Jun 2013 and in November 2013 to in turn instruct HDFC Bank to issue DD in favour of 'Sujit Kumar Gupta'. In spite of this they issued the request and deposited DD issued by

HDFC Bank in account of some other Sujit Kumar Gupta. In view of the above it is alleged that there was malafide intentions on part of the Noticee , G.R Rao and Indira.

40. The above facts corroborates that Indira first siphoned off the redemption payment through her servants and then paid back the same from her own account to avoid detection. Later, the amount due to original Sujit Gupta was siphoned off through the account of another fake Sujit Gupta, though the Noticee and Indira were fully aware that the original investor was already dead. Thus, the Noticee , G.R Rao and Indira were in conspiracy to siphon off assets of Sujit Gupta knowing fully well that the original investor is already dead because the legal heirs were not fully aware of the complete details of the assets of Sujit Gupta.

41. Valuation of redemption payment Misappropriated in this matter

| Sr. No. | Shares Transferred to | Value of the Securitiesas on date of Siphoning | Remarks |
|---|---|---|---|
| 1 | Suresh Unawane siphoned off Debenture redemption payment amount due to Sonya Ruth Raymond on 14/01/2015 | Rs. 639751.05 | Mr. Suresh transferred Rs. 250,000 to Mr. Raju Landge, Rs. 130,000 to Indira and withdrew Rs. 250,000 in cash. Suresh and Raju are the proxies of Indira/Prashant Karkera |
| 2 | Krishna M Ghosh siphoned off Debenture redemption payment amount due to Fairgrowth Financial Services Limited on 17/06/2014 | Rs. 724880 | Withdrew in cash. |
| 3 | Sukhdev S Bhosale siphoned off Debenture redemption payment amount due to Centbank Financial & Custodial Services Ltd. on 30/10/2014 | Rs. 708128.2 | Withdrawn in cash on the instruction of Rajesh Bhagat who admitted the same. Rajesh alleged that he carried out on the instruction of Indira. Fraud could not have been possible without the Noticee and there is relation between Rajesh and Indira. Both hand in glove. |
| 4 | Narayan D siphoned off Debenture redemption payment amount due to Sybil Beatrice Hughes on 05/04/2013 | Rs. 2352054.48 | Narayan transferred the amount to Indira. Later paid back to Britannia from Indira's account. |

| Sr. No. | Shares Transferred to | Value of the Securitiesas on date of Siphoning | Remarks |
|---|---|---|---|
| 5 | Suresh Unawane siphoned off Debenture redemption payment amount due to Sujit Kumar Gupta on 05/04/2013 | Rs. 1985627.93 | Suresh transferred to Mohit who in turn transferred to Indira. Later paid back to Britannia from Indira's account. |
| 6 | One fake Sujit Gupta siphoned off Debenture redemption payment amount due to original Sujit Kumar Gupta on December 04, 2013 | Rs. 1985627.93 | Withdrawn in cash but the sequence showsthe Noticee and Indira hand in glove. |

42. The summary of violations and applicable Regulatory provisions w.r.t. the above mentioned matter of dividend payment is as below:

| S.no | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | Sharepro Services (I) Pvt. Ltd. | Committed fraud, Failure to do due diligence | Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1),(2)(3),(6),(16),(17),(18),(20),(25),(28),(30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b )& (c) of RTA Regulations |

**B. Company Name: Asian Paints Limited (herein after referred to as 'Company/Asian Paints') (the Noticee Back Office Code-A1A1)**

The Company vide letter dated March 28, 2016 (**Annexure-CRAP6**) submitted its response to SEBI summons dated February 23, 2016 (**Annexure-SAP1**). The company submitted that the Noticee was not authorized to effect any transfer of physical shares from one investor to another without informing and taking approval of the company. After obtaining complete documents and after doing all relevant due diligence w.r.t. the transfer the RTA (the Noticee ) is required to generate draft agenda and the draft register of Transfer (or transmission, dematerialization, rematerialization as the case may be) for the approval of Share Transfer Committee (or Authorized Executive of the company; here in

after STC) which relies, in good faith, on the due diligence carried out by the Noticee for giving effect to the said transfer. On transfer being approved by the STC, the Noticee generates a printed endorsement slip which contains the facsimile signature of the authorized signatory of the company and other memorandum of transfer and affixes the same on the reverse side of the share certificate and makes entry in register of members the Noticee is not authorized to sign any new share certificate.

**The following instances of irregularities were observed w.r.t. shares of Asian Paints Limited:**

1. **Fraudulent transactions in the matter of Radha and Rajiv Manucha; New share certificate printed and shares transferred fraudulently to entity linked to management of the Noticee using forged transfer deed signed by a dead person. When joint holder cum heir of the actual shareholder appeared and demanded shares, yet another share certificate printed and delivered to him.**

43. SEBI observed that with respect to the complaint in the matter of Radha & Rajiv Manucha, the Noticee explained (Copy of emails placed at **Annexure-SSR5 & SSR6**) that the bonus shares of 2003 and 2004 amounting to total 3360 were dispatched to Rajiv Manucha in 2004. Subsequently, they received the aforesaid shares for transfer from Jayshree Shah. As per procedure they issued registered notices to Jayshree Shah and Rajiv Manucha. While Rajiv Manucha never replied but Jayshree quickly replied that she never lodged the share for transfer. Hence, the transactions were reversed. Indira in her statement dated December 07, 2015 (Annexure-SR18) stated that the transactions were reversed after receipt of letter from Jayshree Shah and shares kept with the Noticee. Later, when Rajiv Manucha demanded the shares they transferred the shares to him in 2013. However, SEBI observed the below mentioned contradictory facts:

44. Radha Manucha and her son Rajiv Manucha resident of New York, held shares of Asian Paints Limited in folio 00060245 (Screen Shot of the folio from the back office software of the RTA is placed at **Annexure-SP1**). Radha Manucha died in the year 1995. Rajiv

Manucha citing the death of his mother applied to get the 2400 shares (original number of shares) in the folio and dematerialized the same in May 2008 after completion of transmission (Demat documents placed at Annexure-B to the statement of Indira dated December 07, 2015). The folio had additional 3360 share (Bonus shares of 1440 and 1920 for the year 2003 and 2004 respectively) but the existence of said shares were not informed to the surviving shareholder when he applied for demat of original shares. When there was no more communications from the shareholder for last many years, on January 14, 2012 (transaction date in Folio No. - 00060245 but approval date 20/01/2012) 3360 shares (certificate no. 834932; Distinctive No.s47406458 to 47407897 and 834933; Distinctive Nos. 72482068 to 72483987) transferred from folio 00060245 to folio 00115427 (viz. Jayshree Shah) based on a "Transfer Deed" dated January 13, 2012 (Annexure-C to the statement of Indira dated December 07, 2015). The said transfer deed is also signed by Radha Manucha while she has already died in 1995. It is alleged that the Noticee was aware of death of Radha Manucha as Rajiv submitted Death certificate while dematerializing 2400 shares in 2008. The transfer of shares to Jayshree and the signature of Radha Manucha was approved by Indira, VP &Client Manager and Mr. G.R. Rao, MD of the Noticee himself. It was noted from the share certificate print reconciliation register (**Annexure-OD43**) of the Noticee that the new certificates (834932 & 834933) were printed just few days before (viz. on January 03, 2012) the transfer to Jayshree Shah. The share certificates transferred to Jayshree Shah are the newly printed shares. the Noticee has falsely submitted that they had posted the bonus shares to Rajiv Manucha and they received the same shares for transfer from Jayshree Shah in 2012 is completely false &misleading because the share certificate is not same but newly printed share certificates. The submissions of the Noticee fail to explain why the share certificates were printed? On whose request such re-printing was done? How the shares re-printed landed up in a matter of days after print with Jayshree Shah who is found to be known entity of Indira. It is alleged that new certificate was printed to fraudulently siphon off the share by transferring it to Jayshree Shah. After the said transfer of shares to

Jayshree Shah folio, both certificates were merged (viz. consolidation of old certificate into new ones) and new certificate no. 834940 was printed on January 17, 2012. SEBI observed that there is a rectification entry dated as "25/01/2012" which reverses the 3360 shares back to folio no. - 00060245 of Rajiv Manucha. It is alleged that the submission of the Noticee is completely false that Jayshree Shah quickly reverted back with objection based on which transaction was cancelled because the letter of Jayshree Shah produced before investigation is dated April 11, 2013 (while Notice issued to her for filing objection was dated 16/01/2012; reply after more than a year while shares already transferred; both the documents are placed at **Annexure-E & F** to the statement of Indira dated December 07, 2015). Hence, it is alleged that the explanations given by Indira vide her statements dated December 02, 2015 (**Annexure-SR2**) and December 07, 2015 (**Annexure-SR18**) is just an afterthought and not true. The letter from Jayshree was apparently taken post facto and dated just before the request letter date of Rajiv Manucha. It is alleged that the rectification to have been carried out through back dated falsification in software system in 2013 after receipt of fresh communication from Rajiv Manucha. Later, in February 2013 (email communications with the Noticee started in February 2013 but final request letter 12/04/2013; copy of the emails and request letter placed at **Annexure-OD41**) Rajiv Manucha realized that there should be more shares in the folio due to bonus shares. In May, 2013 transmission of 3360 shares to Rajiv Manucha was approved which he dematerialized. SEBI observed that the shares certificate through which 3360 shares were transmitted by name deletion was different from the single share certificate (No 834940) of 3360 transferred back from the folio of Jayshree Shah to folio of Rajiv Manucha. It is alleged that yet another certificates (No. 835490 & 835491) were printed for the purpose of transmission so that Rajiv Manucha does not realize by looking at the old share certificate (which was printed in the folio no. - 00115427 of Jayshree Shah) that an attempt was made to siphon off his shares. The share certificate print reconciliation/control register (**Annexure–OD42**) also shows that the certificates No.

835490 & 835491 were printed on April 27, 2013 i.e. days before transfer to Rajiv Manucha.

45. The Noticee furnished data to its client companies regarding Annual Returns which are required to be filed by companies with RoC under Section 159 of the Companies Act, 1956. SEBI observed from the Annual Return data submitted by the Noticee vide statement of G.R Raodated March 23, 2016, that in 2012 total 3360 shares were transferred from the folio no 115427 (in the name of Jayshree Shah) to Folio no. -00060245 (in the name of Radha Manucha) on 25/01/2012. (Screen Shot of Annual Return data placed at **Annexure-ARSP1**).

46. SEBI observed from the letter of the company dated March 28, 2016 (Annexure-CRAP6) that

(i) The said transfer of 3360 shares Certificate Nos. 834932 and 834933 in Folio No. 00060245 Radha Manucha jointly with Rajiv Manucha to Folio no. 00115427 Jayshree Shah vide register dated 20th January, 2012 sent to the Company by the Noticee , placed before the Share Transfer Committee at its meeting held on 20th January, 2012. As per the records maintained by the Company a copy of the Transfer Register, duly authenticated by the Authorized Signatory of the Noticee , dated 20th January, 2012 and copy of the Share Transfer Committee meeting minutes dated 20th January, 2012 approving the transfer in the name of Jayshree Shah and document ascertaining communication from the Noticee , w.r.t. forwarding of STC Agenda papers for meeting dated 20thJanuary, 2012 by the Noticee to the Company was found. A copy of the aforesaid documents are placed at Appendix No. 40 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

(ii) As per the records maintained by Asian Paints, document ascertaining forwarding of 17 Share Certificates (certificate nos. 834917 -834933) including Certificate No. 834932 and 834933 pertaining to Folio No. 00060245 by the Noticee to the Asian Paints for signature and seal, was received on 9th January, 2012. A copy of the said

communication with the Noticee , is placed at Appendix No. 41 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

(iii) The 3360 shares on different certificates in Folio No. 00060245 were merged into one new share certificate no. 834940 vide register dated 17th January, 2012 sent to Asian Paints by the Noticee , placed before the Share Transfer Committee at its meeting held on 20th January, 2012. A copy of the Register of Consolidation, duly authenticated by the Authorized Signatory of the Noticee , dated 17th January, 2012 and copy of the Share Transfer Committee meeting minutes dated 20th January, 2012 approving the consolidation of share certificates in the name of Jayshree Shah are placed at Appendix No. 42 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

As per the records maintained by Asian Paints, document ascertaining communication from the Noticee , w.r.t. forwarding of STC Agenda papers for meeting dated 20th January, 2012 by the Noticee to the Company on 19th January, 2012 was found. Also, document ascertaining communication from the Noticee , w.r.t. forwarding of new Share Certificates (Certificate Nos. 834934 to 834940) including certificate no. 834940 pertaining to Folio no. 00060245 by the Noticee (**viz. Indira**) to Asian Paints for signature and seal on 21st January, 2012 was found. On 25th January, 2012, 7 share certificates were signed, sealed and forwarded to the Noticee. A copy of the said communication along with the acknowledgement received from the authorized signatory of the Noticee , is placed at Appendix No. 43 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

(iv) The said reverse transfer of 3360 shares back to Folio No. 00060245, was not sent to Asian Paints for approval in its 'Share Transfer Committee' meeting and there is no documentation in place that reflects the reason for the reverse transfer. Such transfer was never put before or sent to Asian Paints for approval in any 'share transfer committee' meeting.

(v) The said transmission of 3360 share certificates (Certificate Nos. 835490 and 835491) in Folio No. 00060245 Radha Manucha jointly with Rajiv Manucha to Folio No. 00115894 Rajiv Manucha vide authenticated register (**signed by Indira**) dated 17th May, 2013 sent to Asian Paints by the Noticee , placed before the Share Transfer Committee at its meeting held on 17th May, 2013 are placed at Appendix No. 44 to the Asian Paints reply letter dated March 28, 2016 (**Annexure-CRAP6**).

As per the records maintained by the Asian Paints, document dated 15th May, 2013 ascertaining communication from the Noticee , w.r.t. forwarding of STC Agenda papers for meeting dated 17th May, 2013 by the Noticee to the Asian Paints was found. A copy of the said communication along with the acknowledgement received from the authorized signatory of the Noticee , is placed at Appendix No. 45 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

Asian Paints vide letter dated August 19, 2016 (**Annexure-CRAP7**) submitted that as per records maintained by the company, they have received Dematerialization Register dated June 18, 2008 duly authenticated by the authorized signatory ofthe Noticee w.r.t. Demat of 2400 shares by Rajiv Manucha and the same has been approved in STC dated June 18, 2008. The copy of the Register and Minutes of the meeting are placed at Appendix No. - 4 to the company reply letter dated August 19, 2016 (**Annexure-CRAP7**). Further, they have not found any record w.r.t. transmission of said 2400 shares to Rajiv Manucha.

47. SEBI observed that the copy of different certificates printed during the period is not maintained in the records of the Noticee. Indira in her statement dated December 07, 2015 (Annexure-SR18) has admitted that the same has been destroyed and no copy retained. Indira in her statement could not explain why the share certificates transferred to Jayshree Shah were not dispatched for more than one year as against normal practice. Further, she could not explain why Rajiv Manucha was not confronted by the Noticee that he has already sold the shares to Jayshree Shah in 2012 when he contacted the Noticee

in February 2013 as Jayshree Shah objection letter is dated 11/04/2013 (Annexure-F to the statement of Indira dated December 07, 2015 i.e Annexure-SR18). There is complete contradiction in oral explanation by Indira on 02/12/2015, statement dated 07/12/2015 and facts recorded from the systems of the Noticee which was recorded in her statement before IA. Earlier, her stand was shares never transferred to Jayshree Shah as she quickly objected then changed in statement dated 07/12/2015 that it was transferred but reverted after her objection. There is no explanation how can the reversal reflect date of "25/01/2012" while the Objection letter is dated April 11, 2013. She also produced a letter dated 26/04/2013 to Jayshree Shah in reply to her letter dated 11/04/2013 (Annexure-G to statement of Indira dated December 07, 2015 i.e Annexure-SR18) which states that the transfer of shares was rejected because of signature mismatch. SEBI observed that if the transactions were rejected due to signature mismatch then why the actual transfer was carried out and even consolidation of two share certificate into one share certificate was carried out in the folio of Jayshree Shah. It was also observed that the transfer register was also sent vide the Noticee communication dated 19th January, 2012 to the company Asian Paints Limited for approval of transfer in share transfer committee meeting dated communication dated 20th January, 2012. As per process explained by Indira, who is VP Sharepro, signatures are checked before and not after the due transfer by company. In view of the above, it is alleged that there is massive falsification of records, attempt to mislead the investigation to hide the fraudulent transactions.

48. Therefore, it is alleged that in this matter there are falsification of records, forgery, repeated printing of new certificates without any request or authorization from shareholder and fraudulent transfer transactions has taken place. Further, It is also alleged that the Noticee has not only failed to maintain proper record, have proper internal checks & balances, have proper control over operations, failed to carry out due skill care and diligence but also made all possible effort to mislead the investigations and cover fraud done by the senior management ofthe Noticee. Indira herself was processing the

transactions as is evident from the copy of documents submitted by the company. SEBI further observed that Jayshree Shah is the sister of Shrikant Bhalakia in conspiracy with whom Indira has illegally siphoned off many shares of the genuine investor which is explained in subsequent paragraphs. It is alleged that G.R Rao has himself authorized the transfer though the original investor was already dead. SEBI alleged that complicity at such high level is the reason that all checks & balances and systems at the Noticee has failed.

49. Valuation of Share Misappropriated on replacement cost basis and then reversed in this matter-

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 3360 (33600 Post 1:10 split on 30/07/2013) shares of Asian Paints Limited belonging to Radha & Rajiv Manucha misappropriated by Jayshree B. Shah on 20/01/2012 | Value= Rs. 91,81,032 (Price @ NSE Rs. 2,732.45) | Value= Rs. 4,07,45,040 (Price @ NSE Rs. 1,212.65) |

**Fraudulent transactions in the matter of Laxchuman Ganeshan (Folio Number-00901392):**

50. In the Folio No. -00901392 belonging to one Laxchuman Ganeshan which is also subject matter of "the said complaint", the record shows that there are nil shares in the folio as on date. There is no entry in any other field of the Back Office Software Module of the Noticee except dividend records (Screen Shot of Back Office Software records placed at Annexure-SP5). As per the Noticee the investor has sold the shares in 1991 before the Noticee had taken over the share transfer operations in around 2003 therefore they don't have any record in the matter (copy of the Sharepro's Emails dated November 21, 2015

Annexure-SSR6). It is alleged that the statement of the Noticee is false because as per dividend field in the software module this folio had 1842 shares and the last dividend was paid on 07/05/2011. In fact it was already proved in previous paragraphs dealing with siphoning off of dividend that many of the dividends from this portfolio went to the Noticee management related entity- Raju Landge (Annexure B of dividend part of the IR) even though Raju Landge was not even a shareholder of the company. As per system, the last dividend went to L Ganeshan for the year 2010-11. Thereafter, the system shows zero holding though no transfer records are there. It is alleged that the change in shares held by L. Ganeshan has occured after the Noticee has taken over i.e. during 2011. SEBI observed from the IR that reconciliation of change in shareholding electronic data during the year 2011 revealed the 1842 shares of L. Ganeshan has been fraudulently removed from his folio without any transfer records in 2011 and similar 1842 shares has reappeared in the Name of management linked entities or folios controlled by them. It is alleged that it appears to be the apparent reason that 1000 shares has appeared in and dematerialized from the folio no. - 00902848 of Shrikant Bhalakia though it had nil balance as on the date of dematerialization i.e. 31/03/2011. Further, it is also observed that 1222 shares has reappeared in the folio number 00001493 (UTI) which is being used/controlled by entities linked to Management ofthe Noticee (as per electronic data reconciliated but there is no visible entry in records of the said folio). It is alleged that the balance of 380 shares (i.e. 1222-842) are those shares which have been fraudulently removed from another Folio Number- 00068346 (belonging to one "Jacinta Desa") during the same year. The above mentioned details of reappearance of 1000 shares in folio no. - 00902848 and disappearance of 380 shares from 00068346 are also brought out in the observations w.r.t. said folios in subsequent paragraphs viz. Page no.-130 to 133 (Para No - 84 to 87) and Page No.-164 (Para no. - 128) respectively.

51. Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) stated that the said share transfer from Letchumanan Ganeshan to any other investor, with the folio no.

00901392 staying constant, was not sent to it for approval in its 'Share Transfer Committee' meeting. They also submitted that as per the Dividend Master issued by the Noticee to Bank, Interim Dividend for the FY 2010-11 was paid on 4th November, 2010 to Letchumanan Ganesan, this further confirms that Letchumanan Ganesan was the holder of shares of the Company under Folio No. 00901392.

52. Asian Paints stated that they are not in possession of any documents/information w.r.t. the aforesaid transaction. It was noted from letter of the bank dated July 30, 2016 and July 28, 2016 (Placed at Appendix No. – 3 to the company reply letter dated August 19, 2016) submitted by the company vide reply dated August 19, 2016 (Annexure-CRAP7), that the dividend issued to L Ganeshan from 2006-07 onwards were later revalidated and finally issued to "L. Raju" (viz. Raju Landge). In view of the above it is alleged that L Ganeshan was not traceable investor and hence, his dividend and also the shares were allegedly siphoned off by the Noticee management (viz. Indira) through falsification of records.

53. SEBI observed from the Annual Return data submitted by G.R Raovide statement dated March 23, 2016 (Annexure-SR12), SEBI observed that in 2009 and 2010 the folio no 00901392 with 1842 shares was in the name of "LETCHUMANAN GANESAN" while in Annual return for 2011 the folio has been omitted altogether. (Screen Shot of Annual Return data placed at Annexure-ARSP2).

54. SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao(**Annexure-SR12**) that the name of the folio no. – 00901392 was changed from Letchumanan Ganesan to L Raju on 28/04/2011 by administrator login id "CPRABHU" and again reversed on 22/07/2014 by User "ikarkera" Login Terminal "INDIRA1". It is alleged that the name of the folio has been changed from the name of original investor to another entity and again reversed to the name of original investor after siphoning the shares in the folio so as to avoid detection in any audit/inspection.

55. The data of dividend records w.r.t. the folio is placed at Annexure-B. It was noted from the dividend records that 9 dividends from dividend issue date 26/03/2007 to 04/11/2010 amounting to Rs. 1,42,755 was issued to Raju Landge in May, 2011 (instruments dated 07th and 11th). Thus, it is alleged that there is not just the fraudulent siphoning of shares but also falsification of electronic records and also attempt by the Noticee to mislead the investigation in the matter.

56. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 1000 shares (10000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to L Ganeshan misappropriated by Shrikant Bhalakia and dematerialized through Folio No. - 00902848 on 31/03/2011 | Value= Rs. 25,25,800 (Price @ NSE Rs. 2,525.80) | Value= Rs. 12,12,65,000 (Price @ NSE Rs. 1,212.65) |
| 2 | 842 shares (8420 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to L Ganeshan reappeared as part of 1222 shares into Folio No. - 00001493(Controlled by the Noticee related entities viz. Indira) | Exact date not available | Value= Rs. 1,02,10,513 (Price @ NSE Rs. 1,212.65) |

**Fraudulent transactions in the matter of Amarjit Kaur Arora (Folio Number-00000029)**

57. The records of Folio Number: 00000029 in the Back Office Software Module of the Noticee showed all dividends on 733 shares in the name of Ms. Amarjit Kaur Arora but currently the folio is shown in the name of Shrikant Bhalakia jointly with Mr. Anand S. Bhalakia (Screen Shot of Back Office Software Module is placed at Annexure–SP6). SEBI observed that all the dividends (viz. for dividend issue dates 21/11/2001 to 04/11/2008) were being transferred to IEPF earlier which implies the entity Ms. Amarjit Kaur Arora was not traceable and/or she was not aware of her investment.

58. SEBI observed from statement of G.R Rao dated January 28, 2016 (Annexure-SR15), that the transferor's folio is never assigned to the transferee as folio is unique to an individual. In this matter, it is alleged that the folio name has just been changed from Ms. Amarjit Kaur Arora to Shrikant Bhalakia without any record of transactions. In this context, vide summons dated February 12, 2016 and Summons No. MIRSD2/DB/SD /SSIL/6940/2016 dated March 08, 2016 the Noticee was asked to explain how same folio was at one time in the name of Amarjit Kaur Arora and at another time in the name of Shrikant Bhalakia, a different person. The Noticee was also asked with respect to 733 shares lying in the account of Amarjit Kaur Arora (later apparently transferred in the name of Shrikant Bhalakia), to provide authenticated copy of various documents. It is alleged that the Noticee failed to reply to the said summons.

59. SEBI extracted "System Log for Changes in Folio Master" from the back end data base of the Noticee and the same was taken on record vide statement dated March 23, 2016 of G.R Rao (MD, the Noticee). The said System Log is the electronic record of all changes in "Folio master data" during a particular period of time. SEBI observed from the log that the name of the folio no. -00000029 was changed from Amarjit Kaur Arora to Shrikant Bhalakia (Joint Holder Anand S Bhalakia) on 08/11/2011 by User "administrator" login Terminal "CPRABHU".

60. SEBI observed from the "Signature" record of the folio no. -00000029 taken out from the system of "Signature Verification Department" as well as submitted by G.R Rao vide statement dated February 15, 2016 (Annexure-SR11) that the signature attached to the folio is still that of "Ms. Amarjit Kaur Arora". Therefore, this also corroborate the fact that the internal checks and balances and control system of the Noticee were compromised to transfer and then demat the shares belonging to one shareholder by another entity.

61. SEBI observed from the Noticee system records that the 733 shares on different certificates in the Folio Number 00000029 were "merged" (viz. consolidation of old

certificate into new ones) into one share certificate numbered 834896 on 08/11/2011. The details of the transactions are as below:

| Original CertificateNo | New Certificate No | Dist Nos From | Dist No.s To | Date | No of Shares |
|---|---|---|---|---|---|
| 10046 | 834896 | 2616391 | 2616404 | 08/11/2011 | 14 |
| 70294 | 834896 | 5265646 | 5265695 | 08/11/2011 | 50 |
| 113233 | 834896 | 8388167 | 8388198 | 08/11/2011 | 32 |
| 201425 | 834896 | 12562600 | 12562649 | 08/11/2011 | 50 |
| 201426 | 834896 | 12562650 | 12562653 | 08/11/2011 | 4 |
| 201427 | 834896 | 12562654 | 12562656 | 08/11/2011 | 3 |
| 400393 | 834896 | 20094574 | 20094623 | 08/11/2011 | 50 |
| 400394 | 834896 | 20094624 | 20094673 | 08/11/2011 | 50 |
| 400395 | 834896 | 20094674 | 20094723 | 08/11/2011 | 50 |
| 400396 | 834896 | 20094724 | 20094726 | 08/11/2011 | 3 |
| 750012 | 834896 | 40270087 | 40270269 | 08/11/2011 | 183 |
| 807011 | 834896 | 64390505 | 64390748 | 08/11/2011 | 244 |

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure–OD43**) shows that the certificate No 834896 was printed on November 09, 2011.

62. The below mentioned demat transactions of 733 shares of Asian Paints Limited (inward no. -1000000000) on 21/11/2011 in the Folio No. - 00000029 were observed in the systems of the Noticee :

| DRN | ISIN | Demat account No | Name | Certificate No | Dist Nos. From | Dist Nos. To |
|---|---|---|---|---|---|---|
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 2616391 | 2616404 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 5265646 | 5265695 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 8388167 | 8388198 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 12562600 | 12562649 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 12562650 | 12562653 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 12562654 | 12562656 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 20094574 | 20094623 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 20094624 | 20094673 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 20094674 | 20094723 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 20094724 | 20094726 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 40270087 | 40270269 |
| 1000000 0008820 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834896 | 64390505 | 64390748 |

As per the copy of DRF dated 15.11.2011 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same shares were found to be dematerialized.

63. Asian Paints vide reply dated March 28, 2016 submitted that in accordance with the Secretarial Standard – 4 on Registers and Records issued by the Institute of Company Secretaries of India, w.r.t. the erstwhile Companies Act, 1956, entries in register should be made forthwith, in chronological order and separate folios should be assigned to every person in whose name the investments are held. Accordingly, same folio cannot be allotted in the name of two different persons. However, in the matter of Folio of Amarjit Kaur Arora the same folio was allotted by the Noticee to two different persons. Asian Paints observed that as per register of member provided to them by the Noticee for submission to registrar of companies along with Form 20B (erstwhile Companies Act, 1956), as on 16th July, 2010, Folio no. 00000029 appeared in the name of Amarjit Kaur Arora and suddenly, as on 25th June, 2012, the said folio reflects the name of Shrikant C. Bhalakia. The extract of register on the said dates is placed at Appendix 3 to the company reply letter dated March 28, 2016 (Annexure-CRAP6). Asian Paints stated that there is no documentation in place that reflects the reason for the change in name and no approval to the Noticee for the same has been provided by the Company. Further, Asian Paints has stated that it has not received any documentation with respect to any transfer of shares from Amarjit Kaur Arora to Shrikant C. Bhalakia Jt. With Anand S. Bhalakia, with the folio no. 00000029, from the Noticee and such a transfer was never put before or sent to it for approval in any 'Share Transfer Committee' meeting. However,

Asian Paints on recommendations of the Noticee approved the Demat of 733 shares held in Folio No. 00000029 at its Share Transfer Committee Meeting held on 25th November, 2011 (A copy of Register of dematerialization dated 25th November, 2011 signed by Indira is placed at Appendix- 4 to the company reply letter dated March 28, 2016 (Annexure-CRAP6). Asian paints w.r.t. consolidation & re-print of shares certificate by Shrikant Bhalakia stated that no change of name / transfer / rectification can be incorporated at the time of consolidation of share certificates. They also stated that 733 shares on different certificates in Folio No. 00000029 were merged into one new share certificate no. 834896 vide Register of Consolidation dated 8th November, 2011, sent to the Company by the Noticee, placed before the Share Transfer Committee at its meeting held on 11th November, 2011 and the agenda paper for the same was received on November 08, 2011. Register of Consolidation & Challan for sending agenda paper by Indira is placed at Appendix 5 & 6 to the company reply letter dated March 28, 2016 (Annexure-CRAP6). Asian Paints further stated that they do not have the record w.r.t. who signed the new certificates printed for Shrikant Bhalakia but there is record of forwarding 7 certificates to the Noticee (addressed to Indira) on November 14, 2011.

64. SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), reveal that in 2010 and 2011 the folio no 00000029 with 733 shares was in the name of Amarjit Kaur Arora while in Annual return (transaction file) for 2012 the 733 shares has been reported as Dematerialized by Shrikant Bhalakia under the same folio while the Holding file for the same year i.e. 2012 shows folio no. - 00000029 in the name of two different entities viz. Systematix Shares and Stocks (India) Limited (18 shares) and Composite Investments Pvt. Ltd. (5 shares). (Screen Shot of Annual Return data is placed at AnnexureARSP1). Thus it is alleged that not only Shares were fraudulently misappropriated from the folio of one investor to another entity but also falsification of the records as well as misreporting of the same to regulators by the Noticee.



65. There are re-printing of share certificate before dematerialization of the same by Shrikant. It is apparent that the new share certificates were fraudulently printed without authorization in the folio as the old certificates were not in the possession of the Noticee or Mr. Bhalakia and moreover the old certificates would have been in the name of actual investor (viz. Amarjit Kaur Arora). It is alleged that if Mr. Bhalakia would have got the shares through a genuine transfer he would have possession of the share certificates and a new folio have been allotted to him and there would not have been any need of re-printing of share certificates. Further, his signature would have been attached to the new folio and this would have been recorded in the books of the company.

In view of the foregoing, it is alleged that the shares were fraudulently transferred to the name of the management related entity through falsification of electronic records of the register of members of the company through backend entry.

SEBI observed from the records submitted by the company viz. Register of dematerialization dated 25th November, 2011 signed by Indira and Register of Consolidation & Challan for sending agenda paper by Indira. It is alleged that Indira herself was processing such fraudulent transactions. In this matter same folio is allotted to two different persons in violation of Secretarial Standards and also own admitted practice of the Noticee to fraudulently siphon off shares. It is alleged that it is done to blur audit trail because in such cases it becomes difficult to trace which shares belongs to which investors.

66. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 733 shares (7330 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Amarjit Kaur Arora transferred to Shrikant Bhalakia vide back office entry on 08/11/2011 | Value= Rs. 2316426.6 (Price @ NSE Rs. 3,160.20) | Value= Rs. 8888724.5 (Price @ NSE Rs. 1,212.65) |

**Fraudulent transactions in the matter of Profile Systems Limited (Folio Number-00094738)**

67. SEBI observed from the back office records of the Noticee, the below mentioned transfer of 960 shares of Asian Paints Limited were transferred from folio no. -00094738 (in the name of Profile Systems Limited; Screen Shot placed at **Annexure-SP6**) to Folio No. -00000029 (Actual Owner Amarjit Kaur Arora but transferred to Shrikant Bhalakia) as **"Rectification Entry"** (Inward No. - 800393 andTransaction no. - 800097):

| Creation Date | Approval Date | Transferor Folio | Transferee Folio | Certificate Nos | Distinctive No -From | Distinctive No –To |
|---|---|---|---|---|---|---|
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 643664 | 40096765 | 40096814 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 643665 | 40096815 | 40096864 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 643666 | 40096865 | 40096914 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 643667 | 40096915 | 40096964 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 643668 | 40096965 | 40097014 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 643669 | 40097015 | 40097064 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 643670 | 40097065 | 40097114 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 643671 | 40097115 | 40097164 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 779757 | 48281017 | 48281256 |
| 05/12/2011 | 25/01/2012 | 00094738 | 00000029 | 827235 | 73173248 | 73173567 |

SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), that in 2012 total 960 shares were transferred from the folio no. 00094738 (in the name of Profile System Limited) to Folio no. - 00000029 (in the name of Shrikant Bhalakia). (Screen Shot of Annual Return data placed at **Annexure-ARSP1**)

68. Further, as per data obtained by investigation team from the back end database of the Noticee , the 960 shares on different certificates in the Folio Number - 00000029 were "merged" (viz. consolidation of old certificate into new ones) into two share certificates on 05/12/2011. The details of the transactions are as below:

| Original CertificateNo. | New CertificateNo. | Dist Nos From | Dist Nos To | Date |
|---|---|---|---|---|
| 643664 | 834915 | 40096765 | 40096814 | 05/12/2011 |
| 643665 | 834915 | 40096815 | 40096864 | 05/12/2011 |
| 643666 | 834915 | 40096865 | 40096914 | 05/12/2011 |

| | | | | |
|---|---|---|---|---|
| 643667 | 834915 | 40096915 | 40096964 | 05/12/2011 |
| 643668 | 834915 | 40096965 | 40097014 | 05/12/2011 |
| 643669 | 834915 | 40097015 | 40097064 | 05/12/2011 |
| 643670 | 834915 | 40097065 | 40097114 | 05/12/2011 |
| 643671 | 834915 | 40097115 | 40097164 | 05/12/2011 |
| 779757 | 834915 | 48281017 | 48281096 | 05/12/2011 |
| | 834916 | 48281097 | 48281256 | 05/12/2011 |
| 827235 | 834916 | 73173248 | 73173567 | 05/12/2011 |

SEBI observed that the physical share certificate print reconciliation/control register (**Annexure–OD43**) shows that the certificate No 834915 &834916 was printed on December 06, 2011.

69. The below mentioned demat transaction of 960 shares (transaction no. 717166 & 717167) on 22/12/2011 in the Folio No. -00000029 were also observed from the system of the Noticee :

| DRN | ISIN | Demat Account No | Name | Certificate No | Dist NosFrom | Dist NosTo |
|---|---|---|---|---|---|---|
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 40096765 | 40096814 |
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 40096815 | 40096864 |
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 40096865 | 40096914 |
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 40096915 | 40096964 |
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 40096965 | 40097014 |
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 40097015 | 40097064 |
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 40097065 | 40097114 |
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 40097115 | 40097164 |
| 10000000009467 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834915 | 48281017 | 48281096 |
| 10000000009466 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834916 | 48281097 | 48281256 |

| DRN | ISIN | Demat Account No | Name | Certificate No | Dist NosFrom | Dist NosTo |
|---|---|---|---|---|---|---|
| 10000000009466 | INE021A01018 | IN300749-11010340 | Shrikant Bhalakia | 834916 | 73173248 | 73173567 |

As per the copies of DRF dated 14.12.2011 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same shares were found to be dematerialized.

70. The details in regard to transactions in the Folio Number- 00094738 were sought from the Noticee vide Summons Dated February 12, 2016 (Hand delivered to G.R Rao on February 15, 2016) and followed up with many reminder summons but it is alleged that the Noticee has failed to provide the same.

Asian Paints Limited vide its email dated February 11, 2016 (**Annexure-CRAP8**) and letter dated March 28, 2016 (**Annexure-CRAP6**) has informed that the shares held by Profile System Ltd. were transferred to buyer folio no. 00000029 by passing a rectification entry in the Register of Members of the Company by the Noticee and the said transaction has not been intimated to the Company nor any approval was taken from them. Further, they stated that the 960 shares on different certificates in Folio No. 00000029 were merged into two new share certificates no. 834915 and 834916 of 480 shares each vide consolidation register dated 5th December, 2011, sent to Asian Paints by the Noticee and was placed before the Share Transfer Committee at its meeting held on 9th December, 2011. A copy of the consolidation/split register, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira) dated 5th December, 2011 and a copy of the Share Transfer Committee meeting minutes dated 9th December, 2011 approving the same is placed at Appendix 7 of reply of the company dated March 28, 2016 **(Annexure-CRAP6)**. As per the records maintained by Asian Paints, document ascertaining receipt of communication from the Noticee, w.r.t. Agenda Papers for share transfer committee meeting dated 9th December, 2011 was received on 7th December, 2011 (Challan No 8179 signed by Indira). Document recording forwarding of 5 Share Certificates (certificate

nos. 834912 -834916) by the Noticee to the Company for signature and seal, was received on 12th December, 2011. On 13th December, 2011, the 5 share certificates received from the Noticee were, in good faith and on the basis of the Noticee's recommendation, signed, sealed and forwarded by the Company to the Noticee. A copy of the said communications with the Noticee, is placed as Appendix No. 8 of reply of the company dated March 28, 2016 **(Annexure-CRAP6)**.

71. SEBI observed from the statement of G.R Rao dated January 28, 2016 (Annexure-SR15) "Rectification Entry" is passed to correct mistakes in cases of changes in folio due to mistake by RTA, deletion of name for transmission of shares to joint holder's folio and correction of names which entails change of folio number. SEBI observed that Profile System Limited could not have changed its name to Shrikant Bhalakia, nor is there a possibility of transmission of shares from Profile System to Shrikant Bhalakia.

Further, it was stated by G.R Rao that cases where value of transaction is more than Rs. 5 lakhs the "Rectification Entry" needs approval of M.D. i.e. G.R Rao himself. The value of transaction in this case was more than Rs. 5 lakh (960*2,854.05 =Rs.27,39,888/-; NSE closing price of December 05, 2011). Therefore, it is alleged that the "Rectification Entry" which is to be used in exceptional circumstances for genuine reasons has been used to siphon off shares belonging to actual shareholder. It is alleged that this act is the result of complete subversion of internal checks and balances as such transactions could not have happened without the express knowledge of the Noticee's management at the highest level. That is apparently is the reason for the Noticee's non-compliance to submit various documents.

In this matter, SEBI observed that the new share certificates were printed in the folio before dematerialization by Shrikant Bhalakia as the old certificates were not in the possession of the Noticee or Mr. Bhalakia, and moreover the old certificates may have been in the name of actual investor viz. Profile System Limited. SEBI observed that if Shrikant Bhalakia would have got the shares in a genuine transaction the share

certificates would have come in his possession and there would not have been any need of re-printing of share certificates.

It is alleged that 960 shares of Asian Paints were illegally transferred from folio of Profile Systems to another folio controlled by Shrikant Bhalakia who is linked to Management of the Noticee (viz. Indira) without any records. Then new share certificates were printed and the shares were dematerialized by Shrikant Bhalakia. The documents submitted by the company viz. copy of the split register dated 5th December, 2011 signed by Indira and communication Challan No 8179 signed by Indira for sending Agenda Papers for share transfer committee meeting dated 9th December, 2011, reveals that Indira herself was processing such fraudulent transactions. As per statement of G.R Rao the transaction must have been cleared by MD himself. In view of above it is alleged that the Noticee is also trying to hide the same by not submitting the required documents.

72. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 960 shares (9600 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Profile System Ltd. transferred to Shrikant Bhalakia vide rectification entry on 05/12/2011 | Value= Rs. 2739888 (Price @ NSE Rs. 2,854.05) | Value= Rs. 11641440 (Price @ NSE Rs. 1,212.65) |

**Fraudulent transactions in the matter of Jardine Fleming Int'l Mgt Inc. (Folio Number- 00902848)**

73. SEBI observed from the Back Office Module of the Noticee , the folio name of the Folio Number-00902848 for all dividend records for issue date from 20/08/1998 to 19/07/2010 (last dividend issue date 19/07/2010 on 480 shares) was in the name of Jardine Fleming Int'l Mgt Inc. The folio name for dividend records for issue date of 10/06/2011 on 500 shares is in the name of Shrikant Bhalakia. Currently, Folio is in the name of Shrikant Bhalakia (Screen Shot of Back Office software placed at **Annexure-SP62**). In view of the

above, it is alleged that the folio name has been changed from the name of Jardine Fleming Int'l Mgt Inc. to Shrikant Bhalakia between 19/07/2010 and 10/06/2011. SEBI also observed that no records are available in back office software of the Noticee to explain how this has occurred. In this context, vide Summons dated February 12, 2016 the Noticee was asked to explain how same folio was at one time in the name of Jardine Fleming Int'l Mgt Inc and at another time in the name of Shrikant Bhalakia, a different person. The Noticee was also asked to provide the authenticated copy of various documents to prove the genuineness of the transactions and internal approvals at the Noticee. However, it is alleged that the Noticee failed to submit the reply.

SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (**Annexure-SR12**),that in 2009 and 2010 the folio no. 00902848 with 480 shares was in the name of Jardine Fleming Int'l Mgt Inc while in Annual return for 2011 the folio has been shown in the name of Shrikant Bhalakia with 500 shares. In the Annual return for 2012 (transaction file) Shrikant Bhalakia dematerialized 500 shares under the same folio while in the holding file of 2012 the folio is omitted. (Screen Shots of Annual Returns placed at **Annexure-ARSP3**).

Asian Paints vide their reply dated March 28, 2016 submitted that no approval was provided by the company to change the name in the said folio. Further, the Company has not received any documentation with respect to any transfer of shares from Jardine Fleming Int'l Mgt Inc to Shrikant Bhalakia, with the folio no. 00902848, from the Noticee and such a transfer was never put before or sent to the Company for approval in any 'Share Transfer Committee' meeting.

SEBI observed from the "Signature" record of the folio no. - 00902848 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Authorized signatory of Jardine Fleming Int'l Mgt Inc". (Annexure-SR11)

74. SEBI observed that if the shares transferred from Jardine to Shrikant in genuine transactions a new folio would have been allotted to him and his signatures would have

been attached to the new folio. The old folio still having "Signature records" of Jardine proves illegal transfer of shares from Jardine to Shrikant and also failure of systems & procedure of the Noticee across departments. Therefore, It is alleged that not only the folio and shares in it were illegally taken over by management related entity viz. Shrikant without any records or taking approval from the company but the internal checks and balances and control system of the Noticee were also compromised. Further, it is also alleged that the same folio is allotted to two different entities which is in violation of secretarial standards and own practice of the Noticee to blur the audit trail.

75. SEBI observed from the back office records of the Noticee that 500 shares of Asian Paints Limited were transferred in the Folio Number- 00902848 (Original owner Jardine but illegally taken over by Shrikant) from folio number-00001493 (belonging to UTI but being controlled by the Noticee related entities as there are transfers without any documents) as "Rectification Entry" (Inward no. - 800070) on 10/06/2011. Details of the transactions are as below:

| Approval Date | Transferor Folio | Transferee Folio | Certificate No.s | Distinctive No -From | Distinctive No –To | No shares |
|---|---|---|---|---|---|---|
| 10/06/2011 | 00001493 | 00902848 | 216211 | 15934550 | 15934599 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216212 | 15934600 | 15934649 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216213 | 15934650 | 15934699 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216214 | 15934700 | 15934749 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216215 | 15934750 | 15934799 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216216 | 15934800 | 15934849 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216217 | 15934850 | 15934899 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216218 | 15934900 | 15934949 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216219 | 15934950 | 15934999 | 50 |
| 10/06/2011 | 00001493 | 00902848 | 216220 | 15935000 | 15935049 | 50 |

76. Though, the Noticee did not respond to SEBI Summons dated February 12, 2016 however, Asian Paints vide their reply dated March 28, 2016 (Annexure-CRAP6) submitted that the said share transfer from Folio No. 00001493 of UTI to Folio No. 00902848 (originally of Jardine Fleming Int'l Mgt Inc,) was not sent to the Asian Paints for approval in its 'Share Transfer Committee' meeting and any entries made by the Noticee

by way of 'Rectification Entry' were not intimated to the Company. SEBI was also informed by the Asian Paints that the said folio no. 00001493 held in the name of UTI is under dispute and a suit has been filed with the High Court, Bombay, w.r.t. the ownership of the said shares vide Suit No. 7992 of 1998 (details of documents submitted vide letter dated August 19, 2016 (**Annexure-CRAP7**) is placed at Appendix 1 & 2 of the said letter dated August 19, 2016 of the company), accordingly and since the year 1998, no transactions like transfer were permitted by the Asian Paints unless directed by the Court or any other competent authority. Asian Paints submitted emails dated May 10, 2007, November 27, 2007 and November 29, 2007 (also CC to Indira) received from the employee of the Noticee viz. Lalit Jathan (lalitj@shareproservices.com) whereby complete details of disputed cases (including the details of the above mentioned folio) is provided to employees of Asian Paints (copy of the emails are placed as part of the said Annexure-CRAP7). Similarly, Asian Paints also submitted details of disputed cases provided to employees of Asian Paints vide emails of Indira dated October 16, 2010 (including details of Folio Nos. 00053317, 00060509 & 00001493), March 14, 2011 (including details of Folio Nos. 00053317, 00060509 & 00001493), and January 07, 2012 (including details of Folio No. - 00001493), October 04, 2013 (including details of Folio Nos. 00053317 & 00001493), March 08, 2014 (including details of Folio Nos. 00053317 & 00001493) and October 06, 2015 (including details of Folio Nos. 00053317 & 00001493) (copy of the emails are contained as part of said Annexure-CRAP7)

In view of the above, it is alleged that the Noticee has fraudulently transferred the shares from folio no. - 00001493 of UTI through "rectification entry" (which as per the statement dated January 28, 2016 of G.R Rao {Annexure-SR15} is not allowed in such cases) to folio no. - 00902848 (which is now being illegally controlled by management linked entity viz. Shrikant) without informing the company to avoid any possibility of scrutiny. It was also noted from the documents (mostly emails) submitted by the company that the

Noticee and its employees including Indira had the full knowledge of ongoing court cases w.r.t. the said folio.

77. It was further observed from the electronic records of the Noticee that 480 shares of Asian Paints Limited on 7 share certificates were "merged" (viz. consolidation of old certificate into new ones)(vide Inward no. - 1562995) on 30/08/2010 into single share certificate of 480 with same distinctive number and the new certificate was printed in the Folio Number-00902848:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | Creation Date | No of shares |
|---|---|---|---|---|---|
| 257643 | 834195 | 17753693 | 17753742 | 30/08/2010 | 50 |
| 257645 | 834195 | 17753749 | 17753778 | 30/08/2010 | 30 |
| 532882 | 834195 | 32979865 | 32979914 | 30/08/2010 | 50 |
| 532883 | 834195 | 32979915 | 32979964 | 30/08/2010 | 50 |
| 532886 | 834195 | 32980065 | 32980084 | 30/08/2010 | 20 |
| 785032 | 834195 | 51628450 | 51628569 | 30/08/2010 | 120 |
| 831020 | 834195 | 76905081 | 76905240 | 30/08/2010 | 160 |

The physical share certificate print reconciliation/control register (**Annexure-OD45**) shows that the certificate No 834195 was printed on September 01, 2010.

78. In the records of Folio Number- 00902848, SEBI observed that 480 shares of Asian Paints Limited were dematerialized on 16/09/2010 in the demat account of Shrikant Bhalakia. Details of the transactions are as below:

| Confirmation Date | Inward Date | DRN | ISIN | Demat Account | Certificate No | Dist Nos From | Dist Nos To | No of shares |
|---|---|---|---|---|---|---|---|---|
| 16/09/2010 | 14/09/2010 | 315140 | INE021A01018 | IN300907-10287487 | 834195 | 17753749 | 17753778 | 30 |
| 16/09/2010 | 14/09/2010 | 315140 | INE021A01018 | IN300907-10287487 | 834195 | 32979865 | 32979914 | 50 |
| 16/09/2010 | 14/09/2010 | 315140 | INE021A01018 | IN300907-10287487 | 834195 | 32979915 | 32979964 | 50 |
| 16/09/2010 | 14/09/2010 | 315140 | INE021A01018 | IN300907-10287487 | 834195 | 32980065 | 32980084 | 20 |
| 16/09/2010 | 14/09/2010 | 315140 | INE021A01018 | IN300907-10287487 | 834195 | 51628450 | 51628569 | 120 |
| 16/09/2010 | 14/09/2010 | 315140 | INE021A01018 | IN300907-10287487 | 834195 | 76905081 | 76905240 | 160 |

As per the copy of DRF dated 13.09.2010 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same share certificate was found to be dematerialized.

79. Asian Paints vide its reply dated March 28, 2016 (Annexure-CRAP6) submitted that the 480 shares on different certificates in Folio No. 00902848 were renewed and merged into one new share certificate (Certificate no. 834195) vide authenticated renewal register dated 30th August, 2010 sent to the Asian Paints by the Noticee, placed before the Share Transfer Committee at its meeting held on 3rd September, 2010. A copy of the Renewal Register, duly authenticated by the Authorized Signatory of the Noticee, dated 30th August, 2010 and copy of the Share Transfer Committee meeting minutes dated 3rd September, 2010 approving the renewal of share certificates in the name of Shrikant Bhalakia and Anand S. Bhalakia are placed at Appendix No. 19 of the company reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints further stated that these 480 shares were subsequently dematerialized vide authenticated demat register dated 1st October, 2010 sent to it by the Noticee , placed before the Share Transfer Committee at its meeting held on 1st October, 2010. A copy of the Demat Register, duly authenticated by the Authorized Signatory of the Noticee, dated 1st October, 2010 and copy of the Share Transfer Committee meeting minutes dated 1st October, 2010 is placed at Appendix No. 20 of the Asian Paints reply dated March 28, 2016 (Annexure-CRAP6). They also stated that no other documents ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to the Company for signature and seal, was found in their records.

In the matter of these 480 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Shrikant Bhalakia as the old certificates were not in the possession of the Noticee or Shrikant Bhalakia, and moreover the old certificates would have been in the name of actual investor. SEBI observed that if Mr. Bhalakia would have got the shares in a genuine transaction the share certificates would have come in

his possession and there would not have been any need of re-printing of share certificates. After re-printing of shares the same were dematerialized by management related entity viz. Shrikant.

80. Valuation of Share Misappropriated on replacement cost basisin this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 480 shares (4800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Jardine Fleming Int'l Mgt Inc. dematerialized by Shrikant Bhalakia vide back office entry on 16/09/2010 | Value= Rs1344336 (Price @ NSE Rs2,800.70) | Value= Rs. 5820720 (Price @ NSE Rs. 1,212.65) |

81. SEBI observed from the back office records of the Noticee that 500 shares of Asian Paints Limited received on 10/06/2011 from 00001493 (UTI) were dematerialized on 27/06/2011 through the Folio Number- 00902848. However, SEBI observed that the certificate number w.r.t. the earlier shares and the certificate number submitted for demat are different but the distinctive numbers are same. Thus it is alleged that certificate with same distinctive numbers was re-printed after merging 10 certificates received from folio no. - 00001493. Though there is no entry in the Back Office Software Module of the Noticee but data obtained by investigation team from "Back end database" of the Noticee indicate following transaction:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | Creation Date | No of shares |
|---|---|---|---|---|---|
| 216211 | 834709 | 15934550 | 15934599 | 14/06/2011 | 50 |
| 216212 | 834709 | 15934600 | 15934649 | 14/06/2011 | 50 |
| 216213 | 834709 | 15934650 | 15934699 | 14/06/2011 | 50 |
| 216214 | 834709 | 15934700 | 15934749 | 14/06/2011 | 50 |
| 216215 | 834709 | 15934750 | 15934799 | 14/06/2011 | 50 |
| 216216 | 834709 | 15934800 | 15934849 | 14/06/2011 | 50 |
| 216217 | 834709 | 15934850 | 15934899 | 14/06/2011 | 50 |
| 216218 | 834709 | 15934900 | 15934949 | 14/06/2011 | 50 |
| 216219 | 834709 | 15934950 | 15934999 | 14/06/2011 | 50 |
| 216220 | 834709 | 15935000 | 15935049 | 14/06/2011 | 50 |

The physical share certificate print reconciliation/control register (**Annexure-OD46**) shows that the certificate No 834709 was printed on June 14, 2011.

82. SEBI further observed that 500 shares of Asian Paints Limited (received earlier on 10/06/2011 from Folio no. - 00001493 to the Folio Number- 00902848 for which new certificate no 834709 was reprinted on 14/06/2011) were dematerialized on 27/06/2011 in demat account No. - IN30074911010340 of Shrikant Bhalakia. Details of the transaction is as below:

| Confirmation Date | Inward Date | DRN | ISIN | Certificate No | Dist Nos From | Dist Nos To | No of shares |
|---|---|---|---|---|---|---|---|
| 27/06/2011 | 27/06/2011 | 10000000005545 | INE021A01018 | 834709 | 15934550 | 15935049 | 500 |

As per the copy of DRF dated 20.06.2011 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure - OD44**), the same shares were found to be dematerialized.

83. The Noticee did not reply to summons dated February 12, 2016. Asian Paints vide its reply dated March 28, 2016 (Annexure-CRAP6) submitted that the 500 shares on different certificates in Folio No. 00902848 were consolidated into one new share certificate (Certificate no. 834709) vide authenticated register dated 15th June, 2011 sent to the Company by the Noticee , placed before the Share Transfer Committee at its meeting held on 16th June, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira), dated 15th June, 2011 and copy of the Share Transfer Committee meeting minutes dated 16th June, 2011 approving the consolidation of share certificates in the name of Shrikant Bhalakia and Anand S. Bhalakia are placed at Appendix No. 21 of the company reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints also stated that no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to the Asian Paints for signature and seal, was found in their records. Further,

these 500 shares were subsequently dematerialized vide authenticated register dated 6th July, 2011 sent to Asian Paints by the Noticee, placed before the Share Transfer Committee at its meeting held on 6th July, 2011. A copy of the Demat Register, dated 6th July, 2011, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira) and copy of the Share Transfer Committee meeting minutes dated, dated 6th July, 2011 is placed at Appendix No. 22 of the Asian Paints reply dated March 28, 2016 (Annexure-CRAP6).

84. In the matter of these 500 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Shrikant Bhalakia as the old certificates were not in the possession of the Noticee or Shrikant Bhalakia, and moreover the old certificates would have been in the name of actual investor viz. UTI. SEBI observed that if Shrikant Bhalakia would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. Further, it is also alleged that the records of re-printing are erased from back office electronic records of the Noticee to avoid audit trail. After re-printing of shares the same were dematerialized by management related entity viz. Shrikant. It was also noted from the reply of the Asian Paints that the Consolidation Register dated June 15, 2011 for re-printing and Demat Register dated July 06, 2011 for demat of the said 500 shares was signed by Indira. Therefore, Indira herself was processing the said fraudulent transactions.

85. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 500 shares (5000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI transferred to Shrikant Bhalakia vide back office entry on 10/06/2011 from folio no. - 00001493 | Value= Rs. 1550425 (Price @ NSE Rs. 3,100.85) | Value= Rs. 60.63.250 (Price @ NSE Rs. 1,212.65) |

86. It was also observed from the back office records of the Noticee that from the Folio Number- 00902848, 1000 shares of Asian Paints Limited were dematerialized on

31/03/2011 in demat account number- IN 300907-10287487 (apparently belonging to Shrikant Bhalakia). Details of transactions are as below:

| Confirmation Date | Inward Date | Folio No | Demat A/c No | DRN | ISIN | Certificate No | Dist Nos From | Dist Nos To | No of shares |
|---|---|---|---|---|---|---|---|---|---|
| 31/03/2011 | 29/03/2011 | 00902848 | IN300907-10287487 | 1000000 0000867 | INE021A01018 | 834562 | 15933550 | 15934049 | 500 |
| 31/03/2011 | 29/03/2011 | 00902848 | IN300907-10287487 | 1000000 0000867 | INE021A01018 | 834563 | 15934050 | 15934549 | 500 |

As per the copies of DRF dated 24.03.2011 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same shares were found to be dematerialized.

87. Further, SEBI observed that on 31/03/2011 the Folio Number- 00902848 had "nil" balance but 1000 shares of Asian Paints (certificate nos. 834562 & 834563) were dematerialized on the same date. Therefore, it is alleged that more shares are being dematerialized than are available in the folio. This indicates that shares of some other investor was transferred to this folio without any record in the system of the Noticee.

In this regard, the Noticee was asked to explain the transaction and provide various documents to prove the genuineness of the transaction of transfer of these 1000 shares to the folio 00902848. It was noted that from the share certificate print reconciliation/ control register (**Annexure-OD47**) that the certificate No 834562 (Dist Nos. 15933550 to 15934049) & 834563(Dist Nos. 15934050 to 15934549) were printed on March 15, 2011. Therefore, the Noticee was also asked to provide various documents w.r.t. the re-printing of the share certificate including the history of ownership (Name, Address and Folio number) of said share Dist Nos. 15933550 to 15934049 and Dist Nos. 15934050 to 15934549 (of Asian Paints Limited) for last three transfers/change of hands/possessions before 31/03/2011. However, it is alleged that the Noticee failed to submit any detail/information/documents.

88. Asian Paints vide its reply dated March 28, 2016 (Annexure-CRAP6) submitted that any entries made by the Noticee by way of 'Rectification Entry' were not intimated to it and the said share transfer of 1000 shares to Folio No. 00902848 before dematerialization was not sent to Asian Paints for approval in its 'Share Transfer Committee' meeting. These 1000 shares were subsequently dematerialized vide authenticated demat register dated 15th April, 2011 sent to the Asian Paints by the Noticee , placed before the Share Transfer Committee at its meeting held on 15th April, 2011. A copy of the Demat Register, dated 15th April, 2011 and copy of the Share Transfer Committee meeting minutes, dated 15th April 2011 is placed at Appendix No. 23 of the company reply dated March 28, 2016 (Annexure-CRAP6). The 1000 shares on different certificates in Folio No. 00902848 were merged into two new share certificates (Certificate no. 834562 and 834563) vide consolidation register dated 15th March, 2011 sent to the Company by the Noticee, placed before the Share Transfer Committee at its meeting held on 18th March, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee (**viz. Indira**), dated 15th March, 2011 and copy of the Share Transfer Committee meeting minutes dated 18th March, 2011 approving the consolidation of share certificates in the name of Shrikant Bhalakia and Anand S. Bhalakia are placed at Appendix No. 24 of the company reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints further stated that as per the records maintained by it, no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to the Company for signature and seal, was found. Asian Paints could not provide the details w.r.t. the past ownership of the said 1000 share distinctive numbers as in accordance with the SEBI (Registrar to an Issue/ Share Transfer Agent) Regulations, 2003, the Noticee maintains the historic data of shareholders, including share transfers / change / possessions / all forms / communications, etc.

89. SEBI alleged that records pertaining to 1000 shares of Asian Paints has been erased from the back office systems w.r.t. Folio Number- 00901392 of Laxchuman Ganeshan

during the same year. It is alleged that the 1000 shares appearing in the folio 00902848 during the same year are the same one. Thus, it is alleged that the Noticee has not only fraudulently falsified the electronic records but also not cooperated in the investigation. Therefore, even in this matter of 1000 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Shrikant Bhalakia as the old certificates were not in the possession of the Noticee or Mr. Bhalakia, and moreover, SEBI suspects that the old certificates would have been in the name of actual investor viz. L Ganeshan. SEBI observed that if Mr. Bhalakia got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. After re-printing of shares the same were dematerialized by management related entity viz. Shrikant. Further, from the copy of the Consolidation Register dated 15th March, 2011 (w.r.t. re-printing of the certificate) signed by **Indira** it is observed that Indira herself was processing the said fraudulent transactions. The valuation w.r.t. the above transaction is already given in paragraph dealing with folio of L. Ganeshan.

**Fraudulent transactions in the matter of Govt. of Singapore Investment Corp. (Folio Number- 00902855)**

90. SEBI observed from back office software module of the Noticee that the Folio name of the Folio No. -00902855 (Screen Shots placed at **Annexure-SP7**) for dividend records of the issue date till 30/10/2009 is in the name of Govt. of Singapore Investment Corp but in dividend records for issue date 19/7/2010 onwards the folio is in the name of Shrikant Bhalakia (on 432 shares) and the currently folio is in the name of Shrikant Bhalakia with "nil" shares. Name of the folio changed from Govt. of Singapore Investment Corp to Shrikant Bhalakia between 30/10/2009 and 19/07/2010. There is no record of any transfer from Government of Singapore Investment Corp to Shrikant Bhalakia in the back office

software. In this context, the Noticee was asked to explain how same folio was at one time in the name of Govt. of Singapore Investment Corp and at another time in the name of Shrikant Bhalakia, a different person. They were also asked to provide the authenticated copy of various documents to prove the genuineness of the transactions and internal approvals at the Noticee. However, it is alleged that the Noticee has failed to submit the reply.

Asian Paints vide its reply dated March 28, 2016 submitted that the said share transfer from Govt. of Singapore Investment Corp to Shrikant C. Bhalakia Jt. With Anand S. Bhalakia, with the folio no. 00902855 staying constant, was not sent to the Asian Paints for approval in its 'Share Transfer Committee' meeting and the Noticee has done it without any approval from the Asian Paints.

SEBI observed from the "System Log for Changes in Folio Master" extracted from the Noticee System by Investigation Team and as taken on record vide statement dated March 23, 2016 of G.R Rao (**Annexure-SR12**) that there is clear anomaly in several cases as there is no log records for changes in the folio master. An explanation regarding the same was sought by SEBI from G.R Rao who submitted that changes in folio master may not get included in system log in case of (i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is failure to enable it. SEBI further observed that all changes in folio master log is absent for Asian Paints for the period August 01, 2007 to October 31, 2011 for which G.R Rao explained that it could have been for aforesaid reasons. In this regard SEBI observed that there is no change in Log Table and further 2007 to 2011 is too long a period in which nobody noticed that no "System log" is generated/maintained for vital changes in electronic data of ownership of shares. Thus, it is alleged that not only the Folio names has been fraudulently changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail of fraudulent transactions. Further, the allotment of one folio

to different entities is in violation of secretarial standards and own admitted practice of the Noticee as it tampers the audit trail and integrity of transactions.

91. SEBI observed from the system records of the Noticee that 432 shares of Asian Paints Limited in the Folio No. - 00902855 were re-printed as "merge" entry (inward no. - 1532084) on 22/06/2010, the reprinting details are as below:

| Orig Certificate No | New Certificate No | Dist No From | Dist No To | Creation Date | No of shares |
|---|---|---|---|---|---|
| 17156 | 834080 | 3527526 | 3527575 | 22/6/2010 | 50 |
| 219192 | 834081 | 16270862 | 16270911 | 22/6/2010 | 50 |
| 219193 | 834082 | 16270912 | 16270961 | 22/6/2010 | 50 |
| 257937 | 834083 | 17763313 | 17763342 | 22/6/2010 | 30 |
| 785033 | 834084 | 51628570 | 51628677 | 22/6/2010 | 108 |
| 831021 | 834085 | 76905241 | 76905384 | 22/6/2010 | 144 |

The physical share certificate print reconciliation/control register (**Annexure-OD45**) of the Noticee also shows that the certificate No 834080- to 834085 were printed on June 22, 2010.

92. Asian Paints vide its reply dated March 28, 2016 (Annexure-CRAP6) submitted that the 432 shares on different certificates in Folio No. 00902855 were renewed and merged into 6 new share certificates (Certificate no. 834080 - 834085) vide authenticated register dated 22nd June, 2010 sent to it by the Noticee, placed before the Share Transfer Committee at its meeting held on 25th June, 2010. A copy of the Renewal Register dated 22nd June, 2010 and copy of the Share Transfer Committee meeting minutes dated 25th June, 2010 approving the renewal of share certificates in the name of Shrikant Bhalakia and Anand S. Bhalakia are placed at Appendix No. 36 of the company reply dated March 28, 2016 (Annexure-CRAP6). Further, Asian Paints also submitted that they have no document in their record to suggest forwarding of Share Certificates by the Noticee to the Company for signature and seal.

93. As per the Noticee records, 432 shares on the Certificates re-printed on 22/06/2010 (as above) were dematerialized on 20/07/2010 (Transaction no. 715845; Inward No. 314208) in the Folio No. - 00902855 (Code-A1A1-Asian Paints Limited).

As per the copy of DRF dated 10.07.2010 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same shares viz. certificate numbers 834080 to 85 were found to be dematerialized.

Asian Paints vide its reply dated March 28, 2016 submitted that these 432 shares were dematerialized vide demat register dated 23rd July, 2010 sent to it by the Noticee, placed before the Share Transfer Committee at its meeting held on 23rd July, 2010. A copy of the Demat Register dated 23rd July, 2010 and a copy of the Share Transfer Committee meeting minutes dated 23rdJuly, 2010 is placed at Appendix No. 35 of the company reply dated March 28, 2016 (Annexure-CRAP6).

94. SEBI observed from the Annual Return data submitted by G.R Raovide statement dated March 23, 2016 (Annexure-SR12), that in 2009 the folio no. 00902855 with 432 shares was in the name of Govt. of Singapore Investment Corp while in Annual return for 2010 the folio with 432 shares stands in the name of Shrikant Bhalakia. In 2011 total 432 shares dematerialized by Shrikant Bhalakia as per transaction file of 2011 while the folio has been omitted altogether from holding file of the Annual return. (Screen Shots of Annual Return data placed at **Annexure-ARSP4**)

From the "Signature" record of the folio no. - 00902855 taken out from the system of "Signature Verification Department" SEBI observed that the signature attached to the folio is that of "Authorized signatory of Deutsch Bank AG" and not that of Shrikant Bhalakia.

In view of the above, it is alleged that shares were transferred with fraudulent back end modifications and new share certificates were printed in the folio as the old certificates were not in the possession of the Noticee or Shrikant and moreover the old certificates would have been in the name of actual investor viz. Government of Singapore Investment Corp. SEBI observed that if Shrikant Bhalakia would have got the shares through a genuine transfer the share certificates would have come in his possession and a new folio would have been allotted to him and his signatures would have been attached with the same.

Therefore, it is alleged that the internal checks and balances and control system of the Noticee was compromised to fraudulently transfer the folio along with share in it and then demat the shares belonging to one shareholder by another entity who is linked with the management of the Noticee. Further, it is also alleged that an attempt has been made to blur the audit trail of any investigation by deleting system logs.

95. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 432 shares (4320 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Govt. of Singapore Investment Corp. misappropriated by Shrikant Bhalakia vide back office printing entry on **22/06/2010** (and demat on 20/07/2010) | Value= Rs. 1024142.4 (Price @ NSE Rs. 2,370.70) | Value= Rs. 5238648 (Price @ NSE Rs. 1,212.65) |

96. SEBI observed from the Noticee systems that in the Folio No. - 00902855 on 22/11/2010 total 365 shares (Certificate No. 834339, 834340, 834341) of Asian Paints Limited were dematerialized. How these shares came into this folio is not shown in back office software Module of the Noticee. SEBI observed that there is no entry in the back office software Module for re-printing but "back end database" of the Noticee extracted by investigation shows that before dematerializing these shares were reprinted on 1/11/2010 as below:

| Orig Certificate No | New Certificate No | Dist no From | Dist no To | Creation Date | No of shares |
|---|---|---|---|---|---|
| 831055 | 834339 | 69736320 | 69736447 | 1/11/2010 | 128 |
| 804528 | 834340 | 44485405 | 44485545 | 1/11/2010 | 141 |
| 804526 | 834341 | 44485189 | 44485284 | 1/11/2010 | 96 |

In this regard, the Noticee was asked to explain the transfer transaction and provide various documents to prove the genuineness of the transaction of transfer of these 365 shares to the folio 00902855. It was noted that from the share certificate print

reconciliation/control register (**Annexure-OD47**) that the certificate No 834339, 834340, 834341 were printed on November 02, 2010. Hence, the Noticee was also asked to provide various documents w.r.t. the re-printing of the share certificate including the history of ownership (Name, Address and Folio number) of said share Dist Nos. 69736320 to 69736447, 44485405 to 44485545 & 44485189 to 44485284 (of Asian Paints Limited) for last three transfers/change of hands/possessions before 22/11/2010. However, the Noticee has failed to submit any detail/information/documents.

97. Asian Paints vide its reply dated March 28, 2016 submitted that the 365 shares on different certificates in Folio No. 00902855 were renewed and merged into 3 new share certificates (Certificate no. 834339 - 834341) vide authenticated register dated 1st November, 2010 sent to it by the Noticee, placed before the Share Transfer Committee at its meeting held on 3rd November, 2010. A copy of the Renewal Register, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira), dated 1st November, 2010 and copy of the Share Transfer Committee meeting minutes dated 3rd November, 2010 approving the renewal of share certificates in the name of Shrikant Bhalakia and Anand S. Bhalakia are placed at Appendix No. 37 of the company reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints further stated that they have no record that the said certificates were sent to it for signature or seal. Further, as per the internal records of Asian Paints the said shares with the distinctive numbers (44485405 – 44485545; 44485189 – 44485284; 69736320 - 69736447) belonged to UTI under folio no. - 00001493.

98. Further, in the records of Folio No. - 00902855 on 22/11/2010 total 365 shares of Asian Paints Limited (Certificate No. 834339, 834340, 834341; Dist Nos. 69736320 to 69736447, 44485405 to 44485545 & 44485189 to 44485284 respectively) dematerialized (Transaction No.: 716202; inward no/DRN: 315764).

SEBI observed from the copy of DRF dated 12.11.2010 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same shares (viz. Certificate

No. 834339, 834340, 834341) were found to be dematerialized in Demat a/c No. - IN30090710287487 of Shrikant Bhalakia.

Asian Paints vide its reply dated March 28, 2016 submitted that these 365 shares were dematerialized vide authenticated register dated 26th November, 2010 sent to it by the Noticee, placed before the Share Transfer Committee at its meeting held on 26th November, 2010. A copy of the Demat Register, duly authenticated by the Authorized Signatory of the Noticee (viz. **Indira**), dated 26th November, 2010 and a copy of the Share Transfer Committee meeting minutes dated 26th November, 2010 approving the dematerialization is placed at Appendix No. 38 of the company reply dated March 28, 2016 (Annexure-CRAP6).

99. Therefore, even in this matter of 365 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Shrikant Bhalakia as the old certificates were not in the possession of the Noticee or Mr. Bhalakia, and moreover SEBI suspects that the old certificates would have been in the name of actual investor. SEBI observed that if Mr. Bhalakia got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. After re-printing of shares the same were dematerialized by management related entity viz. Shrikant. Further, SEBI observed from the copy of the Renewal Register (for re-printing of shares) dated November 01, 2010 and Demat Register dated November 26, 2010 submitted by the company that the same was signed by Indira which coroborates that Indira herself was processing the said fraudulent transactions. Moreover, it is alleged that the records are completely falsified to destroy the evidence and blur the audit trail.

100. Valuation of Share allegedly Misappropriated on replacement cost basis in this matter-

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 1. | 365 shares (3650 Post 1: 10 split on 30/07/2013) of Asian Paints Limited possibly belonging to UTI misappropriated by Shrikant Bhalakia vide back office printing entry on **01/11/2010** (and demat on 22/11/2010) | Value= Rs. 987343.25 (Price @ NSE Rs. 2,705.05) | Value= Rs. 4426172.5 (Price @ NSE Rs. 1,212.65) |

101. SEBI further, observed from the Noticee systems that on 27/01/2011, 500 shares (Certificate No. 834403) of Asian Paints was dematerialized in the Folio No. - 00902855. How these shares came into this folio is not shown in back office software Module. SEBI observed that there is no entry in the back office software Module for re-printing but back end database of the Noticee extracted by investigation which shows that before dematerializing these shares were reprinted on 5/01//2011 as below:

| Orig Certificate No | New Certificate No | Dist No From | Dist No To | Creation Date | No of shares |
|---|---|---|---|---|---|
| 216181 | 834403 | 15933050 | 15933099 | 5/1/2011 | 50 |
| 216182 | 834403 | 15933100 | 15933149 | 5/1/2011 | 50 |
| 216183 | 834403 | 15933150 | 15933199 | 5/1/2011 | 50 |
| 216184 | 834403 | 15933200 | 15933249 | 5/1/2011 | 50 |
| 216185 | 834403 | 15933250 | 15933299 | 5/1/2011 | 50 |
| 216186 | 834403 | 15933300 | 15933349 | 5/1/2011 | 50 |
| 216187 | 834403 | 15933350 | 15933399 | 5/1/2011 | 50 |
| 216188 | 834403 | 15933400 | 15933449 | 5/1/2011 | 50 |
| 216189 | 834403 | 15933450 | 15933499 | 5/1/2011 | 50 |
| 216190 | 834403 | 15933500 | 15933549 | 5/1/2011 | 50 |

In this regard, the Noticee was asked to explain the transfer transaction and provide various documents to prove the genuineness of the transaction of transfer of these 500 shares to the folio 00902855. SEBI also observed from the share certificate print reconciliation/control register (**Annexure-OD47**) that the certificate No. 834403 was printed on January 06, 2010. Hence, the Noticee was also asked to provide various documents w.r.t. the re-printing of the share certificate including the history of ownership (Name, Address and Folio number) of said share Dist Nos. 15933050 to 15933549 (of

Asian Paints Limited) for last three transfers/change of hands/possessions before 27/01/2011. However, the Noticee failed to submit any detail/information/documents.

102. Asian Paints vide reply dated March 28, 2016 submitted that the 500 shares on different certificates in Folio No. 00902855 were renewed and merged into one new share certificate (Certificate no. 834403) vide authenticated register dated 5th January, 2011 sent to the Company by the Noticee , placed before the Share Transfer Committee at its meeting held on 7th January, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira), dated 5th January, 2011 and copy of the Share Transfer Committee meeting minutes dated 7th January, 2011 approving the consolidation of share certificates in the name of Shrikant Bhalakia and Anand S. Bhalakia are placed at Appendix No. 39 of Asian Paints reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints further, stated that they have no record that the said certificates were sent to it for signature or seal. Further, since all the data is being maintained by the Noticee, Asian Paints is not able to identify from their internal records the past ownership of said shares with the distinctive numbers (15933050 to 15933549).

103. SEBI observed that in the Folio No. - 00902855 (Code-A1A1-Asian Paints Limited) on 27/01/2011 total 500 shares (Certificate No. 834403; Dist Nos. 15933050 to 15933549) dematerialized (Transaction No.: 716360; inward no.: 100000000; DRN 10000000000331). These shares are found to be dematerialized in Demat account number IN300907-10287487 {joint account of Shrikant Bhalakia and Anand S. Bhalakia} on January 31, 2011.

SEBI observed from the copy of DRF dated 20.01.2011 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same shares (viz. Certificate No. 834403) were found to be dematerialized in Demat a/c No. -IN30090710287487 of Shrikant Bhalakia.

104. Therefore, even in this matter of 500 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Shrikant Bhalakia as the old

certificates were not in the possession of the Noticee or Shrikant Bhalakia, and moreover SEBI alleged that the old certificates would have been in the name of actual investor. SEBI alleged that if Mr. Bhalakia would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. SEBI observed that after re-printing of shares the same were dematerialized by management related entity viz. Shrikant. Further, SEBI observed that from the copy of the Consolidation Register (for re-printing of shares) dated January 05, 2011 submitted by the company that the same was signed by Indira thus it is alleged that Indira herself was processing the said fraudulent transactions. Further, it is alleged that there is falsification of the records to erase the source and ownership of these shares.

105. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 500 shares (5000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by Shrikant Bhalakia vide back office printing entry on **05/01/2011** (and demat on 27/01/2011) | Value= Rs. 1440250 (Price @ NSE Rs. 2,880.50) | Value= Rs. 6063250 (Price @ NSE Rs. 1,212.65) |

106. SEBI observed from the back office records of the Noticee that on 06/08/2011 through "Rectification entry" (Transaction no. 800079 & Inward no. 800381) 460 shares of Asian Paints Limited (certificate no 784154; Distinctive 51572867 to 51573326) transferred from folio no. - 00001493 (belonging to UTI but allegedly controlled by Sharepro management related entities) to folio no. - 00902855.

Asian Paints vide letter dated March 28, 2016 submitted that the said transfer of 460 shares from Folio No. 00001493 to Folio No. 00902855, was not sent to Asian Paints for approval in its 'Share Transfer Committee' meeting and there is no documentation in

place that reflects the reason for the transfer. Further, it is alleged that any entries made by the Noticee by way of 'Rectification Entry' were not intimated to the Company.

107. SEBI also observed that on 02/09/2011 the 460 shares of Asian Paints Limited received earlier as "rectification entry" from folio no. - 00001493 to folio 00902855 with Distinctive nos. 51572867 to 51573326 (But with new certificate no. - 834764) was dematerialized (with Transaction No. 716886; inward no.: 100000000; DRN 10000000007077). The above shares are observed to be dematerialized in demat account number IN300749-11010340 (joint account of Shrikant Bhalakia & Anand S. Bhalakia). There is no record in the back office Module of the Noticee regarding how certificate number changed from 784154 to 834764 for the same distinctive numbers but back end database extracted indicates on 08/08/2011 there is re-printing from certificate no 784154 to 834764 for same distinctive numbers The physical share certificate print reconciliation/control register (Annexure-OD46) also shows that the certificate No 834764 was printed on August 03, 2011.

Asian Paints vide letter dated March 28, 2016 submitted that the New Certificate was not received by it for signature.

Therefore, even in this matter of 460 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Shrikant Bhalakia as the old certificates were not in the possession of the Noticee or Mr. Shrikant Bhalakia, and moreover the old certificates would have been in the name of actual investor. It is alleged that Shrikant Bhalakia would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. Further, the transfer would have been effected through normal "transfer entry" and not through "Rectification entry" (which as per the statement dated January 28, 2016 of G.R Rao is not allowed in such cases). After re-printing of shares the same were dematerialized by management related entity viz. Shrikant. (As already explained and noted that the shares were transferred from the folio 00001493

which is under dispute and the Noticee & its employees including Indira were aware of the same.

108. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 460 shares (4600 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI transferred to Shrikant Bhalakia vide back office rectification entry on 06/08/2011 | Value= Rs. 1407094 (Price @ NSE Rs. 3,058.90 on 05/08/2011) | Value= Rs. 5578190 (Price @ NSE Rs. 1,212.65) |

109. SEBI observed from the back office records of the Noticee that on 12/08/2011 by "rectification entry" (Transaction No 800082, Inward No. - 8000384) 450 shares of Asian Paints Limited (Certificate no. from 216181 to 216189; Dist No. from 15933050 to 15933499) were transferred from folio 00902855 to folio 00001493. SEBI also alleged that that these are the same shares (except Certificate No 216190; Distinctive No.s 15933500 to 15933549) which were reprinted on 05/01/2011 and later dematerialized on 27/01/2011. Therefore, with regard to rectification entry, the Noticee was summoned to provide various documents to prove the authenticity of the transaction and also explain how shares already dematerialized can be transferred to another entity? However, it is alleged that the Noticee failed to submit a reply.

110. SEBI alleged that there is no corresponding debit in any of the demat account of Shrikant Bhalakia. In view of the foregoing, it is alleged that shares belonging to some other investor is siphoned off and transferred to folio no. - 00001493 through folio no. - 00902855 controlled by Shrikant Bhalakia (and the Noticee related entities especially Indira) and the electronic records are falsified to blur the audit trail. As already mentioned that similar fraudulent transactions were observed from the reconciliation of change in shareholding data during the year 2011 which has revealed that 1842 shares of L. Ganeshan has just vanished from his folio without any transfer records in 2011 and similar 1842 shares has reappeared in the name of management linked entities or folios controlled by them. It is alleged that this is the reason that 1000 shares have appeared in

and dematerialized from the folio no. - 00902848 of Shrikant Bhalakia though it had nil balance as on the date of demat i.e. 31/03/2011. Further, 1222 shares has reappeared in the folio number 00001493 (UTI) which is being used by entities linked to Management of the Noticee. The balance of 380 (i.e. 1222-842) shares appear to be those shares whose records has been erased from Folio Number- 00068346 (Jacinta Desa) during the same year. Thus, it is alleged that the electronic records are falsified by the Noticee in an attempt to hide the misappropriation of shares of genuine investors by Indira/her linked entities.

Asian Paints vide reply dated March 28, 2016 submitted that the said transfer of 450 shares from Folio No. 00902855 to Folio No. 00001493, was not sent to it for approval in its 'Share Transfer Committee' meeting and there is no documentation in place that reflects the reason for the transfer. Further, Asian Paints also stated that it is unaware of the transaction and it is not in possession any documents/information w.r.t. the aforesaid transaction.

111. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 450 shares (4500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited transferred vide rectification entry on 12/08/2011 to Folio no. - 00001493 (controlled by the Noticee management viz. Indira) without corresponding debit in Bhalakia's account. Hence misappropriation of some investor's shares | Value= Rs. 1453095 (Price @ NSE Rs. 3,229.10) | Value= Rs. 5456925 (Price @ NSE Rs. 1,212.65) |

112. SEBI observed the following demat transactions were noted in the Joint demat account of Shrikant Bhalakia and Anand S. Bhalakia. These transactions cover dematerialization of all the above shares siphoned off by Shrikant Bhalakia with the help of the Noticee management viz. Indira herself. SEBI observed that most of the time after demat the shares were transferred to Broker-AFN Langarana in "On Mkt transaction":

| DP ID | Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Description | Opening Balance | Debit | Credit | Closing Balance |
|---|---|---|---|---|---|---|---|---|---|---|---|
| IN300749 | 11010340 | Shrikant Bhalakia | AGJPB6222E | INE021A01018 | ASIAN PAINTS LIMITED EQ | 27-Apr-2011 | By Shrikant Bhalakia IN30090710287487 | 0.0 | 0.0 | 177 | 177 |
| | | **Second Holder Name** | **Second Holder PAN** | | | 27-Jun-2011 | By Dematerialisation | 177 | 0.0 | 500 | 677 |
| | | Anand Bhalakia | AABPB9293K | | | 28-Jun-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112062 | 677 | 150 | 0.0 | 527 |
| | | | | | | 30-Jun-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112064 | 527 | 150 | 0.0 | 377 |
| | | | | | | 01-Jul-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112065 | 377 | 100 | 0.0 | 277 |
| | | | | | | 02-Sep-2011 | By Dematerialisation | 277 | 0.0 | 460 | 737 |
| | | | | | | 05-Sep-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112108 | 737 | 205 | 0.0 | 532 |
| | | | | | | 21-Nov-2011 | By Dematerialisation | 532 | 0.0 | 733 | 1,265 |
| | | | | | | 01-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112166 | 1,265 | 150 | 0.0 | 1,115 |
| | | | | | | 05-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112169 | 1,115 | 150 | 0.0 | 965 |
| | | | | | | 07-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112170 | 965 | 183 | 0.0 | 782 |
| | | | | | | 10-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112172 | 782 | 150 | 0.0 | 632 |
| | | | | | | 13-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112174 | 632 | 150 | 0.0 | 482 |
| | | | | | | 22-Dec-2011 | By Dematerialisation | 482 | 0.0 | 480 | 962 |
| | | | | | | 22-Dec-2011 | By Dematerialisation | 962 | 0.0 | 480 | 1,442 |
| | | | | | | 26-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112183 | 1,442 | 175 | 0.0 | 1,267 |
| | | | | | | 27-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112184 | 1,267 | 185 | 0.0 | 1,082 |
| | | | | | | 28-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112185 | 1,082 | 190 | 0.0 | 892 |
| | | | | | | 29-Dec-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112186 | 892 | 110 | 0.0 | 782 |
| | | | | | | 03-Jan-2012 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112189 | 782 | 135 | 0.0 | 647 |

| DP ID | Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Description | Opening Balance | Debit | Credit | Closing Balance |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 01-Aug-2013 | To STOCK SPLIT | 647 | 647 | 0.0 | 0.0 |
| | | | | INE021A01026 | ASIAN PAINTS LIMITED EQ NEW FV Re. 1/- | 01-Aug-2013 | By STOCK SPLIT | 0.0 | 0.0 | 6,470 | 6,470 |
| | | | | | | 12-Aug-2015 | To Shrikant Bhalakia IN30014210743077 | 6,470 | 5,000 | 0.0 | 1,470 |
| IN300907 | 10287487 | Shrikant Bhalakia | AGJPB6222E | INE021A01018 | ASIAN PAINTS LIMITED EQ | 20-Jul-2010 | By Dematerialisation | 0.0 | 0.0 | 432 | 432 |
| | | **Second Holder Name** | **Second Holder PAN** | | | 22-Jul-2010 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011081 | 432 | 200 | 0 | 232 |
| | | Anand Bhalakia | AABPB9293K | | | 26-Jul-2010 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011083 | 232 | 150 | 0 | 82 |
| | | | | | | 16-Sep-2010 | By Dematerialisation | 82 | 0 | 480 | 562 |
| | | | | | | 17-Sep-2010 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011121 | 562 | 160 | 0 | 402 |
| | | | | | | 21-Sep-2010 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011122 | 402 | 140 | 0 | 262 |
| | | | | | | 01-Nov-2010 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011152 | 262 | 150 | 0 | 112 |
| | | | | | | 22-Nov-2010 | By Dematerialisation | 112 | 0 | 365 | 477 |
| | | | | | | 23-Nov-2010 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011167 | 477 | 100 | 0 | 377 |
| | | | | | | 06-Dec-2010 | To CM AFN LANGRANA SH AND STBR, ROLLING MKT LOT / 1011176 | 377 | 100 | 0 | 277 |
| | | | | | | 08-Dec-2010 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011178 | 277 | 150 | 0 | 127 |
| | | | | | | 31-Jan-2011 | By Dematerialisation | 127 | 0 | 500 | 627 |
| | | | | | | 15-Feb-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011225 | 627 | 200 | 0 | 427 |
| | | | | | | 01-Mar-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011235 | 427 | 150 | 0 | 277 |
| | | | | | | 04-Mar-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011237 | 277 | 125 | 0 | 152 |
| | | | | | | 29-Mar-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011254 | 152 | 100 | 0 | 52 |
| | | | | | | 31-Mar-2011 | By Dematerialisation | 52 | 0 | 1,000 | 1,052 |

| DP ID | Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Description | Opening Balance | Debit | Credit | Closing Balance |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 06-Apr-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112005 | 1,052 | 400 | 0 | 652 |
| | | | | | | 08-Apr-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112007 | 652 | 175 | 0 | 477 |
| | | | | | | 11-Apr-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112009 | 477 | 150 | 0 | 327 |
| | | | | | | 18-Apr-2011 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112012 | 327 | 150 | 0 | 177 |
| | | | | | | 27-Apr-2011 | To Shrikant Bhalakia IN30074911010340 | 177 | 177 | 0 | 0 |
| IN300142 | 10743077 | Shrikant Bhalakia | AGJPB6222E | INE021A01026 | ASIAN PAINTS LIMITED EQ NEW FV Re. 1/- | 12-Aug-2015 | By Shrikant Bhalakia IN30074911010340 | 0 | 0 | 5,000 | 5,000 |

The DRF of the above transactions is provided by NSDL vide email dated November 29, 2016 (**Annexure-OD44**). SEBI observed that both Shrikant Bhalakia and Anand S. Bhalakia has signed on the same.

113. In view of the above, SEBI observed that that all the shares belonging to other shareholders siphoned off by Shrikant Bhalakia is transferred to his broker AFN Langrana Share and Stock Broker Limited except 647 (which has become 6470 after split in 2013) which he still holds. SEBI also observed from the details (sauda book, ledger and payment/receipt) submitted by the broker vide email dated May 02, 2016 (Annexure-OD104), Shrikant Bhalakia has minimal trading transactions apart from the sale of shares siphoned off by him. He has also brought nominal funds (Rs. 29241.64/- For FY 2010-11; Rs. 122498.22 for FY 2011 to16) to his trading account with the broker and funds are generated from sale of said shares. SEBI observed that during April 2010 to March 2012 (i.e. the period when the siphoned off shares were transferred to the broker AFN Langarana) the broker has transferred approx. Rs. 14359204.76 from his bank account Number 8620100001771 with Stock Exchange Branch, Bank of India to Shrikant Bhalakia which was deposited in the bank account number 4710100018523

(Bank of India, Walkeshwar) of Anand S. Bhalakia. The copy of Statement of the said bank account of Anand S. Bhalakia is placed at Annexure-BRBKOI; Page No. - 101.

SEBI also observed that during the same period approx. Rs.1,03,72,364/- was transferred from the said bank account of Anand S. Bhalakia to the Noticee related entities as below:

| Name | Total amount transferred |
|---|---|
| Nagesh K | 4096693 |
| Narayan Devadiga | 2396956 |
| Raju Landge | 2555829 |
| Suresh Unawane | 1322886 |
| **Grand Total** | **10372364** |

The balance of sale proceeds retained by Shrikant Bhalakia as his share of the fraudulent transactions is Rs. 39, 86,840.76/-. It is alleged that Shrikant Bhalakia was getting funds from broker AFN Langarana even after the said period mostly out of the sale of shares which were earlier bought allegedly from the sale proceeds of siphoned off shares of Asian Paints Limited. However, no amount was found to be directly transferred from that account to the accounts of the Noticee related entities rather the amount so received was mostly withdrawn in cash to avoid audit trail. The movement of funds from Broker-AFN Langrana to Shrikant/Anand then ultimately to Indira related entities is placed at **Annexure-BRFA1**. SEBI alleged that the shares were being sold and the amount was being transferred to Anand S. Bhalakia who in turn was paying to the Noticee management (viz. Indira) related entities i.e. to Narayan Devadiga, Raju Landge, Suresh Unavane, and Nagesh Karkera. Narayan was in turn transferring money to Indira and Mohit Karkera. Similarly, Suresh was also transferring the said funds to Mohit and Indira. Nagesh after receiving the funds was in turn transferring to Mohit Karkera, Indira, Prashant Karkera and Satyam Brush Industries. In the same manner Raju Landge was transferring the funds received from Anand S. Bhalakia to Indira, Mohit, and Prashant

Karkera and also withdrawing in cash. As per Bank of India letter dated December 26, 2016 (Annexure-BRBKOI; Page No. - 101), Anand Bhalakia transferred Rs. 1,00,000 from his Bank of India bank account number 004710100018523 to Bank of India bank account number 004710100017698 of Dina Bhalakia on May 18, 2010 indicating that Dina Bhalakia was also the recipient of the ill-gotten proceeds.

114. Summons no. MIRSD2/LS/2016/10938 dated 12/04/2016(Annexure-SSB) were issued to Shrikant Bhalakia to inter-alia explain the details of his relationship/dealings/ transactions including the nature, purpose, and considerations etc. of the dealings/transactions with Amarjit Kaur Arora, Profile System Ltd, Jardine Fleming Int'l Mgt Inc., Govt. of Singapore Investment Corp etc. He vide his letter dated May 13, 2016 (Annexure-LIR7) has denied knowing the above entities.

Further, he was asked point wise detailed questions regarding above mentioned various transactions viz. transfer of shares (to and from his folio), change of folio from other investor to in his name, re-print of shares of other investors in his, dematerialization of shares etc. Question were related to audit trails, correspondence exchanged with entities/ the Noticee , identity of counterparties, consideration paid/received, rationale for the transactions such as reckless re-printing of share certificates, copy of documentations required for such transactions viz. FIR/Affidavit/Newspaper Adv./copy of old shares, nature & details of correspondence with the Noticee etc. In this regard it is alleged that Shrikant Bhalakia replied to the summons dated 12/04/2016 but only partially complied as he provided only generalized answers, not transaction specific replies.

He has submitted in reply to the SEBI summons that he assists people in dematerializing their shares. If any person does not have Demat account, he helps them by transferring the shares in his own name and thereafter dematerializing the shares and depositing the said shares in his own demat account and sell the said shares through broker and pay the sale amount to such persons after deducting his charges which are in form of funds or part of the shares. In respect of dealings in the shares of Asian Paints Limited as

mentioned above he stated that in the year 2010 Indira asked him to help few employees of Asian Paints in dematerializing their shares as they did not have demat account. The mode of their operation was (a) Indira gave shares to him, (b) He transferred the shares in the joint name of his Son Anand Bhalakia and himself, (c) He deposited the shares for demat after receiving the same from transfer, (d) he sold the shares as per instruction of Indira, (e) Issued the cheques in the name of transferor of shares and hand over the cheques to Indira, (f) withdraw cash amount from the bank and handover the same to Indira. As per Annexure-4 of the Shrikant Bhalakia's reply dated May 13, 2016 he has admitted the receipt and deposit in his demat account of below mentioned shares of Asian Paints Limited:

| Date | No of Shares | Demat Account |
|---|---|---|
| 02/07/2015 | 3000 | HSBC-IN30014210743077 |
| 06/07/2015 | 3000 | HSBC-IN30014210743077 |
| 09/07/2015 | 3790 | HSBC-IN30014210743077 |
| 13/07/2015 | 3500 | HSBC-IN30014210743077 |
| **Total** | **13290** | |
| 20/07/2010 | 432 | Kapol Bank-IN30090710287487 |
| 16/09/2010 | 480 | Kapol Bank-IN30090710287487 |
| 22/11/2010 | 365 | Kapol Bank-IN30090710287487 |
| 31/01/2011 | 500 | Kapol Bank-IN30090710287487 |
| 31/03/2011 | 1000 | Kapol Bank-IN30090710287487 |
| **Total** | **2777** | |
| 27/06/2011 | 500 | Bank of India-IN30074911010340 |
| 27/08/2011 | 460 | Bank of India-IN30074911010340 |
| 17/11/2011 | 733 | Bank of India-IN30074911010340 |
| 15/12/2011 | 480 | Bank of India-IN30074911010340 |
| 15/12/2011 | 480 | Bank of India-IN30074911010340 |
| **Total** | **2653** | |
| **Grand Total** | **18720** | |

Further as per Annexure-7 of his reply he has dealt with the shares as below:

| Particulars | Numbers |
|---|---|
| Shares received | 18720 |

| Particulars | Numbers |
|---|---|
| Less Shares returned | 13290 |
| Less Shares Sold | 4783 |
| **Shares in hand** | **647 (6470 after stock split of 2013)** |

As per his reply the utilization of sale proceeds are as below:

| Particulars | Numbers | Amount |
|---|---|---|
| Kansai Nerolac | 925 | 1279648 |
| Asian Paints | 4783 | 13084184 |
| **Total** | | **14363832** |
| **Paid to Indira related entities by cheques** | | **10372364** |
| **Balance** | | **3991468** |

As per Annexure-8 of his reply he has admitted the receipt of below mentioned dividend on such shares belonging to other investors:

| Date | Bank | Amount |
|---|---|---|
| 11/11/2010 | Kapol Bank | 952 |
| 22/06/2011 | Bank of India | 4160 |
| 01/11/2011 | Bank of India | 5054 |
| 26/06/2012 | Bank of India | 19734 |
| 25/06/2013 | Bank of India | 23616 |
| 29/10/2013 | Bank of India | 7117 |
| 30/06/2014 | Bank of India | 27174 |
| 26/09/2014 | Bank of India | 11646 |
| 06/07/2015 | Bank of India | 27821 |
| | **Total** | **127274** |

115. It was noted that he has not provided any supporting documents for his above mentioned assertions except demat, bank account statements and few contract notes for sale of shares. He also failed to provide details regarding how many shares were bought from which entity and at what price. It was also observed that though he has tried to couch his illegal siphoning of shares in connivance with Indira as "helping others" who do not have demat account but virtually accepted the murky dealings where he received the share certificates, transferred that in his name, dematerialized the same and sold. The bounty

was later shared with Indira. He himself denied knowing or having any dealings with the person viz. Amarjit Kaur Arora, Profile System Ltd, Jardine Fleming Int'l Mgt Inc., Govt. of Singapore Investment Corp etc. whose shares were transferred to him (and his son Anand Bhalakia). He goes on to state that he paid the shares sale proceed amount to purported employees of Asian Paint Limited viz. Raju L, Suresh U, K Nagesh, Narayan D etc. while as per Asian Paints email dated June 06, 2016 (Annexure-CRAP9) these entities were never employees of Asian Paints. It is apparent that he never made any attempt to find out their antecedents. Further opening Demat account requires mere Identity proof and address proof. It is impossible proposition that so called employees of reputed companies like Asian Paints who had even bank accounts were not able to open demat accounts. It was also noted that most of these entities actually had demat accounts. SEBI observed that having or not having demat account is nominal issue, as participant in financial market it must have been known to Shrikant Bhalakia that transfer of shares (which is actually ownership rights) belonging to third party (who is not related to him in any manner) in own name without any consideration and without documentations or based on forged documents is illegal. He has accepted that he used to receive shares from Indira and then himself get it transferred in his joint name. He should have noticed that these shares belonged to the entities as mentioned in preceding paragraphs and not the entities to whom he was making payments. It is also absurd proposition that shares worth crores of rupees were transferred due to lack of demat accounts and "charges" running into lakhs of rupees were being collected for mere "help" in dematerializing the shares while there is detailed rules/regulations/guidelines to be followed for transfer and dematerializing of shares in all kind of situations. He has stated that in addition to funds transfer through cheque he has given Rs. 22, 65,000/- in cash to Indira but not provided any proof for the same. He has retained Rs. 39, 86,840.76/- (disregarding cash transactions) as charges for just "helping" certain persons demat their shares which amounts to around 40% of the amount transferred to the entities. All the above makes it apparent that all these fraudulent transfers and siphoning of shares

belonging to third party were going on with full connivance of Shrikant Bhalakia, Indira and other such entities viz. Raju L, Suresh U, Nagesh K, Narayan D etc. During the initial investigation when Indira was asked about his relationship or dealings with Shrikant Bhalakia, she vide her statement dated December 07, 2015 submitted that she knows Shrikant Bhalakia as investor only and has no dealings with him or Jayshree. However, later Prashant Karkera vide his statement dated September 27, 2016 Annexure-SR1 admitted that the accounts of these people viz. Raju L, Suresh U, Nagesh K, Narayan D etc. were being managed by him & Indira and all shares/money in their accounts belong to them. He further submitted that all dealing in the said accounts with Shrikant Bhalakia as well as other such persons viz. Anand Bhalakia, Akhil Dalal, and Balram Mukherjee etc. is w.r.t. share dealings and on the behest of Indira. Thus it is alleged that Indira has not only ensured fraudulent transactions at Sharepro (as VP) processing the same as evident from the documents but also is the direct beneficiary of the fraud but as well as mislead the investigation with false statements before IA.

**Fraudulent transactions in the matter of UTI (Folio Number- 00001493)**

116. SEBI observed from the back office software module of the Noticee that Folio Number 00001493 (Screen Shot attached at Annexure-SP8) is in the name of UTI. However, SEBI observed that dividend has been issued to Suresh Unavane for dividend issue dates 18/06/2009 and 30/10/2009 for 18000 shares and 15000 shares respectively. No records are available in the back office system to indicate any transaction whereby shares belonging to UTI has been transferred to Suresh Unawane. Currently, the folio stands again in the name of UTI. Hence, the Noticee was summoned to provide various documents to prove the genuineness of the above transactions but they failed to reply.

SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), reveals that in 2008, 2009, 2010 and 2011 the folio no 00001493 with 49509 shares of Asian Paints was in the name of Unit Trust of India while

no transaction was shown in the folio. (Screen Shot of Annual Return data attached at **Annexure-ARSP5**)

Asian Paints vide reply dated March 28, 2016 submitted that the share transfer from UTI to Suresh Unawane, with the folio no. 00001493 staying constant, was not sent to it for approval by the Noticee and it is alleged that the Noticee effected this transfer on its own. Asian Paints further, stated that the said folio no. 00001493 held in the name of UTI is under dispute and a suit has been filed with the High Court, Bombay w.r.t. the ownership of the said shares vide Suit No. 7992 of 1998 (**Annexure-CRAP7**), accordingly and since the year 1998, no transactions like transfer were permitted by the Company unless directed by the Court or any other competent authority.

117. SEBI observed from back office software module of the Noticee that in the Folio Number-00001493 on 16/08/2011 there is receipt of 2100 shares of Asian Paints Limited from folio no. -00001491 (also belonging to UTI) by way of "Rectification Entry" (Transaction No. - 800084, Inward no. - 830388); details are given below:

| Date | Transferor Folio | Transferee Folio | Certificate Nos | Distinctive No -From | Distinctive No -To | No of Shares |
|---|---|---|---|---|---|---|
| 16/08/2011 | 00001491 | 00001493 | 750068 | 40533043 | 40533642 | 600 |
| 16/08/2011 | 00001491 | 00001493 | 834562 | 15933550 | 15934049 | 500 |
| 16/08/2011 | 00001491 | 00001493 | 834563 | 15934050 | 15934549 | 500 |
| 16/08/2011 | 00001491 | 00001493 | 834709 | 15934550 | 15935049 | 500 |

It is alleged that the Noticee failed to reply to the summons w.r.t. various information/documents to prove the genuineness of the transaction.

Asian Paints in reply to SEBI summons stated that the transfer of 2100 shares from Folio No. 00001491 to Folio No. 00001493 was not sent to it by the Noticee and it is alleged that the Noticee effected this transfer on its own and entries made by the Noticee by way of 'Rectification Entry' appear to have been made solely by the Noticee without any approval of or intimated to Asian Paints.

SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), that in 2010, 2011 and 2012 the folio no 00001491 is not there in holding statement file. However, in 2009 it is there in the name of Manojkumar Laxman Alimchandani with 1 share (Screen Shot of Annual Return data attached at **Annexure-ARSP5**). Thus, it is alleged that not only the records at the Noticee are massively falsified but there is wrong reporting to the regulators as well. Further, it is also alleged that by taking advantage of such falsification and mis-reporting the shares of investors are illegally siphoned off by the Noticee management themselves.

118. It is alleged that in the Folio Number- 00001493 on 16/08/2011 there was rematerialization of 177 shares on certificate no. - 834708 (Distinctive Nos. 44485098 to 44485098; 32807798 to 32807847; 32807898 to 32807902; 32807906 to 32807925; 32807939 to 32807939; 15935100 to 15935149; 15935050 to 15935099; 15935100 to 15935149; 44485098 to 44485098) through "rectification entry" (Transaction no. - 800085, inward No. - 800387).

However, the physical share certificate print reconciliation/control register (**Annexure-OD46**) shows that the certificate No 834708 was printed on June 14, 2011. This shows the certificate was already printed long before rematerialization of the shares.

Asian Paints vide its reply dated March 28, 2016 that the Noticee did not inform nor provide any documentation for approval to the Company about the said rematerialization of 177 shares on certificate number 834708 and it did not receive any Remat request from the shareholder. Further, the said new printed certificate no. 834708 was not sent to the Company for signature. It is alleged that even in this matter the Noticee has failed to provide any document to prove the genuineness of the transaction.

As described in subsequent paragraphs (page no.- 195 to 197 and para no.- 161 to 163) 177 shares of Asian Paints were transferred from Folio no 0001493 (UTI) to Rajesh Bhagat (Folio No. - 00115157) on June 10, 2011 by "Rectification" entry. Further the same 177 shares of Asian Paints with certificate No 834708 was dematerialized by Rajesh

Bhagat (Folio No. - 00115157) on August 01, 2011 in demat account number 12011200234881. While the same certificate No 834708 which was dematerialized earlier is shown to have been rematerialized in Folio Number- 00001493 on 16/08/2011. SEBI observed that the share certificate once dematerialized cannot be rematerialized again because the same is cancelled and defaced. SEBI observed no such corresponding debit in the demat account of Rajesh Bhagat thus it is alleged that shares belonging to some other investor has been siphoned off to restore the shares of UTI siphoned off earlier by Rajesh Bhagat. It is also alleged that not only the shares has been fraudulently siphoned off but the records are falsified by the Noticee.

119. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 177 shares (1770 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by Suresh Unawane vide Remat entry dated 16/08/2011 | Value= Rs. 577037.7 (Price @ NSE Rs. 3,260.10) | Value= Rs. 2146390.5 (Price @ NSE Rs. 1,212.65) |

**Fraudulent transactions in the matter of Malpine Limited (Folio Number- 00901494)**

120. SEBI observed from back office software module of the Noticee that the folio name for Folio Number- 00901494 (Screen Shot placed at Annexure–SP9) w.r.t. dividend issue date from 16/11/2000 to 04/11/2008 is showing in the name of Malpine Limited. Folio name from dividend issue date 18/06/2009 on 2994 shares changed in the name of Suresh Unavane. Currently, the folio with "nil" shares is also shown in the name of Suresh Unavane. No records are available in the Noticee back office to explain how this has occurred.It is alleged that the Noticee was summoned to provide explanation for the transaction and also various documents to prove the genuineness of the transaction but failed to reply.

SEBI observed from the Annual Return data submitted by G.R Raovide statement dated March 23, 2016 (Annexure-SR12), that in 2008 the folio no 00901494 with 2994 shares

was in the name of Malpine Limited while in Annual return for 2009 the folio has been changed in the name of Suresh Unavane with 2994 shares. While both for 2008 and 2009 there is no entry for any transaction in transaction file (Screen Shot of Annual Return data attached at **Annexure-ARSP6**).

Asian Paints vide reply dated March 28, 2016 submitted thatthe Noticee is responsible for the same folio being in the name of two different persons at the same time in violation of Secretarial Standards and no approval for the same has been provided by it. Asian Paints further stated that the said share transfer from Malpine Limited to Suresh Unawane, with the folio no. 00901494 staying constant, was never sent to it for approval in its 'Share Transfer Committee' meeting.

121. In the Folio Number- 00901494, it is alleged that various certificates for total number of 2994 shares were "merged" (viz. consolidation of old certificate into new ones)(vide Inward no. - 1293729) from the back office software and one new certificate (certificate no. - 833350) was printed on 29/12/2008. Details of the transactions are as below:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | No of Shares | Date |
|---|---|---|---|---|---|
| 31213 | 833350 | 4164711 | 4164735 | 25 | 29/12/2008 |
| 37307 | 833350 | 4403386 | 4403410 | 25 | 29/12/2008 |
| 37911 | 833350 | 4428036 | 4428085 | 50 | 29/12/2008 |
| 63593 | 833350 | 7382678 | 7382687 | 10 | 29/12/2008 |
| 79249 | 833350 | 7225296 | 7225345 | 50 | 29/12/2008 |
| 86779 | 833350 | 7407077 | 7407091 | 15 | 29/12/2008 |
| 112831 | 833350 | 8291291 | 8291340 | 50 | 29/12/2008 |
| 112832 | | 8291341 | 8291350 | 10 | 29/12/2008 |
| 184363 | 833350 | 12434012 | 12434061 | 50 | 29/12/2008 |
| 184364 | | 12434062 | 12434111 | 50 | 29/12/2008 |
| 184365 | | 12434112 | 12434141 | 30 | 29/12/2008 |
| 299880 | 833350 | 19894308 | 19894357 | 50 | 29/12/2008 |
| 299881 | | 19894358 | 19894407 | 50 | 29/12/2008 |
| 299882 | | 19894408 | 19894457 | 50 | 29/12/2008 |
| 299883 | | 19894458 | 19894507 | 50 | 29/12/2008 |
| 299884 | | 19894508 | 19894517 | 10 | 29/12/2008 |
| 299885 | | 19894518 | 19894541 | 24 | 29/12/2008 |
| 618508 | 833350 | 38841113 | 38841162 | 50 | 29/12/2008 |
| 618509 | | 38841163 | 38841212 | 50 | 29/12/2008 |
| 618510 | | 38841213 | 38841262 | 50 | 29/12/2008 |

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | No of Shares | Date |
|---|---|---|---|---|---|
| 618511 | | 38841263 | 38841312 | 50 | 29/12/2008 |
| 618512 | | 38841313 | 38841362 | 50 | 29/12/2008 |
| 618513 | | 38841363 | 38841412 | 50 | 29/12/2008 |
| 618514 | | 38841413 | 38841462 | 50 | 29/12/2008 |
| 618515 | | 38841463 | 38841512 | 50 | 29/12/2008 |
| 618516 | | 38841513 | 38841562 | 50 | 29/12/2008 |
| 618517 | | 38841563 | 38841612 | 50 | 29/12/2008 |
| 618518 | | 38841613 | 38841662 | 50 | 29/12/2008 |
| 618519 | | 38841663 | 38841712 | 50 | 29/12/2008 |
| 618520 | | 38841713 | 38841732 | 20 | 29/12/2008 |
| 618521 | | 38841733 | 38841735 | 3 | 29/12/2008 |
| 618522 | | 38841736 | 38841736 | 1 | 29/12/2008 |
| 784198 | 833350 | 51609756 | 51610503 | 748 | 29/12/2008 |
| 830339 | 833350 | 76886619 | 76887616 | 998 | 29/12/2008 |

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD48**) that the certificate No 833350 was printed on January 05, 2009. It is alleged that the Noticee failed to respond to the SEBI summons w.r.t. queries to prove the genuineness of the transactions.

Asian Paints vide reply dated March 28, 2016 (Annexure-CRAP6) submitted that the 2994 shares on different certificates in Folio No. 00901494 were consolidated into one new share certificate (Certificate nos. 833350) vide authenticated register of consolidation dated 29th December, 2008, sent to it by the Noticee, placed before the Share Transfer Committee at its meeting held on 2nd January, 2009. A copy of the Register of Consolidation, duly authenticated by the Authorized Signatory of the Noticee, dated 29th December, 2008, and copy of the Share Transfer Committee meeting minutes dated 2nd January, 2009 approving the consolidation of share certificates in the name of Suresh Unawane are placed at Appendix No. 17 of the company vide reply dated March 28, 2016 (Annexure-CRAP6). As per the records maintained by Asian Paints, Certificate No. 833350 along with other certificates were signed, sealed and forwarded tothe Noticee (**addressed to Indira**). A copy of the said communication is placed at Appendix No. 18 of Asian Paints vide reply dated March 28, 2016 (Annexure-CRAP6).

122. SEBI observed from the records in the Folio Number- 00901494that certificate no. 833350 having 2994 shares (printed on 29/12/2008) was dematerialized on 30/12/2009 (vide Inward No& DRN -725359) in demat account no. - IN300513-13271158 (which belongs to Suresh Unavane).

123. SEBI observed from the "Signature" record of the folio no. – 00901494 taken out from the system of "Signature Verification Department" that the signature attached to the folio is that of "Manager, Bank of Baroda on behalf of Malpine Limited" as per the original signature data received from the company and there is no other signature available with the Noticee (Annexure-SR11). SEBI also observed that in the "Signature Verification" software there is one message entry which states "DON'T REJECT REFER INDIRA 15/12/2009". Thus, it is alleged that the dematerialization transaction in 2009 in favour of Suresh Unavane was carried out under the direction of Indira despite complete signature mismatch.

124. Therefore, even in this matter of 2994 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Mr. Suresh Unavane as the old certificates were not in the possession of the Noticee or Mr. Unavane, and moreover it is alleged that the old certificates would have been in the name of actual investor viz. Malpine Limited. It is alleged that if Mr. Suresh would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates, a new folio would have been allotted to him and there would have been his signature records in the new folio. After re-printing of shares the same were dematerialized by management related entity viz. Suresh whose demat/bank accounts are controlled by Prashant Karkera/Indira.

Thus it is alleged that the folio is illegally (in violation of secretarial standards as well as established practice atthe Noticee as the statement of G.R.Rao) taken over by Suresh (i.e. actually by Prashant Karkera and Indira) along with the shares in it. It was also observed that the "System Logs" for the same period were observed to have been either

disabled or deleted to avoid audit trail. Therefore, it is alleged that the internal checks and balances and control system of the Noticee was compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity.

125. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 2994 shares (29940 Post 1: 10 split on 30/07/2013) of Asian Paints belonging to Malpine Limited misappropriated by Suresh Unavane vide back office printing entry on 29/12/2008 | Value= Rs. 26,04,929.70 (Price @ NSE Rs. 870.05) | Value= Rs. 3,63,06,741 (Price @ NSE Rs. 1,212.65) |

126. SEBI observed the following demat transactions in the demat account of Suresh Unavane. After demat the shares were transferred to Broker-Sharekhan Limited in "On Mkt transaction" and 800 shares were transferred to Prashant Karkera in "Off-market transaction":

| DP id/ Client id | First holder name | First holder PAN | ISIN | Scrip name | Date | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|
| IN30 0513 1327 1158 | Suresh Unawane | AAXPU 3881C | INE021 A01018 | Asian Paints Ltd. EQ | 30/12/2009 | By Demater ialisation | 0 | 2994 |
| IN30 0513 1327 1158 | Suresh Unawane | AAXPU 3881C | INE021 A01018 | Asian Paints Ltd. EQ | 12/01/2010 | To CM Sharekhan Limited, Normal / 2010007 | 294 | 0 |
| IN30 0513 1327 1158 | Suresh Unawane | AAXPU 3881C | INE021 A01018 | Asian Paints Ltd. EQ | 15/01/2010 | To CM Sharekhan Limited, Normal / 2010010 | 300 | 0 |
| IN30 0513 1327 1158 | Suresh Unawane | AAXPU 3881C | INE021 A01018 | Asian Paints Ltd. EQ | 05/02/2010 | To CM Sharekhan Limited, Normal / 2010024 | 400 | 0 |
| IN30 0513 1327 1158 | Suresh Unawane | AAXPU 3881C | INE021 A01018 | Asian Paints Ltd. EQ | 17/03/2010 | To CM Sharekhan Limited, Normal / 2010050 | 1000 | 0 |
| IN30 0513 1327 1158 | Suresh Unawane | AAXPU 3881C | INE021 A01018 | Asian Paints Ltd. EQ | 23/04/2010 | To CM Sharekhan Limited, Normal / | 200 | 0 |

| DP id/ Client id | First holder name | First holder PAN | ISIN | Scrip name | Date | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|
| | | | | | | 2010074 | | |
| IN30 0513 1327 1158 | Suresh Unawane | AAXPU 3881C | INE021 A01018 | Asian Paints Ltd. EQ | 04/07/2011 | To Prashant Karkera IN3005131 2752672 | 800 | 0 |

127. Suresh Unavane and Prashant Karkera were issued Summons to explain the above mentioned transactions however, it is alleged that they failed to comply with the same. Later Suresh appeared for statement recording and vide statement dated September 20, 2016 (Annexure-SR3) admitted that he is servant of Prashant Karkera/Indira and all transactions in his demat/bank account are being done by them. Prashant Karkera vide statement dated September 27, 2016 (Annexure-SR1) admitted the same. Suresh has also stated that transactions are carried out at the behest of Indira and he has not paid any consideration for the same. He also admitted that all money/shares in his demat/bank accounts actually belongs to them i.e. Indira and Prashant Karkera.

As per the information provided by Sharekhan Limited vide email dated May 03, 2016 (**Annexure-OD49**), Suresh has sold the shares as below:

| NSE CASH TRADES | | | | | |
|---|---|---|---|---|---|
| Client Code: W312204Client Name: Suresh Unawane | | | | | |
| **Trade Date** | **Scrip Name** | **Sell Qty** | **Sell Rate** | **Sell Value** | **Settlement no.** |
| 12-Jan-10 | Asian Paints Ltd. | 294 | 1,850.77 | 5,44,127.29 | NSENR2010007 |
| 15-Jan-10 | Asian Paints Ltd | 300 | 1,915.00 | 5,74,500.00 | NSENR2010010 |
| 05-Feb-10 | Asian Paints Ltd | 400 | 1,971.07 | 7,88,426.44 | NSENR2010024 |
| 17-Mar-10 | Asian Paints Ltd | 1,000 | 1,965.00 | 19,65,000.00 | NSENR2010050 |
| 23-Apr-10 | Asian Paints Ltd | 200 | 2,086.00 | 4,17,200.00 | NSENR2010074 |
| **Total** | | **2194** | | **4289253.73** | |

128. Further, as per the ledger statement of Suresh provide by Sharekhan along with the mentioned email, the sale proceeds were immediately withdrawn by Suresh after sale of the share in market. Extract of ledger statement is as below:

| AccCode | Comp Nm | DocDt | DocRef | Chq No | Narr | Dr Amt | Cr Amt | Run Bal |
|---|---|---|---|---|---|---|---|---|
| W312204 | NSE Cash | 15/01/2010 | BP/201001 /33458 | 6033275 | For bank transfer withdrawal | 540000 | 0 | -2022.58 |

| AccCode | Comp Nm | DocDt | DocRef | Chq No | Narr | Dr Amt | Cr Amt | Run Bal |
|---|---|---|---|---|---|---|---|---|
| W312204 | NSE Cash | 25/01/2010 | BP/201001 /51670 | 6085235 | For bank transfer withdrawal | 570000 | 0 | -2557.1 |
| W312204 | NSE Cash | 11/02/2010 | BP/201002 /16984 | 6219255 | For bank transfer withdrawal | 780000 | 0 | -5541.89 |
| W312204 | NSE Cash | 22/03/2010 | BP/201003 /41538 | 6415561 | For bank transfer withdrawal | 1950000 | 0 | -6979.56 |
| W312204 | NSE Cash | 29/04/2010 | BP/201004 /54329 | 6597669 | For bank transfer withdrawal | 415000 | 0 | -6300.06 |

129. The fund movement in the bank account of Suresh after receipt of sale proceeds from the broker Sharekhan limited is as below:

| Date | Transferor Name | Transferor Bank a/c No | Chq.No. | Amount | Transferee Name | Transferee Bank a/c No | Remarks |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 15/01/2010 | Sharekhan | | 6033275 | 540000 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page 442) |
| 25/01/2010 | Sharekhan | | 6085235 | 570000 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page-442) |
| 25/01/2010 | Suresh Unawane | ICICI Bank 623801517792 | 850810 | 500000 | Prashant Karkera | ICICI Bank 623801115552 | Annexure-BRICIC; Page-21) |
| 27/01/2010 | Suresh Unawane | ICICI Bank 623801517792 | 850811 | 610000 | Prashant Karkera | ICICI Bank 623801115552 | Annexure-BRICIC; Page-21) |
| | | | | | | | |
| 11/02/2010 | Sharekhan | | 6219255 | 780000 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page 442) |
| 16/02/2010 | Suresh Unawane | ICICI Bank 623801517792 | 850812 | 400000 | Prashant Karkera | ICICI Bank 623801115552 | Annexure-BRICIC; Page-20) |
| 20/02/2010 | Suresh Unawane | ICICI Bank 623801517792 | 850813 | 200000 | Prashant Karkera | ICICI Bank 623801115552 | Annexure-BRICIC; Page-20) |
| 26/02/2010 | Suresh Unawane | ICICI Bank 623801517792 | 850814 | 175000 | Satyam Brush Industries | Bharat Co-op Bank 001812100026498 | Annexure-BRBCBL; Page-265) |
| | | | | | | | |
| 22/03/2010 | Sharekhan | | 6415561 | 1950000 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page 442) |
| 26/03/2010 | Suresh Unawane | ICICI Bank 623801517792 | 850816 | 1950000 | Satyam Brush Industries | Bharat Co-op Bank 001812100026498 | Annexure-BRBCBL; Page-265) |
| | | | | | | | |

| Date | Transferor Name | Transferor Bank a/c No | Chq.No. | Amount | Transferee Name | Transferee Bank a/c No | Remarks |
|---|---|---|---|---|---|---|---|
| 29/04/2010 | Sharekhan | | 6597669 | 415000 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page 442) |
| 03/05/2010 | Suresh Unawane | ICICI Bank 623801517792 | 850818 | 415000 | Satyam Brush Industries | Bharat Co-op Bank 001812100026498 | Annexure-BRBCBL; Page-265) |
| | | | | | | | |

Thus, it is alleged that not only the illegally siphoned off shares were transferred to Prashant Karkera but amount realized from sale of shares were being transferred to Prashant Karkera who is husband of Indira, VP of the Noticee. It is alleged that Prashant Karkera and Indira are the actual beneficiaries of the fraud and have used their servant Shri Suresh Unawane for that purpose.

**Fraudulent transactions in the matter of Jacinta Desa (Folio Number- 00068346)**

130. SEBI observed from the Back Office Software Module of the Noticee that Folio Number-00068346 (Screen Shot attached at Annexure-SP10) is in the name of Jacinta Desa for the dividend issue date 04/11/2010 (Interim Dividend) on 480 shares while final dividend dated 10/06/2011 is shown on 100 shares. There is no record in the system how, whom and when 380 shares has been removed.The Noticee was summoned to explain the transaction and also submit various documents for the transaction but it is alleged that the Noticee failed to comply.

The company vide letter dated March 28, 2016 submitted that no documents/ information pertaining to the aforesaid transaction of rectification or transfer / transmission of 380 shares is available, as per the records maintained by the Company and the Company does not have any communication fromthe Noticee w.r.t. the aforesaid transfer of 380 shares from the folio 00068436 Jacinta Desa.

SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), that in 2010 the folio no 00068436 with 480 shares was in the name of Jacinta Desa while in Annual return for 2011 the folio has been in the name of Jacinta Desa but with 100 shares. But there was no entry in 2010 or 2011 for any transfer in transfer file. (Screen Shot of Annual Return data attached at **Annexure-ARSP7**). Therefore, it is alleged that the shares have been removed from the folios without making any entry in the system and the records are falsified.

SEBI observed that there is appearance of shares in the folios controlled by management related entities during the same year. It is alleged that there is not only falsification of the records by the Noticee but also the shares has been siphoned off illegally.

131. Valuation of Share Misappropriated on replacement cost basis in this matter:

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 380 shares (3800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Jacinta Desa misappropriated by the Noticee management in 2011 | Exact date not available | Value= Rs. 4608070 (Price @ NSE Rs. 1,212.65) |

**Fraudulent transactions in the matter of Kirtida Desai (Folio Number- 00042325)**

132. SEBI observed from the records of back office system of the Noticee that in Folio Number-00042325 (Screen Shot placed at Annexure-SP11) all the dividends on the shares of Asian Paints Limited have been issued in the name of one Kirtida Desai; Currently the folio is in the name of Ganesh Nimbalkar and has "nil" shares. No records are available in the back office software of the Noticee to explain how this has occurred. In this context, the Noticee was summoned to explain how same folio was at one time in the name of Kirtida Desai and at another time in the name of Ganesh Nimbalkar, a different person and also provide various documents to provide genuineness of the transaction. However it is alleged that the Noticee failed to reply.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of Mr. G.R.Rao(**Annexure-SR12**) that the name of the folio no. -00042325 was changed from Kirtida Desai (Joint holder Bhalendu K Desai) to Ganesh B Nimbalkar on 08/11/2011 by User "administrator" login Terminal id "CPRABHU".

Further, the "Signature" record of the folio no. - 00042325 taken out from the system of "Signature Verification Department" reveals that the signature attached to the folio is still that of "Kirtida Desai" (Annexure-SR11). It is alleged that Mr. Nimbalkar got the shares in genuine transaction, a new folio would have been allotted to him and there would have been his signature records in the new folio.

Asian Paints vide reply dated March 28, 2016 (Annexure-CRAP6) submitted that as per the Register of Members provided by the Noticee for submission to the Registrar of Companies along with Form 20B (erstwhile Companies Act, 1956), as on 16th July, 2010, folio no. 00042325 appeared in the name of Kirtida B Desai and on 25th June, 2012, the Register of Members provided by the Noticee does not reflect the name of Kirtida B Desai while there is no documentation in place that reflects the reason for the change in name. A copy of the Register of Members as on the aforementioned dates, provided in soft copy format, is placed at Appendix No. 9 of the company vide reply dated March 28, 2016 (Annexure-CRAP6). Further, it is the Noticee who is responsible for the same folio being in the name of two different persons at the same time in violation of Secretarial standards and no approval for the same has been provided by the Company. Asian Paints also stated that it has not received any documentation with respect to any transfer of shares from Kirtida B Desai to Ganesh Nimbalkar, with the folio no. 00042325 staying constant, from the Noticee and such a transfer was never put before or sent to the Company for approval in any 'Share Transfer Committee' meeting. Therefore, it is alleged that the transfer is effected solely by the Noticee.

SEBI observed from the Annual Return data submitted by G.R Raovide statement dated March 23, 2016 (Annexure-SR12), reveal that in 2010 and 2011 the folio no. 00042325 with 576 shares was in the name of Kirtida B Desai. In Annual return for 2012 the folio has been omitted altogether in holding file while in transaction file 576 shares has been shown to be dematerialized by Ganesh Nimbalkar through the said folio (Screen Shot of Annual Return data placed at **Annexure-ARSP8**). Thus, it is alleged that not only there is falsification of records but shares belonging to one investor is siphoned off through another entity from the same folio without there being any change of actual ownership.

133. SEBI observed from back office records of the Noticee , in the Folio Number- 00042325 on 08/11/2011 the 576 shares of Asian Paints Limited on different share certificates were "merged"(viz. consolidation of old certificate into new ones)(vide inward No. - 1741704) into single shares certificate No. - 834897. The details of the transactions are as below:

| Original CertificateNo. | New CertificateNo. | Dist Nos From | Dist Nos To | Date | No. of Shares |
|---|---|---|---|---|---|
| 59472 | 834897 | 4930756 | 4930775 | 08/11/2011 | 20 |
| 105602 | 834897 | 7996149 | 7996178 | 08/11/2011 | 30 |
| 170282 | 834897 | 11944815 | 11944839 | 08/11/2011 | 25 |
| 259330 | 834897 | 17804894 | 17804918 | 08/11/2011 | 25 |
| 259331 | 834897 | 17804919 | 17804938 | 08/11/2011 | 20 |
| 536628 | 834897 | 33093271 | 33093320 | 08/11/2011 | 50 |
| 536629 | 834897 | 33093321 | 33093370 | 08/11/2011 | 50 |
| 536630 | 834897 | 33093371 | 33093390 | 08/11/2011 | 20 |
| 761332 | 834897 | 46689530 | 46689673 | 08/11/2011 | 144 |
| 814458 | 834897 | 71802629 | 71802820 | 08/11/2011 | 192 |

It is also observed from the physical share certificate print reconciliation/control register (**Annexure-OD43**) that the certificate No 834897 was printed on November 09, 2011.

Asian Paints vide reply dated March 28, 2016 submitted that the said 576 shares on different certificates in Folio No. 00042325 were merged into one new share certificate no. 834897 vide register of consolidation dated 8th November, 2011, sent to Asian Paints by the Noticee , placed before the Share Transfer Committee at its meeting held on 11th

November, 2011. A copy of the Register of Consolidation, duly authenticated by the Authorized Signatory of the Noticee, dated 8th November, 2011 and copy of the Share Transfer Committee meeting minutes dated 11th November, 2011 approving the consolidation of share certificates in the name of Ganesh Nimbalkar based on the recommendations of the Noticee, are placed at Appendix No. 10 of the company vide reply dated March 28, 2016 (Annexure-CRAP6). As per the records maintained by Asian Paints, document ascertaining receipt of communication from the Noticee, w.r.t. Agenda Papers for share transfer committee meeting dated 11th November, 2011 was received on 8thNovember, 2011. Further, no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to Asian Paints for signature and seal, was found. However, on 14th November, 2011, 7 share certificates were signed, sealed and forwarded tothe Noticee (details w.r.t. distinctive & share certificate nos. are not available). A copy of the said communication along with the acknowledgement received from the authorized signatory of the Noticee, is placed at Appendix No. 11 of the company vide reply dated March 28, 2016 (**Annexure-CRAP6**).

134. SEBI observed from back office records of the Noticee, the below mentioned demat transactions (inward no. - 603914) were observed in demat account number 1201120000235716 (which belongs to Ganesh Bhaskar Nimbalkar) on 17/11/2011 in the Folio No. -00042325.

| DRN | ISIN | CertificateNo. | Dist. No.sFrom | Dist. No.sTo |
|---|---|---|---|---|
| 5962211 | INE021A01018 | 834897 | 4930756 | 4930775 |
| 5962211 | INE021A01018 | 834897 | 7996149 | 7996178 |
| 5962211 | INE021A01018 | 834897 | 11944815 | 11944839 |
| 5962211 | INE021A01018 | 834897 | 17804894 | 17804918 |
| 5962211 | INE021A01018 | 834897 | 17804919 | 17804938 |
| 5962211 | INE021A01018 | 834897 | 33093271 | 33093320 |
| 5962211 | INE021A01018 | 834897 | 33093321 | 33093370 |
| 5962211 | INE021A01018 | 834897 | 33093371 | 33093390 |
| 5962211 | INE021A01018 | 834897 | 46689530 | 46689673 |
| 5962211 | INE021A01018 | 834897 | 71802629 | 71802820 |



135. Therefore, even in this matter of 576 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Mr. Nimbalkar as the old certificates were not in the possession of the Noticee or Mr. Nimbalkar, and moreover the old certificates would have been in the name of actual investor viz. Kirtida B Desai. It is also alleged that if Mr. Nimbalkar had got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates, a new folio would have been allotted to him and there would have been his signature records in the new folio. After re-printing of shares the same were dematerialized by Indira related entity viz. Ganesh Nimbalkar.

Therefore, it is alleged that the internal checks, balances and control system of the Noticee were compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity.

136. The below mentioned transactions were observed by SEBI in the demat account of Ganesh Nimbalkar:

| Date of Txn | Transaction Particulars | Credit/ Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| **17/11/2011** | **Demat 05962211 Close - Cr Confirmed Balance** | **C** | **576** | **120112000023 5716** | **Ganesh Bhaskar Nimbalkar** | | | **Demat** |
| 18/11/2011 | OF-DR TD:432868 TX:310820 1201120000234881 | D | 300 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 120112000023 4881 | RajeshBhagat | Off-Market Transfer within CDSL |
| 24/11/2011 | EP-DR Txn:719555 CtBo:1100001000012642 1110001112162 ExId:11 | D | 76 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 25/11/2011 | EP-DR Txn:804559 CtBo:1100001000012642 1110001112163 ExId:11 | D | 100 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 29/11/2011 | EP-DR Txn:982213 CtBo:1100001000012642 1110001112165 ExId:11 | D | 100 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 09/02/2012 | OF-CR TD:114828 TX:580890 1201120000255684 | C | 400 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 120112000025 5684 | Chandrakant Hanumant Pawar | Off-Market Transfer within CDSL |
| 10/02/2012 | EP-DR Txn:524897 CtBo:1100001000012642 1110001112217 ExId:11 | D | 150 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |

| Date of Txn | Transaction Particulars | Credit/ Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 13/02/2012 | EP-DR Txn:682903 CtBo:1100001000012642 1110001112218 ExId:11 | D | 100 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 11000010000126 42 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 15/02/2012 | EP-DR Txn:009069 CtBo:1100001000012642 1110001112220 ExId:11 | D | 100 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 11000010000126 42 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 21/02/2012 | SETTLEMENT-DR SETT 1110001112221 EX 11 201290 | D | 50 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 04/10/2012 | INTDEP-CR 87360014CTRBO IN609966 1110001213129 | C | 76 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | IN609966 | Inventure Growth And Securities Ltd.IGSL | Inter-Depository On-Market Transfer |
| 10/10/2012 | OF-CR TD:389842 TX:263609 1201120000234881 | C | 500 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | 120112000023 4881 | RajeshBhagat | Off-Market Transfer within CDSL |
| 10/10/2012 | INTDEP-DR 88162724CTRBO IN301151 23860966 | D | 576 | 120112000023 5716 | Ganesh Bhaskar Nimbalkar | IN301151 23860966 | Bhalendu Kusumray Desai (Pan-ACKPD1256F) | Inter-Depository Off-Market Transfer |

As seen from the above table, out of the 576 shares which were misappropriated, 300 shares were transferred to Rajesh Bhagat and the rest were sold in the market. He further, received 400 shares from Chandrakant Pawar and sold them in market. SEBI observed that these 400 shares which were received from Chandrakant Pawar are also siphoned off shares from the Folio No. - 00900943 (as detailed in subsequent paragraphs). On 4/10/2012, he bought 76 shares from market and received 500 shares from Rajesh Bhagat and thereafter these 576 shares were transferred by Ganesh to Bhalendu Kusumray Desai (whose Demat account is Joint account with Kirtida Desai and address as per NSDL records and RTA records is similar). Bhalendu Kusumray Desai is alleged to be Husband of Kirtida Desai whose same number of shares were siphoned by Ganesh about one year earlier. It is alleged that after siphoning off the 576 shares, Ganesh restored the shares to Bhalendu Desai. As described in subsequent paragraphs, the 500 shares which Rajesh Bhagat had given to Ganesh Nimbalkar on October 10, 2012 were received in Off-Market transaction from Prashant Karkera (Demat A/c IN300513

12752672) on October 09, 2012. Thus, it is alleged that these entities (Ganesh Nimbalkar, Chandrakant Pawar and Rajesh Bhagat) were just front for Prashant Karkera/Indira and they (Prashant Karkera & Indira) were the actual beneficiaries of the shares siphoned off that's the reason when the genuine investor appeared and demanded his shares, the same were being restored by off market transfer from Prashant Karkera. The above fact is also corroborated by the statement dated September 23, 2016 (**Annexure-SR19**) of Rajesh Bhagat and statement dated September 23, 2016 (Annexure-SP8) of Ganesh Nimbalkar. Further, Prashant Karkera also vide his statement dated September 27, 2016 (**Annexure-SR1**) admitted that the transaction was entered at the behest of Indira.

137. In addition to above transactions many other transactions were observed whereby Ganesh was found to be dematerializing 1040 shares (230+310+250+250) and either transferring the same to his broker for sale or to Rajesh Bhagat. Further, Ganesh is observed to have transferred shares to Prashant Karkera after receiving from other entities (including Rajesh) and buying from market. Both Ganesh and Rajesh has admitted that the said transactions also related to transactions entered on the instructions of Indira. The details of such transactions are placed at Annexure-DA1.

138. SEBI observed from the ledger statement as submitted by broker Inventure vide email dated May 02, 2016 (Annexure-OD50), Ganesh was selling the shares of Asian Paints dematerialized by him and immediately withdrawing the sales proceeds. An extract of the ledger statement is as below:

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remark by investigation |
|---|---|---|---|---|---|---|---|---|---|
| 5267 | BSE_ CASH | 26/08/2011 | SJ5531 | Bill Entry For N-2011104 | 0 | 0 | 422720.5 | 422681.47 | Sale of 130 Asian Paint |
| 5267 | BSE_ CASH | 29/08/2011 | SJ5530 | Bill Entry For N-2011105 | 0 | 0 | 324667.8 | 747349.27 | Sale of 100 Asian Paint |
| 5267 | BSE_ CASH | 30/08/2011 | BP7898 | Bank of India-BSE Client A/C | 44314 | 422681.5 | 0 | 324667.8 | Paid to the client |
| 5267 | BSE_ CASH | 02/09/2011 | BP7971 | Bank of India-BSE Client A/C | 44328 | 324667.8 | 0 | 0 | Paid to the client |
| 5267 | BSE_ CASH | 23/09/2011 | SJ5636 | Bill Entry For N-2011122 | 0 | 0 | 495641.7 | 495602.73 | Sale of 160 Asian Paint |
| 5267 | BSE_ CASH | 27/09/2011 | BP9092 | Bank of India-BSE Client A/C | 44618 | 495602.7 | 0 | 0 | Paid to the client |

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remark by investigation |
|---|---|---|---|---|---|---|---|---|---|
| 5267 | BSE_ CASH | 29/09/2011 | SJ5672 | Bill Entry For N-2011126 | 0 | 0 | 385232.6 | 385232.58 | Sale of 125 Asian Paint |
| 5267 | BSE_ CASH | 04/10/2011 | BP9315 | Bank of India-BSE Client A/C | 44664 | 385232.6 | 0 | 0 | |
| 5267 | BSE_ CASH | 17/10/2011 | SJ5751 | Bill Entry For N-2011137 | 0 | 0 | 392184.2 | 391918.19 | Sale of 125 Asian Paint |
| 5267 | BSE_ CASH | 19/10/2011 | BP9899 | Bank of India-BSE Client A/C | 44791 | 200000 | 0 | 191918.19 | Paid to the client |
| 5267 | BSE_ CASH | 19/10/2011 | BP9900 | Bank of India-BSE Client A/C | 44792 | 191918.2 | 0 | 0 | |
| 5267 | BSE_ CASH | 02/11/2011 | SJ5786 | Bill Entry For N-2011148 | 0 | 0 | 412112 | 412112.02 | Sale of 500 Kansai Nerolac |
| 5267 | BSE_ CASH | 03/11/2011 | SJ5791 | Bill Entry For N-2011149 | 0 | 0 | 394034.6 | 806146.58 | Sale of 477 Kansai Nerolac |
| 5267 | BSE_ CASH | 04/11/2011 | SJ5794 | Bill Entry For N-2011150 | 0 | 0 | 18992.68 | 825139.26 | Sale of 23 Kansai Nerolac |
| 5267 | BSE_ CASH | 04/11/2011 | BP10427 | Bank of India-BSE Client A/C | 44908 | 200000 | 0 | 625139.26 | Paid to the client |
| 5267 | BSE_ CASH | 04/11/2011 | BP10428 | Bank of India-BSE Client A/C | 44909 | 212112 | 0 | 413027.24 | Paid to the client |
| 5267 | BSE_ CASH | 08/11/2011 | BP10517 | Bank of India-BSE Client A/C | 44926 | 200000 | 0 | 213027.24 | Paid to the client |
| 5267 | BSE_ CASH | 08/11/2011 | BP10519 | Bank of India-BSE Client A/C | 44927 | 194034.6 | 0 | 18992.68 | Paid to the client |
| 5267 | BSE_ CASH | 09/11/2011 | BP10563 | Bank of India-BSE Client A/C | 44947 | 18992.68 | 0 | 0 | Paid to the client |
| 5267 | BSE_ CASH | 18/11/2011 | SJ5840 | Bill Entry For N-2011158 | 0 | 0 | 427464.6 | 427300.55 | Sale of 500 Kansai Nerolac |
| 5267 | BSE_ CASH | 21/11/2011 | SJ5846 | Bill Entry ForN-2011159 | 0 | 0 | 244504.1 | 671804.63 | Sale of 286 Kansai Nerolac |
| 5267 | BSE_ CASH | 22/11/2011 | BP11038 | Bank of India-BSE Client A/C | 45067 | 200000 | 0 | 471804.63 | Paid to the client |
| 5267 | BSE_ CASH | 22/11/2011 | BP11040 | Bank of India-BSE Client A/C | 45069 | 227300.6 | 0 | 244504.08 | Paid to the client |
| 5267 | BSE_ CASH | 23/11/2011 | BP11089 | Bank of India-BSE Client A/C | 45075 | 244504.1 | 0 | 0 | Paid to the client |
| 5267 | BSE_ CASH | 24/11/2011 | SJ5859 | Bill Entry For N-2011162 | 0 | 0 | 215259.4 | 215259.42 | Sale of 76 Asian Paint |
| 5267 | BSE_ CASH | 25/11/2011 | SJ5863 | Bill Entry For N-2011163 | 0 | 0 | 293095.5 | 509275.2 | Sale of 100 Asian Paint |
| 5267 | BSE_ CASH | 28/11/2011 | BP11225 | HDFC BSE CLIENT A/C | 103519 | 215259.4 | 0 | 294015.78 | Paid to the client |
| 5267 | BSE_ CASH | 29/11/2011 | SJ5873 | Bill Entry For N-2011165 | 0 | 0 | 294188.1 | 588203.92 | Sale of 100 Asian Paint |
| 5267 | BSE_ CASH | 29/11/2011 | BP11295 | HDFC BSE CLIENT A/C | 103553 | 294015.8 | 0 | 294188.14 | Paid to the client |
| 5267 | BSE_ CASH | 01/12/2011 | BP11364 | HDFC BSE CLIENT A/C | 103588 | 294188.1 | 0 | 0 | Paid to the client |
| 5267 | BSE_ CASH | 10/02/2012 | SJ6196 | Bill Entry For N-2011217 | 0 | 0 | 463174.5 | 462843.45 | Sale of 150 Asian Paint |
| 5267 | BSE_ CASH | 13/02/2012 | SJ6190 | Bill Entry For N-2011218 | 0 | 0 | 304612.6 | 767456.01 | Sale of 100 Asian Paint |

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remark by investigation |
|---|---|---|---|---|---|---|---|---|---|
| 5267 | BSE_ CASH | 14/02/2012 | BP14540 | Bank of India-BSE Client A/C | 45962 | 200000 | 0 | 567456.01 | Paid to the client |
| 5267 | BSE_ CASH | 14/02/2012 | BP14541 | Bank of India-BSE Client A/C | 45963 | 262843.5 | 0 | 304612.56 | Paid to the client |
| 5267 | BSE_ CASH | 15/02/2012 | SJ6201 | Bill Entry For N-2011220 | 0 | 0 | 306144.8 | 610757.34 | Sale of 100 Asian Paint |
| 5267 | BSE_ CASH | 15/02/2012 | BP14637 | Bank of India-BSE Client A/C | 45982 | 150000 | 0 | 460757.34 | |
| 5267 | BSE_ CASH | 15/02/2012 | BP14638 | Bank of India-BSE Client A/C | 45983 | 154612.6 | 0 | 306144.78 | Paid to the client |
| 5267 | BSE_ CASH | 16/02/2012 | SJ6207 | Bill Entry For N-2011221 | 0 | 0 | 153071.6 | 459216.35 | Sale of 50 Asian Paint |
| 5267 | BSE_ CASH | 21/02/2012 | BP14897 | HDFC BSE CLIENT A/C | 104603 | 229608.2 | 0 | 229608.18 | Paid to the client |
| 5267 | BSE_ CASH | 21/02/2012 | BP14898 | HDFC BSE CLIENT A/C | 104604 | 229608.2 | 0 | 0 | Paid to the client |
| 5267 | BSE_ CASH | 01/10/2012 | SJ7036 | Bill Entry For N-2012129 | 0 | 301975.6 | 0 | -301975.57 | Buy 76 Asian Paints |
| 5267 | BSE_ CASH | 04/10/2012 | BR6228 | ICICI BANK LTDMICR :400229003 BANKACNO:0011 01538940 | 440620 | 0 | 301976 | 0.43 | Received from client |
| 5267 | BSE_ CASH | 07/06/2013 | SJ7890 | Bill Entry For N-2013050 | 0 | 462341.8 | 0 | -463181.4 | Buy 100 Asian Paints |
| 5267 | BSE_ CASH | 12/06/2013 | BR1715 | ICICI BANKMICR :400229003 BANKACNO:0011 01538940 | 621846 | 0 | 463181.4 | 0 | Received from client |

139. The extract of ledger w.r.t. sale of the siphoned off shares and buying the shares for transferring to Bhalendu Desai is as below:

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remark by investigation |
|---|---|---|---|---|---|---|---|---|---|
| 5267 | BSE_ CASH | 24/11/2011 | SJ5859 | Bill Entry For N-2011162 | 0 | 0 | 215259.4 | 215259.42 | Sale of 76 Asian Paint |
| 5267 | BSE_ CASH | 25/11/2011 | SJ5863 | Bill Entry For N-2011163 | 0 | 0 | 293095.5 | 509275.2 | Sale of 100 Asian Paint |
| 5267 | BSE_ CASH | 28/11/2011 | BP11225 | HDFC BSE CLIENT A/C | 103519 | 215259.4 | 0 | 294015.78 | Paid to the client |
| 5267 | BSE_ CASH | 29/11/2011 | SJ5873 | Bill Entry For N-2011165 | 0 | 0 | 294188.1 | 588203.92 | Sale of 100 Asian Paint |
| 5267 | BSE_ CASH | 29/11/2011 | BP11295 | HDFC BSE CLIENT A/C | 103553 | 294015.8 | 0 | 294188.14 | Paid to the client |
| 5267 | BSE_ CASH | 01/12/2011 | BP11364 | HDFC BSE CLIENT A/C | 103588 | 294188.1 | 0 | 0 | Paid to the client |
| 5267 | BSE_ CASH | 10/02/2012 | SJ6196 | Bill Entry For N-2011217 | 0 | 0 | 463174.5 | 462843.45 | Sale of 150 Asian Paint |
| 5267 | BSE_ CASH | 13/02/2012 | SJ6190 | Bill Entry For N-2011218 | 0 | 0 | 304612.6 | 767456.01 | Sale of 100 Asian Paint |
| 5267 | BSE_ CASH | 14/02/2012 | BP14540 | Bank of India-BSE Client A/C | 45962 | 200000 | 0 | 567456.01 | Paid to the client |
| 5267 | BSE_ CASH | 14/02/2012 | BP14541 | Bank of India-BSE Client A/C | 45963 | 262843.5 | 0 | 304612.56 | Paid to the client |

| G-1 | G-2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remark by investigation |
|---|---|---|---|---|---|---|---|---|---|
| 5267 | BSE_CASH | 15/02/2012 | SJ6201 | Bill Entry For N-2011220 | 0 | 0 | 306144.8 | 610757.34 | Sale of 100 Asian Paint |
| 5267 | BSE_CASH | 15/02/2012 | BP14637 | Bank of India-BSE Client A/C | 45982 | 150000 | 0 | 460757.34 | |
| 5267 | BSE_CASH | 15/02/2012 | BP14638 | Bank of India-BSE Client A/C | 45983 | 154612.6 | 0 | 306144.78 | Paid to the client |
| 5267 | BSE_CASH | 16/02/2012 | SJ6207 | Bill Entry For N-2011221 | 0 | 0 | 153071.6 | 459216.35 | Sale of 50 Asian Paint |
| 5267 | BSE_CASH | 21/02/2012 | BP14897 | HDFC BSE CLIENT A/C | 104603 | 229608.2 | 0 | 229608.18 | Paid to the client |
| 5267 | BSE_CASH | 21/02/2012 | BP14898 | HDFC BSE CLIENT A/C | 104604 | 229608.2 | 0 | 0 | Paid to the client |
| 5267 | BSE_CASH | 01/10/2012 | SJ7036 | Bill Entry For N-2012129 | 0 | 301975.6 | 0 | -301975.57 | Buy 76 Asian Paints |
| 5267 | BSE_CASH | 04/10/2012 | BR6228 | ICICI BANK LTDMICR :400229003 BANKACNO:001101538940 | 440620 | 0 | 301976 | 0.43 | Received from client |
| 5267 | BSE_CASH | 07/06/2013 | SJ7890 | Bill Entry For N-2013050 | 0 | 462341.8 | 0 | -463181.4 | Buy 100 Asian Paints |
| 5267 | BSE_CASH | 12/06/2013 | BR1715 | ICICI BANKMICR :400229003 BANKACNO:001101538940 | 621846 | 0 | 463181.4 | 0 | Received from client |

140. The payment by the broker as reflected in the Ledger extract above were found to be received in the various bank accounts of Ganesh. The analysis of bank account transaction in the accounts of Ganesh and other related entities is placed at Annexure-BRFA2.

SEBI observed that the general pattern of the transactions are such that any amount received from the broker is mostly immediately withdrawn in cash or transferred to Rajesh Bhagat. In certain, instances it was transferred to other entities which in turn withdrew the amount in cash. In one case approx. three lakhs were transferred to Omkar Enterprise (proprietary firm of Chandrakant Pawar) and similar amount later received back and used for buying 76 shares of Asian Paints (through broker Inventure) which were transferred to Bhalendu Kusumray Desai (PAN- ACKPD1256F) along with 500 shares received from Rajesh Bhagat in Off-Market. Similarly, five lakhs received from Chandrakant Pawar were used for buying 100 shares of Asian Paints which were transferred in off market to Prashant Karkera along with 100 shares received from Rajesh Bhagat & 300 shares received from other entities. These transactions clearly bring about the relationship

between Ganesh Nimbalkar, Chandrakant, Rajesh Bhagat and Prashant Karkera. This also reveals the co-ordinated efforts/conspiracy on their part to siphon the shares and also to restore the same when the fraud comes to light.

141. Various information/documents/explanation were sought from Ganesh Nimbalkar. Ganesh Nimbalkar replied vide letter dated April 22, 2016. He has stated that demat account no. - 1201120000235716 with Inventure Growth is opened in his name by Rajesh Bhagat and all the transactions are done by Rajesh Bhagat without his knowledge. He has also enclosed an indemnity bond from Rajesh Bhagat stating that the said demat account has been opened and operated by him. However, he has failed to provide the point wise reply w.r.t. summons issued to him. He has also not provided explanation for funds transfer in his bank account. Later vide his statement dated September 23, 2016 before IA (Annexure-SR8) he stated that he doesn't know Kirtida B Desai, Amrit Lal, Bhalerao Ganesh Prabhakar, Indira, Prashant Karkera, Nagesh Narayan Karkera, and G.R Rao. He further stated that all transactions in his bank account with Rajesh Bhagat or his family members or Chandrakant Pawar or Omkar Enterprises (firm of Chandrakant) are w.r.t. the shares dealings in his account carried out by Rajesh Bhagat. There are no other business or personal financial dealings with these people. He could not explain or provide any documents regarding various transactions in his name including the transactions in his demat account except stating that the same were carried out by Rajesh Bhagat. He has stated that certain documents were signed by him on request of Rajesh Bhagat, but he never paid any consideration for transfer of any shares to him. He further stated that he has signed DIS slip and given to Rajesh. He has never given any instruction for sale himself. Rajesh was carrying out transaction and also depositing cheques directly. However, when any payment was received in his bank account, he used to go to bank with Rajesh Bhagat and hand over the amount in cash after withdrawing the same. He stated that he has not gained anything out of the transactions and allowed use of his account just for the sake of his relationship with Rajesh Bhagat.

Rajesh Bhagat was also present during the statement of Ganesh and later same questions were also asked from him. Rajesh in his statement dated September 23, 2016 (**AnnexureSR19**) admitted whatever stated by Ganesh. Rajesh has admitted that he has opened Demat-cum-trading account with broker Inventure Growth and Securities Ltd. on behalf of Ganesh & Chandrakant on the instruction of Indira. All the DIS slips signed by them were handed over to her. He used to transfer shares in the name of his related entities (himself, Chandrakant, Ganesh etc) and after dematerialization used to place the orders with the broker (Inventure) as per instruction of Indira. The amount so received after sale from broker was mostly withdrawn in cash and handed over to Indira at her Chabhaya Park residence or below the Noticee office at Andheri. She used to tell him that some party has shares which they cannot demat and if he helps her in dematerializing the shares through the demat account of other entities, he will be paid per transaction Rs. 5,000 to 10,000/-. He used to get the work done and hand over the amount after sale of shares to her. In return he used to get the said amount in cash per transaction from her. He further stated that Indira used to give him Transfer Deeds duly signed by some party (Seller) and used to asked for signature (and details) of fake buyers viz. Ganesh, Chandrakant, himself etc. He used to give the details and signature of Chandrakant, Ganesh, himself etc. and hand over the Transfer Deeds to her. He has not kept any copy of the documents. He confirmed that he has never paid any consideration for transfer of such shares in his or his related party's (Ganesh, Chandrakant etc.) name. Afterwards she used to give them shares certificate duly endorsed in their names for depositing in demat account. He used to deposit the same in demat account and sell the same as per her instructions. Some time share certificate used to be printed on their name. She used to explain that it was for consolidation of folios and multiple certificates. After sale, the sale proceeds used to be withdrawn in cash and handed over to her. Sometimes she also got the shares transferred to the accounts of her parties. Regarding the share re-printing transactions, he stated that he is not aware of the details and Indira might have got the shares reprinted as they have not given any request for re-print of shares. He further

stated that the shares were dematerialized in the accounts and transferred to different accounts before sale as Indira has instructed not to sale all shares in one account. Similarly, proceeds of sale was also sometimes transferred to different account before final withdrawal in cash. Sometime she used to give him cash to deposit in their bank account and buy certain shares which were transferred to her party's account. On being asked why did they rotate the shares and money in different accounts? Why did she not buy shares herself? He stated that he has done it on her advised as she convinced him that it is important for tax purposes. She asked them to buy in their accounts by saying that it is required to close some entry. Regarding the buying of 576 shares of Asian Paints Limited and transfer to Bhalendu Desai, He stated that Indira gave him cash which was deposited in some of the bank accounts and shares were bought and the same were transferred by her to her party. He doesn't remember exactly in which account the cash was deposited. He stated that the shares were transferred by Indira to the account and then transferred shares to Prashant Karkera who is her husband. He further submitted that the transfer of shares from demat account of Chandrakant to Nagesh Karkera (which he came to know is her brother in law) and from demat account of Ganesh to Prashant Karkera proves his point that shares were transferred under instruction of Indira. Prashant Karkera vide his statement dated September 27, 2016 (**Annexure-SR1)** initially denied knowing or having any kind of dealings with Ganesh Nimbalkar but later when confronted with the demat transactions with him, he stated that the shares came through Indira.

142. From the pattern of the transactions, it is alleged that the 576 shares of genuine investor viz. Kirtida were illegally being transferred, folio being mis-appropriated through back end changes in electronic records, share certificates re-printed without authorization and the shares finally sold in the market or transferred to Indira related entities. It is alleged that 1040 shares also were shares which siphoned off from folio of some investors but Ganesh and Rajesh being front entities could not provide any details of the same though accepted that the shares were transferred to them under instruction of Indira and they have not paid

any consideration for these as well all other shares. However, due to complete non compliance of the Noticee and inability of Prashant Karkera, Rajesh and Ganesh to explain the transactions the original owner of the shares could not be identified. At the same time Ganesh/Rajesh themselves admitted that the said shares belonged to same dealings with Indira where they have not paid any consideration for transfer of the shares, therefore they cannot escape the responsibility of wrong doing in their part w.r.t. these 1040 shares as well.

Role of the Noticee and Indira in the matter is clear from the fact that folios along with shares in it were illegally transferred by making back end entries without any payment of considerations and shares certificates were being printed without authorizations etc. This could not have been possible without the Noticee management viz. Indira being in conspiracy with these entities for siphoning off shares. Demat transactions in the accounts of these entities and Indira related entities also proves their relation as well their coordinated efforts. These circumstances are further corroborated by the statements of Ganesh, Rajesh Bhagat and Prashant Karkera.

143. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 230 shares (2300 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 25/08/2011 | Value= Rs. 750904 (Price @ NSE Rs. 3,264.80) | Value= Rs. 2789095 (Price @ NSE Rs. 1,212.65) |
| 2 | 310 shares (3100 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 22/09/2011 | Value= Rs. 961434 (Price @ NSE Rs. 3,101.40) | Value= Rs. 3759215 (Price @ NSE Rs. 1,212.65) |
| 3 | 250 shares (2500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 28/09/2011 | Value= Rs.783525 (Price @ NSE Rs. 3,134.10) | Value= Rs. 3031625 (Price @ NSE Rs. 1,212.65) |
| 4 | 250 shares (2500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 14/10/2011 | Value= Rs. 786600 (Price @ NSE Rs. 3,146.40) | Value= Rs. 3031625 (Price @ NSE Rs. 1,212.65) |

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 5 | 576 shares (5760 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Kirtida Desai misappropriated by Ganesh Nimbalkar vide back office print entry on 08/11/2011 | Value= Rs. 1820275.2 (Price @ NSE Rs. 3,160.20) | Value= Rs. 6984864 (Price @ NSE Rs. 1,212.65) |

**Fraudulent transactions in the matter of Chandubhai Jiwanbhai Patel (Folio Number- 00900943)**

144. SEBI observed that Folio 00900943 (Screen Shot is placed at Annexure-SP12) is showing in the name of Chandubhai Jiwanbhai Patel for "dividend issue date" till Nov 2011 (Dividend records for issue date 02/11/2011 on 2764 shares of Asian Paints Limited). Folio name from dividend records for issue date between Jun 2012 to Jun 2013 (issue date 26/06/12, 02/11/2012, 25/06/2013 on 1264 shares and issue date 30/06/2014 on 12640 shares) is showing in name of Chandrakant H Pawar. Folio is again showing in name of Chandubhai Patel from dividend issue date 30/06/2014 on 12640 shares (1:10 split in 2013). It is alleged that folio name was changed to Chandrakant Pawar between Nov 2011 and Jun 2012 and then the folio name was reverted back to Chandubhai Patel. No records are available in the back office software of the Noticee to explain how this has occurred. In this context, the Noticee was summoned to explain how same folio was at one time in the name of Chandubhai Jiwanbhai Patel and at another time in the name of Chandrakant H Pawar, a different person and also to provide various documents to prove the genuineness of the transaction. However, it is alleged that the Noticee did not complied with the same.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao(Annexure-SR12) that the name of the folio no. – 00900943 was changed from Chandubhai Jiwanbhai Patel, Manjulaben Chandubhai Patel and RavIndirakumar Chandubhai Patel to Chandrakant H Pawar on

22/11/2011 by User "administrator" login Terminal id "CPRABHU" and again reversed on 10/05/2014 by User "ikarkera" Login Terminal "INDIRA1". In view of the foregoing it is alleged that the name of the folio has been cleverly changed from the name of original investor to another entity and again reversed to the name of original investor after siphoning the shares in the folio so as to avoid detection in any audit/ inspection. Signature records of the folio is in the name of said "Patels".

SEBI observed from the Annual Return data submitted by the Noticee vide statement of G.R Raodated March 23, 2016 that in 2011 the folio no 00900943 with 2764 shares was in the name of Chandubhai Jiwanbhai Patel while in Annual return for 2012 the folio has been omitted altogether. However, Transaction file for 2011 shows no entry but transaction file for 2012 shows 500 shares dematerialized by Chandrakant Pawar under the same folio with transaction no. - 603929. (Screenshot of the Annual Return data is placed at **Annexure-ARSP9**). Thus, it is alleged that the Noticee was falsifying the records and also filing wrong information with the regulators to hide the fraud being perpetrated at their end.

145. Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) submitted that as per the Register of Members provided to them by the Noticee for submission to the Registrar of Companies along with Form 20B (erstwhile Companies Act, 1956), as on 16th July, 2010, folio no. 00900943 appeared in the name of Chandubhai Jiwanbhai Patel and on 25th June, 2012, the said folio does not reflected the name of Chandubhai Jiwanbhai Patel, but reflects the name of Chandrakant H. Pawar. However, as on 26th June, 2014, the folio no. 00900943 once again name reflected the name of Chandubhai Jiwanbhai Patel. They also stated that there is no documentation in place that reflects the reason for change in name. A copy of the Register of Members as on the aforementioned dates, is placed at Appendix No. 14 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). The company also stated that no approval for the said name changes has been provided by the Company thus it is alleged that the Noticee is responsible for the same

folio being in the name of two different persons at the same time in violation secretarial standards.

The company further stated that as per the Dividend Master issued by the Noticee to Bank, Interim Dividend for the FY 2010-11 was paid on 1st November, 2011 to Chandubhai Jiwanbhai Patel, this further confirms that Chandubhai Jiwanbhai Patel was the holder of shares of the Company under Folio No. 00900943. The Company also clarified that they have not received any documentation with respect to any transfer of shares from Chandubhai Jiwanbhai Patel to Chandrakant H Pawar, with the folio no. 00900943 staying constant, from the Noticee and such a transfer was never put before or sent to the Company for approval in any 'Share Transfer Committee' meeting.

146. SEBI observed from the back office software of the Noticee that in the Folio 00900943 the share certificate holding 2764 shares re-printed on 22/11/2011. The details of the "merge/split" transaction (Inward No. 1746613. Merge/split No. 1277) for re-printing certificates is as below:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | No of Shares | Date |
|---|---|---|---|---|---|
| 24848 | 834906 | 3897039 | 3897088 | 50 | 22/11/2011 |
| 24849 | 834906 | 3897089 | 3897138 | 50 | 22/11/2011 |
| 24850 | 834906 | 3897139 | 3897188 | 50 | 22/11/2011 |
| 111110 | 834906 | 8214374 | 8214423 | 50 | 22/11/2011 |
| 111111 | 834906 | 8214424 | 8214463 | 40 | 22/11/2011 |
| 182329 | 834906 | 12344616 | 12344665 | 50 | 22/11/2011 |
| 182330 | 834906 | 12344666 | 12344715 | 50 | 22/11/2011 |
| 182331 | 834906 | 12344716 | 12344725 | 10 | 22/11/2011 |
| 182332 | 834906 | 12344726 | 12344735 | 10 | 22/11/2011 |
| 297487 | 834906 | 19788235 | 19788284 | 50 | 22/11/2011 |
| 297488 | 834906 | 19788285 | 19788334 | 50 | 22/11/2011 |
| 297489 | 834906 | 19788335 | 19788374 | 40 | 22/11/2011 |
| | 834907 | 19788375 | 19788384 | 10 | 22/11/2011 |
| 297490 | 834907 | 19788385 | 19788434 | 50 | 22/11/2011 |
| 297491 | 834907 | 19788435 | 19788450 | 16 | 22/11/2011 |
| 612692 | 834907 | 38593529 | 38593578 | 50 | 22/11/2011 |
| 612693 | 834907 | 38593579 | 38593628 | 50 | 22/11/2011 |
| 612694 | 834907 | 38593629 | 38593678 | 50 | 22/11/2011 |
| 612695 | 834907 | 38593679 | 38593728 | 50 | 22/11/2011 |

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | No of Shares | Date |
|---|---|---|---|---|---|
| 612696 | 834907 | 38593729 | 38593778 | 50 | 22/11/2011 |
| 612697 | 834907 | 38593779 | 38593828 | 50 | 22/11/2011 |
| 612698 | 834907 | 38593829 | 38593878 | 50 | 22/11/2011 |
| 612699 | 834907 | 38593879 | 38593928 | 50 | 22/11/2011 |
| 612700 | 834907 | 38593929 | 38593952 | 24 | 22/11/2011 |
| | 834908 | 38593953 | 38593978 | 26 | 22/11/2011 |
| 612701 | 834908 | 38593979 | 38594028 | 50 | 22/11/2011 |
| 612702 | 834908 | 38594029 | 38594078 | 50 | 22/11/2011 |
| 612703 | 834908 | 38594079 | 38594098 | 20 | 22/11/2011 |
| 612704 | 834908 | 38594099 | 38594101 | 3 | 22/11/2011 |
| 612705 | 834908 | 38594102 | 38594102 | 1 | 22/11/2011 |
| 612706 | 834908 | 38594103 | 38594104 | 2 | 22/11/2011 |
| 783979 | 834908 | 51400731 | 51401078 | 348 | 22/11/2011 |
| | 834909 | 51401079 | 51401421 | 343 | 22/11/2011 |
| 830180 | 834909 | 76731366 | 76731522 | 157 | 22/11/2011 |
| | 834910 | 76731523 | 76732022 | 500 | 22/11/2011 |
| | 834911 | 76732023 | 76732286 | 264 | 22/11/2011 |

SEBI observed that even the physical share certificate print reconciliation/control register (**Annexure-OD43**) shows that the certificate No 834906 to 834911 was printed on November 22, 2011.

The company vide letter dated March 28, 2016 submitted that the 2764 shares on different certificates in Folio No. 00900943 were merged (viz. consolidation of old certificate into new ones) into 6 new share certificates (Certificate nos. 834906 – 834911) vide authenticated register of consolidation dated 22nd November, 2011, sent to the Company by the Noticee, placed before the Share Transfer Committee at its meeting held on 25th November, 2011. A copy of the Register of Consolidation, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira), dated 22ndNovember, 2011 and copy of the Share Transfer Committee meeting minutes dated 25th November, 2011 approving the consolidation of share certificates in the name of Chandrakant H Pawar are placed at Appendix No. 15 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). The company further stated that as per the records maintained by them, 14 share certificates for seal and signature (share certificate nos. 834898 - 834911) including the

6 certificates mentioned above were forwarded by the Noticee to the Company on 29th November, 2011. A copy of the said communication received from the authorized signatory of the Noticee, is placed at Appendix No. 16 of the company vide letter dated March 28, 2016 (Annexure-CRAP6).

147. The following dematerialization transactions of 1500 shares of Asian Paints Limited in the Folio 00900943 were observed on 05/12/2011 vide transaction No. 603929 & inward No. 5975277 for Certificate No. 834906. On 22/12/2011 vide transaction No. 603951 & Inward No. 5985309 for Certificate No. 834908.On 22/12/2011 vide transaction No. 603952 & Inward No. 5985315 for Certificate No. 834907.

| DRN | Confirmation Date | Inward Date | ISIN | Demat Account No | Certificate No | Dist Nos From | Dist Nos To | No of shares |
|---|---|---|---|---|---|---|---|---|
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 3897039 | 3897088 | 50 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 3897089 | 3897138 | 50 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 3897139 | 3897188 | 50 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 8214374 | 8214423 | 50 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 8214424 | 8214463 | 40 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 12344616 | 12344665 | 50 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 12344666 | 12344715 | 50 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 12344716 | 12344725 | 10 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 12344726 | 12344735 | 10 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 19788235 | 19788284 | 50 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 19788285 | 19788334 | 50 |
| 5975277 | 05/12/2011 | 05/12/2011 | INE021A01018 | 12011200-00255684 | 834906 | 19788335 | 19788374 | 40 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 19788375 | 19788384 | 10 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 19788385 | 19788434 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 19788435 | 19788450 | 16 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593529 | 38593578 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593579 | 38593628 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593629 | 38593678 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593679 | 38593728 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593729 | 38593778 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593779 | 38593828 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593829 | 38593878 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593879 | 38593928 | 50 |
| 5985315 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834907 | 38593929 | 38593952 | 24 |
| 5985309 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834908 | 38593953 | 38593978 | 26 |
| 5985309 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834908 | 38593979 | 38594028 | 50 |
| 5985309 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834908 | 38594029 | 38594078 | 50 |
| 5985309 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834908 | 38594079 | 38594098 | 20 |

| DRN | Confirmation Date | Inward Date | ISIN | Demat Account No | Certificate No | Dist Nos From | Dist Nos To | No of shares |
|---|---|---|---|---|---|---|---|---|
| 5985309 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834908 | 38594099 | 38594101 | 3 |
| 5985309 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834908 | 38594102 | 38594102 | 1 |
| 5985309 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834908 | 38594103 | 38594104 | 2 |
| 5985309 | 22/12/2011 | 21/12/2011 | INE021A01018 | 12011200-00255684 | 834908 | 51400731 | 51401078 | 348 |

SEBI observed that the demat account is of Chandrakant Pawar.

148. Therefore, even in this matter, it is alleged that the new share certificates were printed in the folio before dematerialization by Mr. Chandrakant Pawar as the old certificates were not in the possession of the Noticee or Mr. Chandrakant Pawar, and moreover the old certificates would have been in the name of actual investor viz. the Patel. SEBI observed that if Mr. Chandrakant Pawar would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates, a new folio would have been allotted to him and there would have been his signature records in the new folio. Further, it is alleged that the folio was changed from the name of one entity to another in violation of not only the secretarial standards but also the own policy/practice of the Noticee (as explained by G.R Rao vide statement dated January 28, 2016) in attempt to hide the illegal nature of the transactions. After re-printing of shares the same were dematerialized by Indira related entity viz. Chandrakant Pawar. Further it was observed that from the copy of the Consolidation Register (for re-printing of shares) dated November 22, 2011 submitted by the company that the same was signed by Indira which proves that Indira herself was processing the said fraudulent transactions.

Therefore, it is alleged that the internal checks and balances and control system of the Noticee was compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity.

149. Valuation of Share Misappropriated on replacement cost basis in this matter-

| Sr. No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 1500 shares (15000 Post 1: 10 split on 30/07/2013) of Asian Paints Limitedbelonging to Chandubhai J Patel misappropriated by Chandrakant Pawar vide back office demat entry on 22/11/2011 | Value= Rs. 44,31,525 (Price @ NSE Rs. 2,954.35) | Value= Rs. 1,81,89,750 (Price @ NSE Rs. 1,212.65) |

150. Following transactions were observed in the demat account of Chandrakant Pawar:

| Date of Txn | Transaction Particulars | Credit/Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 05/12/2011 | Demat 05975277 Close - Cr Confirmed Balance | C | 500 | 1201120000255684 | Chandrakant Pawar | | | Demat |
| 07/12/2011 | EP-DR Txn:472561 CtBo:1100001000012642 1110001112170 ExId:11 | D | 150 | 1201120000255684 | Chandrakant Pawar | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 08/12/2011 | EP-DR Txn:559154 CtBo:1100001000012642 1110001112171 ExId:11 | D | 150 | 1201120000255684 | Chandrakant Pawar | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 09/12/2011 | EP-DR Txn:628751 CtBo:1100001000012642 1110001112172 ExId:11 | D | 50 | 1201120000255684 | Chandrakant Pawar | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 13/12/2011 | SETTLEMENT-DR SETT 1110001112172 EX 11 679049 | D | 150 | 1201120000255684 | Chandrakant Pawar | | Inventure Growth And Securities Ltd | On-Market Transfer Within CDSL |
| 22/12/2011 | Demat 05985315 Close - Cr Confirmed Balance | C | 500 | 1201120000255684 | Chandrakant Pawar | | | Demat |
| 22/12/2011 | Demat 05985309 Close - Cr Confirmed Balance | C | 500 | 1201120000255684 | Chandrakant Pawar | | | Demat |
| 09/02/2012 | OF-DR TD:114829 TX:580891 1201120000234881 | D | 400 | 1201120000255684 | Chandrakant Pawar | 1201120000234881 | RajeshBhagat | Off-Market Transfer within CDSL |
| 09/02/2012 | OF-DR TD:114828 TX:580889 1201120000235716 | D | 400 | 1201120000255684 | Chandrakant Pawar | 1201120000235716 | Ganesh Bhaskar Nimbalkar | Off-Market Transfer within CDSL |
| 09/02/2012 | EP-DR Txn:362355 CtBo:1100001000012642 1110001112216 ExId:11 | D | 200 | 1201120000255684 | Chandrakant Pawar | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 19/08/2013 | SETTLEMENT-CR SETT 1110001314097 EX 11 | C | 190 | 1201120000255684 | Chandrakant Pawar | | Inventure Growth And Securities Ltd | On-Market Transfer Within CDSL |
| 19/08/2013 | INTDEP-CR 16934934CTRBO IN609966 1110001314097 | C | 810 | 1201120000255684 | Chandrakant Pawar | IN609966 | Inventure Growth And Securities Ltd | Inter-Depository On-Market Transfer |
| 26/08/2013 | SETTLEMENT-CR SETT 1110001314102 EX 11 | C | 100 | 1201120000255684 | Chandrakant Pawar | | Inventure Growth And Securities Ltd | On-Market Transfer Within CDSL |
| 26/08/2013 | INTDEP-CR 17563953CTRBO IN609966 1110001314102 | C | 400 | 1201120000255684 | Chandrakant Pawar | IN609966 | Inventure Growth And Securities Ltd | Inter-Depository On-Market Transfer |
| 27/08/2013 | SETTLEMENT-CR SETT 1110001314103 EX 11 | C | 500 | 1201120000255684 | Chandrakant Pawar | | Inventure Growth And Securities Ltd | On-Market Transfer Within CDSL |

| Date of Txn | Transaction Particulars | Credit/Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 30/08/2013 | INTDEP-CR 18014464CTRBO IN609966 1110001314106 | C | 1000 | 12011200 00255684 | Chandrakant Pawar | IN609966 | Inventure Growth And Securities Ltd | Inter-Depository On-Market Transfer |
| 06/09/2013 | EP-DR Txn:081935 CtBo:1100001000012642 1110001314113 Exld:11 | D | 1000 | 12011200 00255684 | Chandrakant Pawar | 11000010 00012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 25/10/2013 | SETTLEMENT-CR SETT 1110001314143 EX 11 | C | 950 | 12011200 00255684 | Chandrakant Pawar | | Inventure Growth And Securities Ltd | On-Market Transfer Within CDSL |
| 25/10/2013 | INTDEP-CR 22647121CTRBO IN609966 1110001314143 | C | 50 | 12011200 00255684 | Chandrakant Pawar | IN609966 | Inventure Growth And Securities Ltd | Inter-Depository On-Market Transfer |
| 28/10/2013 | SETTLEMENT-CR SETT 1110001314144 EX 11 | C | 70 | 12011200 00255684 | Chandrakant Pawar | | Inventure Growth And Securities Ltd | On-Market Transfer Within CDSL |
| 28/10/2013 | INTDEP-CR 22777513CTRBO IN609966 1110001314144 | C | 230 | 12011200 00255684 | Chandrakant Pawar | IN609966 | Inventure Growth And Securities Ltd | Inter-Depository On-Market Transfer |
| 27/11/2013 | INTDEP-DR 25639336CTRBO IN300513 20939266 | D | 1600 | 12011200 00255684 | Chandrakant Pawar | IN300513 20939266 | Nagesh Narayan Karkera | Inter-Depository Off-Market Transfer |
| 29/11/2013 | OF-DR TD:791603 TX:499747 1201120000234881 | D | 100 | 12011200 00255684 | Chandrakant Pawar | 12011200 00234881 | RajeshBhagat | Off-Market Transfer within CDSL |
| 29/11/2013 | INTDEP-DR 25886975CTRBO IN300513 20939266 | D | 1600 | 12011200 00255684 | Chandrakant Pawar | IN300513 20939266 | Nagesh Narayan Karkera | Inter-Depository Off-Market Transfer |

The 1500 shares siphoned off were dematerialized and then transferred to the broker "Inventure" for on-market transactions or transferred in Off-market to Rajesh Bhagat or Ganesh Nimbalkar. Further, 3300 shares bought from market were either transferred in Off-market to Rajesh Bhagat (100 shares) or Nagesh Karkera (3200 shares). In view of the foregoing it is alleged that Chandrakant Pawar, Rajesh Bhagat and Indira (as Nagesh Karkera is front entity for Indira/Prashant Karkera) are closely related.

151. Extract of his ledger statement as provided by broker Inventure vide email dated May 03, 2016 (Annexure-OD51) is as below:

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remarks by Investigation |
|---|---|---|---|---|---|---|---|---|---|
| 4537 | BSE_CASH | 07/12/2011 | SJ5888 | Bill Entry For N-2011170 | 0 | 0 | 425489.6 | 425890.56 | Sale of 150 Asian Paint shares |
| 4537 | BSE_CASH | 08/12/2011 | SJ5914 | Bill Entry For N-2011171 | 0 | 0 | 421551.7 | 847442.21 | Sale of 150 Asian Paint shares |

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remarks by Investigation |
|---|---|---|---|---|---|---|---|---|---|
| 4537 | BSE_CASH | 09/12/2011 | SJ5896 | Bill Entry For N-2011172 | 0 | 0 | 562361.7 | 1409803.92 | Sale of 200 Asian Paint shares |
| 4537 | BSE_CASH | 09/12/2011 | BP11677 | Bank Of India-Bse Client A/C | 45144 | 425890.6 | 0 | 983582.36 | Paid to the client |
| 4537 | BSE_CASH | 12/12/2011 | BP11753 | Bank Of India-Bse Client A/C | 45159 | 421220.7 | 0 | 562361.71 | Paid to the client |
| 4537 | BSE_CASH | 13/12/2011 | BP11793 | Bank Of India-Bse Client A/C | 45176 | 562361.7 | 0 | 0 | Paid to the client |
| 4537 | BSE_CASH | 09/02/2012 | SJ6195 | Bill Entry For N-2011216 | 0 | 0 | 604267 | 603971.02 | Sale of 200 Asian Paint shares |
| 4537 | BSE_CASH | 13/02/2012 | BP14433 | Bank Of India-Bse Client A/C | 45946 | 300000 | 0 | 303518.02 | Paid to the client |
| 4537 | BSE_CASH | 13/02/2012 | BP14434 | Bank Of India-Bse Client A/C | 45947 | 303518 | 0 | 0 | Paid to the client |
| 4537 | BSE_CASH | 14/08/2013 | SJ8104 | Bill Entry For N-2013097 | 0 | 442973.5 | 0 | -443012.52 | Buy of 1000 Asian Paints Shares |
| 4537 | BSE_CASH | 20/08/2013 | BR4033 | JANKALYAN SAHAKARI BANKMICR :400105019 BANKACNO:019301000 005760 | 410717 | 0 | 443012.5 | 0 | Received from client |
| 4537 | BSE_CASH | 22/08/2013 | SJ8128 | Bill Entry For N-2013102 | 0 | 211649.8 | 0 | -211649.83 | Buy of 500 Asian Paints Shares |
| 4537 | BSE_CASH | 23/08/2013 | SJ8136 | Bill Entry For N-2013103 | 0 | 211419.2 | 0 | -423069.01 | Buy of 500 Asian Paints Shares |
| 4537 | BSE_CASH | 27/08/2013 | BR4314 | JANKALYAN SAHAKARI BANKMICR :400105019 BANKACNO:019301000 005760 | 410720 | 0 | 423069 | 0 | Received from client |
| 4537 | BSE_CASH | 28/08/2013 | SJ8154 | Bill Entry For N-2013106 | 0 | 395405.5 | 0 | -395405.47 | Buy of 1000 Asian Paints Shares |
| 4537 | BSE_CASH | 02/09/2013 | BR4497 | JANKALYAN SAHAKARI BANKMICR :400105019 BANKACNO:019301000 005760 | 100031 | 0 | 395405.5 | 0 | Received from client |
| 4537 | BSE_CASH | 06/09/2013 | SJ8177 | Bill Entry For N-2013113 | 0 | 0 | 414080.9 | 414080.89 | Sale of 1000 Asian Paints Shares |
| 4537 | BSE_CASH | 12/09/2013 | BP4888 | HDFC BSE CLIENT A/C | 115511 | 414080.9 | 0 | 0 | Paid to the client |
| 4537 | BSE_CASH | 23/10/2013 | SJ8332 | Bill Entry For N-2013143 | 0 | 521474.9 | 0 | -521474.89 | Buy of 1000 Asian Paints Shares |
| 4537 | BSE_CASH | 24/10/2013 | SJ8335 | Bill Entry For N-2013144 | 0 | 157054.3 | 0 | -678529.14 | Buy of 300 Asian Paints Shares |
| 4537 | BSE_CASH | 25/10/2013 | BR5926 | JANKALYAN SAHAKARI BANKMICR :400105019 BANKACNO:019301000 005760 | 100032 | 0 | 678529.1 | 0 | Received from client |

From the above SEBI observed that Chandrakant was withdrawing the sale proceeds immediately after sale of the same through the broker. While in case of buying the shares which were transferred to Nagesh Karkera and Rajesh Bhagat, funds were transferred from his Jankalyan Sahkari Bank account 019301000005760. SEBI observed that he is receiving funds in this bank account from various entities before transfer to the broker.

152. An analysis of the funds flow in the ICICI bank account no. 104401507802 and other accounts of Chandrakant for the funds trail placed at Annexure-BRFA3:

SEBI observed that the sale proceeds deposited in ICICI Bank account 104401507802 from there either it is directly withdrawn in cash or first transferred to Omkar Enterprise (ICICI Bank 104405000639) {his proprietary concern} and then withdrawn in cash.

153. Various information/documents/explanation were sought from Chandrakant Pawar by SEBI. Chandrakant replied vide letter dated April 22, 2016. He has stated that demat account no. - 1201120000255684 with Inventure Growth is opened in his name by Rajesh Bhagat and all the transactions are done by Rajesh Bhagat without his knowledge. He has also enclosed an indemnity bond from Rajesh Bhagat stating that the said demat account has been opened and operated by him. However, it is alleged that he has failed to provide the point wise reply w.r.t. summons issued to him. He has also not provided explanation for funds transfer in his bank account. Later Chandrakant Pawar appeared for before IA and in his statement dated September 23, 2016 (Annexure-SR9) submitted that he does not know any Chandubhai Patel, Indira, Prashant Karkera, Nagesh Narayan Karkera, and G.R Rao. He also submitted that he is not aware of details of any transactions in his account as it was carried out by Rajesh Bhagat. He stated that certain documents were signed by him on request of Rajesh Bhagat, but he never paid any consideration for transfer of any shares to him. He also stated that he has not requested for any re-print of shares. He submitted that he has signed DIS slip and given to Rajesh but he has never given any instruction for sale himself. Rajesh was carrying out

transaction and also depositing cheques directly. However, when any payment was received in his bank account, he used to go to bank with Rajesh Bhagat and hand over the amount in cash after withdrawing the same. He submitted that he has not gained anything out of the transactions and allowed use of his account just for the sake of his friendship with Rajesh Bhagat. He further submitted that Omkar Enterprises is his proprietary firm. He further stated that all transactions in his bank account with Rajesh Bhagat or his family members or Ganesh Nimbalkar are w.r.t. the said shares dealings in his account by Rajesh Bhagat. There are no other business or personal dealings with them.

Rajesh was also present during his statement and during his own statement he admitted the submissions made by Chandrakant. The modus operandi regarding the transactions is already explained in the preceding paragraphs dealing with siphoning of shares using name of Ganesh Nimbalkar. He admitted that the shares transferred to Chandrakant are w.r.t. dealings with and on the instruction of Indira while they have not paid any consideration for the said shares.

154. On the basis of pattern of the transactions, it is alleged that the 1500 shares of genuine investor viz. Patels were illegally being transferred, folio being mis-appropriated through back end changes in electronic records, share certificates re-printed without authorization and the shares finally sold in the market and the proceeds were withdrawn in cash by Chandrakant Pawar. The relationship between Chandrakant Pawar and Indira is clear from the demat transactions between him and Nagesh Karkera, brother in law of Indira and front entity of Indira/Prashant Karkera as per admission of Nagesh and Prashant Karkera. It is alleged that Chandrakant Pawar, Ganesh Nimbalkar and Rajesh Bhagat has siphoned off shares of Asian Paints and Kansai Nerolac and then sold that in market. It is also alleged that the sale proceeds of the siphoned off shares are withdrawn in cash to blur the audit trail. At around the same time 3300 shares of Asian Paints were bought from market in the account of Chandrakant Pawar and 3200 shares out of that were

transferred in Off-market to Nagesh Karkera (3200 shares) who is a front entity of Indira/Prashant Karkera. On the basis of abovementioned transactions it is alleged that Chandrakant Pawar, Rajesh Bhagat and Indira (as Nagesh Karkera is front entity for Indira/Prashant Karkera) are closely related and transferring gains of fraudulent transactions to Indira. Further, on the basis of reply of the Asian Paints it is alleged that Indira herself processed the transactions and thus enabled the above fraudulent deals. It is thus alleged that the entire transaction was masterminded by Indira with the help of her front entities.

**Fraudulent transactions in the matter of Rajesh Bhargava (Folio Number-00115157)**

155. SEBI observed from the back office records of the Noticee, the Folio name of the Folio No. - 00115157 (Screen Shot placed at AnnexureSP13) for dividend issue date 10/6/2011 on 506 shares of Asian Paints Limited is showing in the name of Rajesh Bhagat while the currently the folio showing in the name of Rajesh Bhargava with "nil" shares. SEBI observed that there is no record in the Noticee's back office software system how and when the name of the folio changed from Rajesh Bhargava to Rajesh Bhagat (for dividend issue date 10/06/2011) and back to Rajesh Bhargava. There is no record for any other dividends though there are many dividend issued by the company.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 (**Annexure-SR12**) of G.R Raothat the name of the folio no. - 00115157 was changed from Rajesh M Bhagat to Rajesh M Bhargava on 12/10/2011 by login Terminal id "RCHARI". However, there are no log records for other changes (viz. Rajesh M Bhargava to Rajesh M Bhagat) in the folio were visible in the back office software module of the Noticee. In this regard G.R Rao explained that changes in folio master may not get included in system log in case of (i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is failure to enable it.

SEBI observed that all changes in folio master log is absent for Asian Paints Limited for the period August 01, 2007 to October 31, 2011 for which G.R Rao explained that it could have been for aforesaid reasons. In this regard SEBI observed that there is no change in Log Table and further 2007 to 2011 is too long a period in which nobody noticed that no "System log" is generated/maintained for vital changes in electronic data of ownership of shares. Thus it is alleged that not only the Folio names has been changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail.

As per the statement of G.R Rao dated February 15, 2016(**Annexure-SR11**), there is no signature record for the folio no 00115157 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. Thus it is alleged that the Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

Asian Paints vide letter dated March 28, 2016 submitted that the said name change in Folio No. 00115157 from Rajesh Bhargava to Rajesh Bhagat, was neither sent to it for approval in its 'Share Transfer Committee' meeting nor was any approval for the same granted by it. Asian Paints further, stated that the Noticee is responsible for the same folio being in the name of two different persons in violation of Secretarial Standards.

156. SEBI observed that new certificates were printed by "merge entry" (viz. consolidation of old certificate into new ones) (Inward No. - 1663970) on 09/05/2011 for total 180 shares

of Asian Paints Limited in the Folio No. - 00115157. The details of the transaction are as below:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | Creation Date | No of Shares |
|---|---|---|---|---|---|
| 216378 | 834665 | 15942900 | 15942949 | 09/05/2011 | 50 |
| 216379 | 834666 | 15942950 | 15942999 | 09/05/2011 | 50 |
| 216380 | 834667 | 15943000 | 15943049 | 09/05/2011 | 50 |
| 623469 | 834668 | 15946120 | 15946149 | 09/05/2011 | 30 |

The physical share certificate print reconciliation/control register (**Annexure-OD47**) shows that the certificate No 834665 to 834668 were printed on May 05, 2011.

Asian Paints vide letter dated March 28, 2016 submitted that as per the records maintained by them, no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to the Company for signature and seal, was found.

157. The new shares certificate (Nos 834665 to 834668) re-printed as above on 09/05/2011 and having 180 shares of Asian Paints Limited were dematerialized in Demat account no. - 1201120000234881(belonging to Rajesh Bhagat) through Folio No. -00115157on 23/5/2011. Details are as below:

| Demat A/c | DRN | Confirmation Date | Inward Date | ISIN | Certificate No | Dist Nos From | Dist Nos To | No of shares |
|---|---|---|---|---|---|---|---|---|
| 12011200 00234881 | 581 7377 | 23/05/2011 | 20/05/2011 | INE021 A01018 | 834 665 | 1594 2900 | 1594 2949 | 50 |
| 12011200 00234881 | 581 7377 | 23/05/2011 | 20/05/2011 | INE021 A01018 | 834 666 | 1594 2950 | 1594 2999 | 50 |
| 12011200 00234881 | 581 7377 | 23/05/2011 | 20/05/2011 | INE021 A01018 | 834 667 | 1594 3000 | 1594 3049 | 50 |
| 12011200 00234881 | 581 7377 | 23/05/2011 | 20/05/2011 | INE021 A01018 | 834 668 | 1594 6120 | 1594 6149 | 30 |

After demat the 180 shares were transferred to Inventure Growth and Securities Limited in On Mkt transaction on 23/05/2011.

158. Valuation of Share Misappropriated on replacement cost basisin this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 180 shares (1800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Rajesh Bhargava misappropriated by Rajesh Bhagat vide back office printing entry on 09/05/2011 | Value= Rs. 493740 (Price @ NSE Rs. 2,743.00) | Value= Rs. 21,82,770 (Price @ NSE Rs. 1,212.65) |

159. SEBI observed that in the Folio No. - 00115157 on 21/06/2011, certificate no. -834692 with 329 shares of Asian Paints Limited were dematerialized in 1201120000234881 (belonging to Rajesh Bhagat). The details of the transactions are as below:

| Demat A/c | DRN | Confirmation Date | Inward Date | ISIN | Certif icate No | Dist Nos From | Dist Nos To | No of shares |
|---|---|---|---|---|---|---|---|---|
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 15946100 | 15946115 | 16 |
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 38790317 | 38790366 | 50 |
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 38790367 | 38790416 | 50 |
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 38790417 | 38790466 | 50 |
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 38790467 | 38790516 | 50 |
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 38790517 | 38790566 | 50 |
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 38790567 | 38790616 | 50 |
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 38790617 | 38790626 | 10 |
| 12011200-234881 | 5846173 | 21/06/2011 | 21/06/2011 | INE021A01018 | 834692 | 38790648 | 38790650 | 3 |

Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) submitted that the 329 shares on different certificates in folio No. 00115157 were merged into one new share certificate (Certificate no. 834692) vide authenticated consolidation register dated 7th June, 2011 sent to it by the Noticee , placed before the Share Transfer Committee at its meeting held on 10th June, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira), dated 7th June, 2011 and copy of the Share Transfer Committee meeting minutes dated 10th June, 2011 approving the consolidation of share certificates in the name of Rajesh M Bhagat are placed at Appendix No. 32 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). After demat the 329 shares were transferred to Inventure Growth and Securities Limited in On Mkt transaction.

160. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 329 shares (3290 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Rajesh Bhargava misappropriated by Rajesh Bhagat vide back office demat entry on 21/06/2011 | Value= Rs. 9,71,027.05 (Price @ NSE Rs. 2,951.45) | Value= Rs. 39,89,618.5 (Price @ NSE Rs. 1,212.65) |

161. SEBI observed that the certificate number 834692 having 329 shares of Asian Paints Limited dematerialized in the Folio No. - 00115157 on 21/06/2011 is having series later than other recently printed share certificates.Thus it is alleged that the certificate is also recently printed but there is no record of printing in the software module. However it was observed from "back end database" that there is below mentioned re-printing:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | Creation Date | No of Shares |
|---|---|---|---|---|---|
| 617304 | 834692 | 38790317 | 38790366 | 04/06/2011 | 50 |
| 617305 | 834692 | 38790367 | 38790416 | 04/06/2011 | 50 |
| 617306 | 834692 | 38790417 | 38790466 | 04/06/2011 | 50 |
| 617307 | 834692 | 38790467 | 38790516 | 04/06/2011 | 50 |
| 617308 | 834692 | 38790517 | 38790566 | 04/06/2011 | 50 |
| 617309 | 834692 | 38790567 | 38790616 | 04/06/2011 | 50 |
| 617310 | 834692 | 38790617 | 38790626 | 04/06/2011 | 10 |
| 617315 | 834692 | 38790648 | 38790650 | 04/06/2011 | 3 |

From the physical share certificate print reconciliation/control register (**Annexure-OD46**) SEBI observed that the certificate No 834692 were printed on June 07, 2011.

Asian Paints vide letter dated March 28, 2016 submitted that as per the records maintained by them, no document ascertaining receipt of any communication fromthe Noticee, w.r.t. forwarding of Share Certificates by the Noticee to it for signature and seal, was found.

SEBI observed from the Annual Return data submitted by G.R Raovide statement dated March 23, 2016 (Annexure-SR12), reveal that in the years 2008, 2009 and 2010 the folio no. 00115157 is omitted from the holding file. While in Annual return for year 2011 the folio has been show in the name of Rajesh Bhagat with 177 shares. Again in the year 2012 the folio no 00115157 is omitted from the holding file. (Screenshot of Annual Return

data placed at **Annexure-ARSP10**). It is alleged that there is not only falsification of records but also misreporting of transactions to regulators

162. In the matter of these 180 and 329 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Mr. Rajesh as the old certificates were not in the possession of the Noticee or Mr. Rajesh, and moreover the old certificates would have been in the name of actual investor viz. Rajesh Bhargava. It is also alleged tha if Mr. Rajesh would have got the shares in a genuine transaction the share certificates would have been his possession and there would not have been any need of re-printing of share certificates, a new folio would have been allotted to him and there would have been his signature records in the new folio. SEBI observed that after re-printing of shares the same were dematerialized by management related entity viz. Rajesh. Further, it is also observed that Indira herself was processing the transactions. This is coroborated from the fact that Indira forwarded Consolidation Register (w.r.t. printing of certificate no. - 834692 in the name of Rajesh Bhagat after consolidation of various share certificates) dated June 07, 2011 to the company. It was also observed that System Log for changes in folio master was also disabled or deleted for the said period when the changes were carried out. Thus, it is alleged that the electronic records are falsified to hide the siphoning of shares by the Noticee related entities. It is further, alleged that this could not have been possible without active support from the Noticee and Indira in this case. The above facts are also corroborated by Mr. Bhagat vide his statement dated September 23, 2016 that he was acting in the behest of Indira.

163. SEBI observed that on 10/6/2011 by way of a "Rectification Entry" (inward no -800071) 177 shares of Asian Paints Limited were transferred from 00001493 (UTI) to Folio No. - 00115157. Details of the transaction are as below:

| Trans action No | Transaction Date | Approval Date | Trans feror Folio | Trans feree Folio | Certif icate No | Dist No From | Dist No To | No of shares |
|---|---|---|---|---|---|---|---|---|
| 800076 | 10/06/2011 | 10/06/2011 | 00001493 | 0011 5157 | 216221 | 1593 5050 | 1593 5099 | 50 |

| Trans action No | Transaction Date | Approval Date | Trans feror Folio | Trans feree Folio | Certif icate No | Dist No From | Dist No To | No of shares |
|---|---|---|---|---|---|---|---|---|
| 800076 | 10/06/2011 | 10/06/2011 | 00001493 | 0011 5157 | 216222 | 1593 5100 | 1593 5149 | 50 |
| 800076 | 10/06/2011 | 10/06/2011 | 00001493 | 0011 5157 | 526143 | 3280 7906 | 3280 7925 | 20 |
| 800076 | 10/06/2011 | 10/06/2011 | 00001493 | 0011 5157 | 526139 | 3280 7798 | 3280 7847 | 50 |
| 800076 | 10/06/2011 | 10/06/2011 | 00001493 | 0011 5157 | 526141 | 3280 7898 | 3280 7902 | 5 |
| 800076 | 10/06/2011 | 10/06/2011 | 00001493 | 0011 5157 | 804523 | 4448 5098 | 4448 5098 | 1 |
| 800076 | 10/06/2011 | 10/06/2011 | 00001493 | 0011 5157 | 526146 | 3280 7939 | 3280 7939 | 1 |

Asian Paints vide letter dated March 28, 2016 submitted that there is no documentation in place that reflects the reason for the transfer and such transfer was never put before or sent to it for approval in any 'Share Transfer Committee' meeting.

164. The above 177 shares of Asian Paints having same Distinctive numbers were dematerialized by Folio No. - 00115157 on 01/08/2011 but the certificate number was 834708. This implies new certificate was printed between 10/06/2011 and 30/07/2011 with same distinctive numbers but there is no record of printing in the back office software module of the Noticee.

The physical share certificate print reconciliation/control register (**Annexure-OD46**) shows that the certificate No 834708 was printed on June 14, 2011.

Asian Paints vide letter dated March 28, 2016 submitted that the 177 shares on different certificates in Folio No. 00115157 were merged into one new share certificate (Certificate no. 834708) vide authenticated consolidation register dated 15th June, 2011 sent to the Company by the Noticee , placed before the Share Transfer Committee at its meeting held on 16th June, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira), dated 15th June, 2011 and copy of the Share Transfer Committee meeting minutes dated 16th June, 2011 approving the renewal

of share certificates in the name of Rajesh M Bhagat are placed at Appendix No. 33 of the company vide letter dated March 28, 2016 (Annexure-CRAP6).

Further, as per the records maintained by the Company, document ascertaining receipt of communication from the Noticee, w.r.t. Agenda Papers for share transfer committee meeting dated 16th June, 2011 was received by them on 15th June, 2011. Further, document ascertaining forwarding of 17 Share Certificates (certificate nos. 834693 - 834709) including Certificate No. 834708 by the Noticee to the Company for signature and seal, was received by them on 16th June, 2011. On 16th June, 2011, 17 share certificates were signed, sealed and forwarded tothe Noticee by the company. A copy of the said communication with the Noticee, is placed at Appendix No. 34 of Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6).

165. The above 177 shares of Asian Paints Limited having certificate no 834708 dematerialized by Rajesh Bhagat through Folio No. - 00115157 on 01/08/2011. Details of the dematerialization transactions are as below:

| Demat A/c | DRN | Confirmation Date | Inward Date | ISIN | Certificate No | Dist Nos From | Dist Nos To | No of shares |
|---|---|---|---|---|---|---|---|---|
| 12011200-234881 | 5883339 | 01/08/2011 | 29/07/2011 | INE021A01018 | 834708 | 15935050 | 15935099 | 50 |
| 12011200-234881 | 5883339 | 01/08/2011 | 29/07/2011 | INE021A01018 | 834708 | 15935100 | 15935149 | 50 |
| 12011200-234881 | 5883339 | 01/08/2011 | 29/07/2011 | INE021A01018 | 834708 | 32807798 | 32807847 | 50 |
| 12011200-234881 | 5883339 | 01/08/2011 | 29/07/2011 | INE021A01018 | 834708 | 32807898 | 32807902 | 5 |
| 12011200-234881 | 5883339 | 01/08/2011 | 29/07/2011 | INE021A01018 | 834708 | 32807906 | 32807925 | 20 |
| 12011200-234881 | 5883339 | 01/08/2011 | 29/07/2011 | INE021A01018 | 834708 | 32807939 | 32807939 | 1 |
| 12011200-234881 | 5883339 | 01/08/2011 | 29/07/2011 | INE021A01018 | 834708 | 44485098 | 44485098 | 1 |

After demat the 177 shares were transferred to Inventure Growth and Securities Limited in On Mkt transaction. As already explained that the same certificate No 834708 which was dematerialized now is shown to have been rematerialized in Folio Number-

00001493 later on 16/08/2011.The share certificate once dematerialized cannot be rematerialized again because the same is cancelled and defaced. No such corresponding debit was observed in the demat account of Rajesh Bhagat. It is alleged that not only the shares has been fraudulently siphoned off but the records are falsified by the Noticee.

166. Valuation of Share Misappropriated on replacement cost basisin this matter-

| Sr. No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 177 shares (1770 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by Rajesh Bhagat vide back office rectification entry on 10/6/2011 | Value= Rs. 5,48,850.45 (Price @ NSE Rs. 3,100.85) | Value= Rs. 21,46,390.5 (Price @ NSE Rs. 1,212.65) |

167. SEBI observed from the back office system record of the Noticee that there is re-print of certificates for 180 shares of Asian Paints Limited in the Folio No. -00115157 (originally belonging to Rajesh Bhargava but misappropriated by Rajesh Bhagat) on 09/05/2011 and the same shares were dematerialized on 23/05/2011. On 10/06/2011 there was receipt of 177 shares which was dematerialized on 01/08/2011. Further, 329 shares were dematerialized from the folio on 21/06/2011. It was noted that on dividend issue date 10/06/2011 there were 506 shares in the folio which prima-facie indicates that 329 shares dematerialized on 21/06/2011 were received in the folio before 10/06/2011. However, there is no record of receipt of 180 (Demat on 23/05/2011) and 329 (Demat on 21/06/2011) shares in the system. Details of the said shares are as below:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | New Certificate Printing Date | No of Shares |
|---|---|---|---|---|---|
| 216378 | 834665 | 15942900 | 15942949 | 09/05/2011 | 50 |
| 216379 | 834666 | 15942950 | 15942999 | 09/05/2011 | 50 |
| 216380 | 834667 | 15943000 | 15943049 | 09/05/2011 | 50 |
| 623469 | 834668 | 15946120 | 15946149 | 09/05/2011 | 30 |
| Total | | | | | 180 |
| **Original Certificate No** | **New Certificate No** | **Dist Nos From** | **Dist Nos To** | **New Certificate Printing Date** | **No of Shares** |
| 617304 | 834692 | 38790317 | 38790366 | 04/06/2011 | 50 |

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | New Certificate Printing Date | No of Shares |
|---|---|---|---|---|---|
| 617305 | 834692 | 38790367 | 38790416 | 04/06/2011 | 50 |
| 617306 | 834692 | 38790417 | 38790466 | 04/06/2011 | 50 |
| 617307 | 834692 | 38790467 | 38790516 | 04/06/2011 | 50 |
| 617308 | 834692 | 38790517 | 38790566 | 04/06/2011 | 50 |
| 617309 | 834692 | 38790567 | 38790616 | 04/06/2011 | 50 |
| 617310 | 834692 | 38790617 | 38790626 | 04/06/2011 | 10 |
| 617315 | 834692 | 38790648 | 38790650 | 04/06/2011 | 3 |
| Total | | | | | 329 |

the Noticee was summoned to provide explanation for the transaction and also to provide documents to prove the genuineness of the transaction including the history of ownership (Name, Address and Folio number) of said share distinction numbers (of Asian Paints Limited) for last three transfers/change of hands/possessions (before 23/05/2011 for 180 shares and before 21/062011 for 329 shares). However it is alleged that the Noticee failed to comply the same.

Asian Paints vide letter dated March 28, 2016 (**Annexure-CRAP6**) submitted that any entries made by the Noticee by way of 'Rectification Entry' were not intimated to it. Asian Paints also stated that no internal record/forms suggesting a shareholder request for transfer of shares has been received, as per the records maintained by it and the said transaction was not approved by the Company. Further, Asian Paints is not in possession of any documents/information w.r.t. the aforesaid transaction.

168. SEBI observed following Demat transactions in the demat account of Rajesh Bhagat:

| Date of Txn | Transaction Particulars | C-Credit/ D-Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 23/05/2011 | Demat 05817377 Close - Cr Confirmed Balance | C | 180 | 1201120000234881 | Rajesh Bhagat | | | Demat |
| 23/05/2011 | EP-DR Txn:355963 CtBo:1100001000012642 1110001112036 ExId:11 | D | 180 | 1201120000234881 | Rajesh Bhagat | 1100001000012642 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 21/06/2011 | Demat 05846173 Close - Cr Confirmed Balance | C | 329 | 1201120000234881 | Rajesh Bhagat | | | Demat |
| 23/06/2011 | EP-DR Txn:625982 CtBo:1100001000012642 1110001112059 ExId:11 | D | 150 | 1201120000234881 | Rajesh Bhagat | 1100001000 | Inventure Growth And | On-Market Transfer |

| Date of Txn | Transaction Particulars | C-Credit/ D-Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| | | | | | | 012642 | Securities Ltd.IGSL | Within CDSL |
| 24/06/2011 | EP-DR Txn:732423 CtBo:1100001000012642 1110001112060 ExId:11 | D | 29 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 28/06/2011 | SETTLEMENT-DR SETT 1110001112060 EX 11 784083 | D | 71 | 12011200 00234881 | Rajesh Bhagat | | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 28/06/2011 | EP-DR Txn:990588 CtBo:1100001000012642 1110001112062 ExId:11 | D | 79 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 01/08/2011 | Demat 05883339 Close - Cr Confirmed Balance | C | 177 | 12011200 00234881 | Rajesh Bhagat | | | Demat |
| 01/08/2011 | EP-DR Txn:770044 CtBo:1100001000012642 1110001112086 ExId:11 | D | 100 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 04/08/2011 | SETTLEMENT-DR SETT 1110001112087 EX 11 891576 | D | 77 | 12011200 00234881 | Rajesh Bhagat | | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 23/09/2011 | OF-CR TD:449059 TX:340735 1201120000235716 | C | 150 | 12011200 00234881 | Rajesh Bhagat | 12011 20000 23571 6 | Ganesh Bhaskar Nimbalkar | Off-Market Transfer within CDSL |
| 23/09/2011 | EP-DR Txn:114492 CtBo:1100001000012642 1110001112122 ExId:11 | D | 150 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 29/09/2011 | OF-CR TD:968787 TX:480330 1201120000235716 | C | 125 | 12011200 00234881 | Rajesh Bhagat | 12011 20000 23571 6 | Ganesh Bhaskar Nimbalkar | Off-Market Transfer within CDSL |
| 29/09/2011 | EP-DR Txn:460103 CtBo:1100001000012642 1110001112126 ExId:11 | D | 125 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 14/10/2011 | OF-CR TD:199374 TX:742529 1201120000235716 | C | 125 | 12011200 00234881 | Rajesh Bhagat | 12011 20000 23571 6 | Ganesh Bhaskar Nimbalkar | Off-Market Transfer within CDSL |
| 17/10/2011 | EP-DR Txn:430244 CtBo:1100001000012642 1110001112137 ExId:11 | D | 125 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |

| Date of Txn | Transaction Particulars | C-Credit/ D-Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 18/11/2011 | OF-CR TD:432868 TX:310821 1201120000235716 | C | 300 | 12011200 00234881 | Rajesh Bhagat | 12011 20000 23571 6 | Ganesh Bhaskar Nimbalkar | Off-Market Transfer within CDSL |
| 24/11/2011 | EP-DR Txn:719556 CtBo:1100001000012642 1110001112162 ExId:11 | D | 100 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 25/11/2011 | EP-DR Txn:804562 CtBo:1100001000012642 1110001112163 ExId:11 | D | 100 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 29/11/2011 | EP-DR Txn:982214 CtBo:1100001000012642 1110001112165 ExId:11 | D | 100 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 09/02/2012 | OF-CR TD:114829 TX:580892 1201120000255684 | C | 400 | 12011200 00234881 | Rajesh Bhagat | 12011 20000 25568 4 | Chandrakant Hanumant Pawar | Off-Market Transfer within CDSL |
| 10/02/2012 | EP-DR Txn:524899 CtBo:1100001000012642 1110001112217 ExId:11 | D | 150 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 13/02/2012 | EP-DR Txn:682904 CtBo:1100001000012642 1110001112218 ExId:11 | D | 100 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 15/02/2012 | EP-DR Txn:009074 CtBo:1100001000012642 1110001112220 ExId:11 | D | 100 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 22/02/2012 | EP-DR Txn:831580 CtBo:1100001000012642 1110001112224 ExId:11 | D | 50 | 12011200 00234881 | Rajesh Bhagat | 11000 01000 01264 2 | Inventure Growth And Securities Ltd.IGSL | On-Market Transfer Within CDSL |
| 09/10/2012 | INTDEP-CR 87869174CTRBO IN300513 12752672 | C | 500 | 12011200 00234881 | Rajesh Bhagat | IN300 513 12752 672 | Prashant Karkera | Inter-Depository Off-Market Transfer |
| 10/10/2012 | OF-DR TD:389842 TX:263608 1201120000235716 | D | 500 | 12011200 00234881 | Rajesh Bhagat | 12011 20000 23571 6 | Ganesh Bhaskar Nimbalkar | Off-Market Transfer within CDSL |
| 06/06/2013 | INTDEP-CR 11092708CTRBO IN609966 1110001314047 | C | 100 | 12011200 00234881 | Rajesh Bhagat | IN609 966 | Inventure Growth And Securities Ltd.IGSL | Inter-Depository On-Market Transfer |

| Date of Txn | Transaction Particulars | C-Credit/ D-Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 04/07/2013 | OF-DR TD:978296 TX:770867 1201120000235716 | D | 100 | 12011200 00234881 | Rajesh Bhagat | 12011 20000 23571 6 | Ganesh Bhaskar Nimbalkar | Off-Market Transfer within CDSL |
| 29/11/2013 | OF-CR TD:791603 TX:499748 1201120000255684 | C | 100 | 12011200 00234881 | Rajesh Bhagat | 12011 20000 25568 4 | Chandrakant Hanumant Pawar | Off-Market Transfer within CDSL |

Apart from the above many other demat transactions were observed in the demat account of Rajesh Bhagat which is placed at **Annexure-DA2**.

SEBI observed that the shares dematerialized by him and the shares received from Ganesh Nimbalkar & Chandrakant Pawar are transferred by him to his broker Inventure for"On Market Transactions". Further, he received 700 shares from Ganesh out of which 600 were later reverted back to him (which included 500 shares received from Prashant Karkera). As explained earlier out of 600 shares transferred to Ganesh, 500 shares were utilized by Ganesh to return the same to Bhalendu Desai while 100 shares were transferred By Ganesh to Prashant Karkera. He was also found to be receiving large number of shares (5790) from certain entities and transferred most of the shares (4000) to Nagesh Karkera. Rajesh has admitted that these transactions were also on the behest of Indira. The transfer of shares between Rajesh, Nagesh, Ganesh and Prashant Karkera proves the relation between Indira and Rajesh Bhagat (and entities controlled by him). Further, transfer of shares to Bhalendu Desai (Husband of Kirtida Desai whose shares were earlier siphoned off sold in the market by Ganesh and sale proceeds withdrawn in cash) by Ganesh from the shares provided by Prashant Karkera, corroborates that Prashant Karkera/Indira were the mastermind and ultimate beneficiaries of the fraud. Hence, the claims of genuine investors whose shares were siphoned off were being met by them through the entities related to Rajesh Bhagat. Due to non-compliance by the Noticee, Prashant Karkera and inability of Rajesh & others to offer explanation, the

original owner of other shares could not be identified. However, Rajesh has accepted that those shares are w.r.t. dealings with Indira.

169. Extract of the ledger statement of Rajesh as received from broker Inventure vide email dated May 03, 2016 (Annexure-OD51) is as below:

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Runing Bal. | Remarks by Investigation |
|---|---|---|---|---|---|---|---|---|---|
| 7388 | BSE_ CASH | 23/05/ 2011 | SJ515 3 | BILL ENTRY FOR N- 2011036 | 0 | 0 | 519350 | 519317.04 | Sale of 180 Asian Paints |
| 7388 | BSE_ CASH | 25/05/ 2011 | BP262 4 | BANK OF INDIA-BSE CLIENT A/C | 43179 | 519317 | 0 | 0 | Paid to client |
| 7388 | BSE_ CASH | 23/06/ 2011 | SJ527 6 | BILL ENTRY FOR N- 2011059 | 0 | 0 | 434279.8 | 434125.82 | Sale of 150 Asian Paints |
| 7388 | BSE_ CASH | 24/06/ 2011 | SJ527 9 | BILL ENTRY FOR N- 2011060 | 0 | 0 | 295900.9 | 730026.75 | Sale of 100 Asian Paints |
| 7388 | BSE_ CASH | 27/06/ 2011 | BP440 5 | BANK OF INDIA-BSE CLIENT A/C | 43441 | 434125.8 | 0 | 295900.93 | Paid to client |
| 7388 | BSE_ CASH | 28/06/ 2011 | SJ528 6 | BILL ENTRY FOR N- 2011062 | 0 | 0 | 245742 | 541642.94 | Sale of 79 Asian Paints |
| 7388 | BSE_ CASH | 29/06/ 2011 | BP455 8 | BANK OF INDIA-BSE CLIENT A/C | 43470 | 295900.9 | 0 | 245742.01 | Paid to client |
| 7388 | BSE_ CASH | 30/06/ 2011 | BP468 2 | BANK OF INDIA-BSE CLIENT A/C | 43509 | 245742 | 0 | 0 | Paid to client |
| 7388 | BSE_ CASH | 01/08/ 2011 | SJ542 3 | BILL ENTRY FOR N- 2011086 | 0 | 0 | 307678.6 | 307678.6 | Sale of 100 Asian Paints |
| 7388 | BSE_ CASH | 02/08/ 2011 | SJ542 5 | BILL ENTRY FOR N- 2011087 | 0 | 0 | 232082 | 539760.63 | Sale of 77 Asian Paints |
| 7388 | BSE_ CASH | 03/08/ 2011 | BP675 2 | BANK OF INDIA-BSE CLIENT A/C | 44043 | 307678.6 | 0 | 232082.03 | Paid to client |
| 7388 | BSE_ CASH | 04/08/ 2011 | BP680 0 | BANK OF INDIA-BSE CLIENT A/C | 44050 | 232082 | 0 | 0 | Paid to client |
| 7388 | BSE_ CASH | 23/09/ 2011 | SJ563 6 | BILL ENTRY FOR N- 2011122 | 0 | 0 | 464664.1 | 464664.13 | Sale of 150 Asian Paints |
| 7388 | BSE_ CASH | 27/09/ 2011 | BP909 1 | BANK OF INDIA-BSE CLIENT A/C | 44617 | 464664.1 | 0 | 0 | Paid to client |

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Runing Bal. | Remarks by Investigation |
|---|---|---|---|---|---|---|---|---|---|
| 7388 | BSE_ CASH | 29/09/ 2011 | SJ567 2 | BILL ENTRY FOR N- 2011126 | 0 | 0 | 385244.8 | 385244.83 | Sale of 125 Asian Paints |
| 7388 | BSE_ CASH | 04/10/ 2011 | BP931 6 | BANK OF INDIA-BSE CLIENT A/C | 44665 | 385244.8 | 0 | 0 | Paid to client |
| 7388 | BSE_ CASH | 17/10/ 2011 | SJ575 1 | BILL ENTRY FOR N- 2011137 | 0 | 0 | 383645 | 383644.98 | Sale of 125 Asian Paints |
| 7388 | BSE_ CASH | 19/10/ 2011 | BP989 8 | BANK OF INDIA-BSE CLIENT A/C | 44790 | 383645 | 0 | 0 | |
| 7388 | BSE_ CASH | 24/11/ 2011 | SJ585 9 | BILL ENTRY FOR N- 2011162 | 0 | 0 | 283171.1 | 283171.07 | Sale of 100 Asian Paints |
| 7388 | BSE_ CASH | 25/11/ 2011 | SJ586 3 | BILL ENTRY FOR N- 2011163 | 0 | 0 | 293077.6 | 576248.69 | Sale of 100 Asian Paints |
| 7388 | BSE_ CASH | 28/11/ 2011 | BP112 26 | HDFC BSE CLIENT A/C | 10352 0 | 283171.1 | 0 | 293077.62 | Paid to client |
| 7388 | BSE_ CASH | 29/11/ 2011 | SJ587 3 | BILL ENTRY FOR N- 2011165 | 0 | 0 | 294188.1 | 587265.76 | Sale of 100 Asian Paints |
| 7388 | BSE_ CASH | 29/11/ 2011 | BP112 93 | HDFC BSE CLIENT A/C | 10355 2 | 293077.6 | 0 | 294188.14 | Paid to client |
| 7388 | BSE_ CASH | 01/12/ 2011 | BP113 63 | HDFC BSE CLIENT A/C | 10358 7 | 294188.1 | 0 | 0 | Paid to client |
| 7388 | BSE_ CASH | 10/02/ 2012 | SJ619 6 | BILL ENTRY FOR N- 2011217 | 0 | 0 | 463174.5 | 462832.45 | Sale of 150 Asian Paints |
| 7388 | BSE_ CASH | 13/02/ 2012 | SJ619 0 | BILL ENTRY FOR N- 2011218 | 0 | 0 | 304612.6 | 767445.01 | Sale of 100 Asian Paints |
| 7388 | BSE_ CASH | 14/02/ 2012 | BP145 38 | BANK OF INDIA-BSE CLIENT A/C | 45960 | 200000 | 0 | 574442.53 | Paid to client |
| 7388 | BSE_ CASH | 14/02/ 2012 | BP145 39 | BANK OF INDIA-BSE CLIENT A/C | 45961 | 262832.5 | 0 | 311610.08 | Paid to client |
| 7388 | BSE_ CASH | 15/02/ 2012 | SJ620 1 | BILL ENTRY FOR N- 2011220 | 0 | 0 | 306513.1 | 618123.14 | Sale of 100 Asian Paints |
| 7388 | BSE_ CASH | 15/02/ 2012 | BP146 39 | BANK OF INDIA-BSE CLIENT A/C | 45984 | 150000 | 0 | 468123.14 | Paid to client |
| 7388 | BSE_ CASH | 15/02/ 2012 | BP146 40 | BANK OF INDIA-BSE CLIENT A/C | 45985 | 154612.6 | 0 | 313510.58 | Paid to client |
| 7388 | BSE_ CASH | 21/02/ 2012 | BP148 95 | HDFC BSE CLIENT A/C | 10460 1 | 153256.5 | 0 | 104833.19 | Paid to client |
| 7388 | BSE_ CASH | 21/02/ 2012 | BP148 96 | HDFC BSE CLIENT A/C | 10460 2 | 153256.5 | 0 | -48423.34 | Paid to client |

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Runing Bal. | Remarks by Investigation |
|---|---|---|---|---|---|---|---|---|---|
| 7388 | BSE_ CASH | 22/02/ 2012 | SJ621 5 | BILL ENTRY FOR N- 2011224 | 0 | 0 | 152823.6 | 104400.27 | Sale of 50 Asian Paints |
| 7388 | BSE_ CASH | 24/02/ 2012 | BP152 83 | HDFC BSE CLIENT A/C | 10485 7 | 104400.3 | 0 | 0 | Paid to client |
| 7388 | BSE_ CASH | 04/06/ 2013 | SJ788 4 | BILL ENTRY FOR N- 2013047 | 0 | 476923.3 3 | 0 | - 477338.33 | Buy 100 shares of Asian Paints |
| 7388 | BSE_ CASH | 07/06/ 2013 | BR159 7 | KURLA NAGARIK SAHAKARI BANK LTDMICR :400077010 BANKACNO: 5284 | 62894 | 0 | 477338.33 | 824.55 | Received from Client |
| 7388 | BSE_ CASH | 14/01/ 2015 | SJ998 8 | BILL ENTRY FOR N- 2014194 | 0 | 0 | 83251.02 | 85001.87 | Sale of 100 Asian Paints |
| 7388 | BSE_ CASH | 16/01/ 2015 | BP138 28 | HDFC BSE CLIENT A/C NEFT | 0 | 85001.87 | 0 | 0 | Paid to client |
| 7388 | BSE_ CASH | 29/10/ 2015 | SJ110 14 | BILL ENTRY FOR N- 2015146 | 0 | 0 | 74299.42 | 74299.42 | Sale of 90 Asian Paints |
| 7388 | BSE_ CASH | 03/11/ 2015 | BP997 5 | HDFC BSE CLIENT A/C NEFT | 0 | 74299.42 | 0 | 198 | Paid to client |
| 7388 | BSE_ CASH | 28/03/ 2016 | SJ115 61 | BILL ENTRY FOR N- 2015246 | 0 | 0 | 211891.84 | 211547.84 | Sale of 250 Asian Paints |
| 7388 | BSE_ CASH | 29/03/ 2016 | SJ115 75 | BILL ENTRY FOR N- 2015247 | 0 | 0 | 379710.6 | 591258.44 | Sale of 450 Asian Paints |
| 7388 | BSE_ CASH | 18/04/ 2016 | BP300 | HDFC BSE CLIENT A/C RTGS | 0 | 591258.4 4 | 0 | 0 | Paid to client |

170. The analysis of fund flow in the bank account of Rajesh Bhagat after receipt of funds from the broker are placed at Annexure-BRFA4. The general observation from the fund flow analysis is that the funds received from the broker is ultimately withdrawn in cash by Rajesh Bhagat or his related entities.

171. In this regard, Rajesh Bhagat vide undated letter received by SEBI on April 25, 2016 submitted that he is holding one demat account (a/c No. - 234881) with Inventure Growth

and Securities Limited. He does not know any details about the transactions in the said account as it has been done on the instruction of Indira and he has signed all documents as per the instructions of Indira. He has failed to provide point wise reply for each of the transaction mentioned in the summons and also failed to explain the banking transactions in his bank account. However, later he appeared for before IA submitted his reply vide statement dated September 15, 2016 (**Annexure-SR5**) and September 23, 2016 (**Annexure-SR19**). His common reply w.r.t. Ganesh, Chandrakant and himself is already provided in preceding paragraphs. Prashant Karkera vide his statement dated September 27, 2016 (**Annexure-SR1**) initially denied knowing or having any dealings with Rajesh Bhagat but later when confronted with demat transactions with Rajesh through his own account and account of Nagesh Karkera, he explained that the shares came through Indira. Rajesh Bhagat also submitted that he has not paid any considerations for the said shares transferred to them by Indira.

172. Thus it is alleged that, in the matter related to shares transferred to or through Rajesh, the electronic records are falsified, folio records changed from back end, system log tampered with to avoid audit trail, new certificates printed without authorizations, transactions allowed without passing of any considerations, transactions carried out through "Rectification" entries (which is not required in such cases as per statement of G.R.Rao) rather than normal "transfer" entry. It is also alleged that all this have been done by the Noticee and Indira to facilitate fraudulent transactions and these transactions could not have been possible without the active involvement of the Noticee and Indira. Further, as explained many of the transactions were being processed by Indira herself. The relation between Rajesh & his entities and Indira & her entities is clear from the off market transfer of shares between them. Further, the fact that the shares were restored to Bhalendu Desai (whose shares were siphoned off earlier by Ganesh Nimbalkar) after getting the shares from Prashant Karkera supports that the ultimate beneficiary of these transfers was Prashant Karkera and Indira. All the above facts are further corroborated



by the statement of Rajesh Bhagat and Prashant Karkera that all transactions were entered on the behest of Indira. While the Noticee has failed to cooperate with the investigation and has not provided any information or documents w.r.t. the said transactions.

**Fraudulent transactions in the matter of Canara Bank (Folio Number- 00053317)**

173. SEBI observed from back office software module of the Noticee, the Folio name of the Folio 00053317 (Screen Shot placed at **Annexure-SP14**) for dividend issue date till 18/06/2009 (initially for various number of shares of Asian Paints Limited then on 18/06/2009 on 743 shares) was in name of Canara Bank. The folio name was changed to Akhil K Dalal for dividend issue date 30/10/2009 on 743 shares. Further, from dividend issue date 02/11/2011on 743 shares (then 7430 shares as 1:10 split in 2013) the folio name changes to Stock Holding Corporation of India Ltd. (SHCIL). Thus it is alleged that folio name has been changed from the name of Canara Bank to Akhil Dalal between 18/06/2009 to 30/10/2009 then folio was changed from the name of Akhil Dalal to SHCIL between 30/10/2009 to 02/11/2011. How and exact date when folio name changed from Canara to Akhil Dalal to SHCIL is not recorded in the software system. Hence, the Noticee was summoned to provide various documents to prove the genuineness of the transaction and also explain the transaction. However, it is alleged that the Noticee failed to comply.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of Mr. G.R.Rao(**Annexure-SR12**) that the name of the folio no. - 00053317was changed from Akhil K. Dalal to Stock Holding Corporation of India Limited on 08/08/2011 by User "administrator" login Terminal id "CPRABHU". However, there are no log records for other changes (viz. Canara Bank to Akhil Dalal) in the folio as visible in the front end software module of the Noticee. In this regard G.R Rao explained that changes in folio master may not get included in system log in case of (i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is

failure to enable it. It was further observed that all changes in folio master log is absent for Asian Paints Limited for the period August 01, 2007 to October 31, 2011 for which G.R Rao explained that it could have been for aforesaid reasons. In this regard SEBI observed that there is no change in Log Table and further 2007 to 2011 is too long a period in which nobody noticed that no "System log" is generated/maintained for vital changes in electronic data of ownership of shares. Thus, it is alleged that not only the Folio names has been illegally changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail.

SEBI observed from the "Signature" record of the folio no. -00053317 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "authorized signatory of Canara Bank" (**Annexure-SR11**). It is alleged that if Mr. Akhil would have got the shares in the folio through a genuine transfer the share certificates would have come in his possession and a new folio would have been allotted to him and his signature would have been attached with it.

174. Asian Paints vide letter dated March 28, 2016(Annexure-CRAP6) submitted that the said share transfer in Folio No. 00053317 held by Canara Bank to Akhil Dalal and then to Stock Holding Corporation of India, was neither sent to it for approval in its 'Share Transfer Committee' meeting nor any approval for the same have been granted by it. Asian Paints further, stated that the said folio no. 00053317 is under dispute (in case no. 2168 of 1991 with the Bombay City Civil Court in the matter of Bhogilal Parmar v/s Asian Paints Ltd. details of documents submitted vide letter dated August 19, 2016 is placed at Appendix 1 & 2 of Annexure-CRAP7) and no transactions like transfer, etc. were permitted from the same by the Company unless directed by the Court or any other competent authority. Asian Paints submitted emails dated May 10, 2007, November 27, 2007 and November 29, 2007 (also CC to Indira) received from the Noticee Employee-Lalit Jathan (lalitj@shareproservices.com) whereby complete details of disputed cases (including the details of the above mentioned folio) is provided to employees of Asian Paints (copy of

the emails placed as part of Annexure-CRAP7). Similarly, Asian Paints also submitted details of disputed cases provided to employees of Asian Paints vide emails of Indira dated October 16, 2010 (including details of Folio Nos. 00053317, 00060509 & 00001493), March 14, 2011 (including details of Folio Nos. 00053317, 00060509 & 00001493), and January 7, 2012 (including details of Folio No. - 00001493), October 04, 2013 (including details of Folio Nos. 00053317 & 00001493), March 08, 2014 (including details of Folio Nos. 00053317 & 00001493) and October 06, 2015 (including details of Folio Nos. 00053317 & 00001493) (copy of the emails placed as part of Annexure-CRAP7).

175. It is alleged that the Noticee facilitated the misappropriation of the shares from folio no. - 00053317 of Canara Bank through back end modification (which is being illegal controlled by management linked entity viz. Akhil) without informing the company to avoid any possibility of scrutiny in order to enrich Indira and Akhil Dalal. It was also observed from the documents (mostly emails) submitted by the company that the Noticee and its employees including Indira had the full knowledge of ongoing court cases w.r.t. the said folio.

On perusal of the Annual Return data submitted by G.R Raovide statement dated March 23, 2016(**Annexure-SR12**), SEBI observed that in year 2008 and 2009 the folio no. 00053317 with 743 shares was in the name of Canara Bank while in Annual return for 2010 the folio has been omitted altogether. While in Transaction file for 2010 Akhil Dalal has transferred 743 shares from the said folio to folio no. - 00114526 belonging to Ashok Marthak (transaction no. - 0169709). (Screen Shot of Annual Return data placed at **Annexure-ARSP11**).

176. SEBI observed from back office software module of the Noticee that there was transfer (Transaction No. 169709 & Inward No. 4875)of 743 shares of Asian Paints Limited from Folio 00053317 to folio 00114526 (in the name Ashok Vithaldas Marthak) on 27/11/2009 who dematerialized 743 shares (with same certificate No & distinctive nos.) on

19/12/2009 (Transaction no. 715299. Inward No. 13823) in demat account no. - IN30258210051512 (belonging to Ashok Vithaldas Marthak). The details of the transfer transaction are as below:

| Transaction Date | Approval Date | Transferor Folio | Transferee Folio | Certificate No | Distinctive No -From | Distinctive No -To | No shares |
|---|---|---|---|---|---|---|---|
| 09/11/2009 | 27/11/2009 | 00053317 | 00114526 | 833684 | 33736689 | 33736733 | 45 |
| 09/11/2009 | 27/11/2009 | 00053317 | 00114526 | 833684 | 46910457 | 46910756 | 300 |
| 09/11/2009 | 27/11/2009 | 00053317 | 00114526 | 833684 | 71959797 | 71960044 | 248 |
| 09/11/2009 | 27/11/2009 | 00053317 | 00114526 | 833684 | 3361413 | 3361462 | 50 |
| 09/11/2009 | 27/11/2009 | 00053317 | 00114526 | 833684 | 9338118 | 9338167 | 50 |
| 09/11/2009 | 27/11/2009 | 00053317 | 00114526 | 833684 | 6686118 | 6686167 | 50 |

The share certificate number appears to be of recent origin but there is no record in the Noticee Systems for printing of the same.

The Noticee failed to comply with the SEBI summons to provide various documents to prove the genuineness of the transaction.

177. Asian Paints in its letter dated March 28, 2016 submitted that the said transfer of 743 shares Certificate Nos. 833684 in Folio No. 00053317 to Folio no. 00114526 Ashok Vithaldas Marthak vide authenticated transfer register dated 27th November, 2009 sent to Asian Paints by the Noticee, placed before and approved by the Share Transfer Committee at its meeting held on 27th November, 2009. A copy of the Transfer Register, duly authenticated by the Authorized Signatory of the Noticee, dated 27th November, 2009 and a copy of the Share Transfer Committee meeting minutes dated 27th November, 2009 approving the transfer in the name of Ashok Vithaldas Marthak are placed at Appendix No. 25 of Asian Paints letter dated March 28, 2016 (Annexure-CRAP6). Asian Paints further, stated that there is no record with them to suggest that the certificates were forwarded by the Noticee to the Company for signature and seal.

Asian Paints also stated that these 743 shares were subsequently dematerialized vide authenticated demat register dated 23rd December, 2009 sent to the Company by the

Noticee, placed before the Share Transfer Committee at its meeting held on 23rd December, 2009. A copy of the Demat Register, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira), dated 23rd December 2009 and a copy of the Share Transfer Committee meeting minutes dated 23rd December, 2009, is placed at Appendix No. 26 of the company vide letter dated March 28, 2016 (**Annexure-CRAP6**).

178. SEBI observed that the share certificate No 833684 of Asian Paints Limited having 743 shares transferred from folio no. - 00053317 to 00114526 on 27/11/2009 is of recent series but there is no record of printing the same in the Noticee's back office software module. SEBI observed from the "back end database" obtained by investigation team that there was following Certificate re-printing transaction:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | Creation Date | No of shares |
|---|---|---|---|---|---|
| 805123 | 833684 | 46910457 | 46910756 | 17/09/2009 | 300 |
| 806583 | 833684 | 71959797 | 71960044 | 17/09/2009 | 248 |
| 15660 | 833684 | 3361413 | 3361462 | 17/09/2009 | 50 |
| 69328 | 833684 | 9338118 | 9338167 | 17/09/2009 | 50 |
| 189165 | 833684 | 6686118 | 6686167 | 17/09/2009 | 50 |

The physical share certificate print reconciliation/control register (**Annexure-OD52**) also shows that the certificate No 833684 was printed on September 18, 2009.It is alleged that the new share certificates were printed in the folio as the old certificates were not in the possession of the Noticee or Akhil and moreover the old certificates would have been in the name of actual investor viz. Canara Bank.

The company vide letter dated March 28, 2016 submitted that as per the records maintained by the Company, no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to the Company for signature and seal, was found and no other documents/information pertaining to the aforesaid transaction is available, as per the records maintained by the Company.

179. Valuation of Share Misappropriated on replacement cost basisin this matter-

| Serial No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 743 shares (7430 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Canara Bank/SHCIL misappropriated by Akhil Dalal vide back office printing entry on 17/09/2009 | Value= Rs. 1013786.35 (Price @ NSE Rs. 1,364.45) | Value= Rs. 9009989.5 (Price @ NSE Rs. 1,212.65) |

After the demat the shares were transferred by Ashok Marthak to SVS Securities Pvt Ltd. in on Mkt transaction details of which is given in **Annexure-DA3.**

180. Reply of Ashok Marthak: Various information/documents were sought from Ashok Marthak vide summons no. - MIRSD2/LS/10941dated April 12, 2016. He replied vide letter dated April 19, 2016. He stated that he does not know or have any dealings or relationship with Indira, Govind Raj Rao, and Prashant Karkera. However, he knows Akhil Dalal and he has bought 743 shares of Asian Paints Limited on single share certificate from him on November 01, 2009. The payment from his Bank of India saving bank account number 004710100014820 (Walkeshwar Branch) was made as below:

| Sr. No. | Cheque no. | Date | Amount in Rs. |
|---|---|---|---|
| 1 | 379 | November 16, 2009 | 310000 |
| 2 | 382 | November 19, 2009 | 50000 |
| 3 | 381 | November 24, 2009 | 300000 |
| 4 | 388 | December 02, 2009 | 75000 |
| 5 | 398 | December 10, 2009 | 194435 |
| | **Total Amount** | | **929435/-** |

He has submitted copy of passbook in support of his claim. Further he provided contract note of sell of shares though SVS Securities Pvt Ltd. He received RS. 1344789/- on sale of the shares. There is no major out flow observed immediately after receipt of sale proceeds. He has stated that he has bought the shares in physical and got the same demat before sale. He stated that he does not have the copy of Transfer deed or share certificate.

181. The analysis of fund flow from the account of Ashok Marthak is as below:

| Date | Payer Name | Payer Bank & A/C Number | Payee Name | Payee Bank & A/C Number | Instrument Number | Amount | Remark |
|---|---|---|---|---|---|---|---|
| 16/11/2009 | Ashok Marthak | | Akhil Dalal | Bank of India 000110100014359 | 379 | 310,000.00 | As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 29) |
| 19/11/2009 | Ashok Marthak | Bank of India 8610110001199 | Akhil Dalal | Bank of India 000110100014359 | 382 | 50,000.00 | |
| 20/11/2009 | Akhil Dalal | Bank of India 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383068 | 300,000.00 | (Annexure-BRBCBL; Page No. - 164) |
| 25/11/2009 | Nagesh K | Bharat Co-op Bank 001810100146954 | Indira | Bharat Co-op Bank 001810100014802 | 351862 | 300,000.00 | (Annexure-BRBCBL; Page No. - 218) |
| | | | | | | | |
| 24/11/2009 | Ashok Marthak | | Akhil Dalal | Bank of India 000110100014359 | 381 | 300,000.00 | As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 29) |
| 26/11/2009 | Akhil Dalal | Bank of India 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383071 | 250,000.00 | (Annexure-BRBCBL; Page No. - 164) |
| 30/11/2009 | Nagesh K | Bharat Co-op Bank 001810100146954 | Indira | Bharat Co-op Bank 001810100014802 | 351863 | 250,000.00 | (Annexure-BRBCBL; Page No. - 218) |
| | | | | | | | |
| 02/12/2009 | Ashok Marthak | Bank of India 8610110001199 | Akhil Dalal | Bank of India 000110100014359 | 388 | 75,000.00 | As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 29) |
| 10/12/2009 | Ashok Marthak | | Akhil Dalal | Bank of India 000110100014359 | 398 | 194,435.00 | As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 29) |
| 11/12/2009 | Akhil Dalal | Bank of India | Nagesh K | Bharat Co-op Bank | 383074 | 259,955.00 | (Annexure-BRBCBL; Page No. - 164) |

| Date | Payer Name | Payer Bank & A/C Number | Payee Name | Payee Bank & A/C Number | Instrument Number | Amount | Remark |
|---|---|---|---|---|---|---|---|
| | | 0001101000 14359 | | 001810100 146954 | | | |
| 12/12/2009 | Nages h K | Bharat Co-op Bank 0018101001 46954 | Indira | Bharat Co-op Bank 001810100 014802 | 351866 | 200,000.00 | (Annexure-BRBCBL; Page No. - 218) |
| | | | | | | | |

SEBI observed from the fund flow that the consideration of sale of the shares were ultimately shared between Akhil Dalal and Indira or entities controlled by her. Apparently Ashok Marthak has bought shares against consideration from his acquaintance Akhil Dalal who has illegally siphoned off the said shares in a conspiracy with Indira. However, based on the available evidence, it is difficult to prove connivance of Ashok Marthak with Akhil and Sharepro team. However, Akhil Dalal is apparently in conspiracy with Sharepro otherwise it's not possible to obtain shares of Canara Bank without following any due process of law. The same is also supported from sharing of illegal gains by Akhil Dalal with Indira related entities.

182. It was further noted from the system records of Noticee that in the Folio 00053317 there is Rematerialization of another 743 shares of Asian Paints Limited on 18/08/2011 by way of "rectification entry"(Transaction No. 800088 &Inward No. 830390). The folio currently holds 7430 shares (after 1:10 split in 2013)

| Transaction Date | Approval Date | Transferor Folio | Transferee Folio | Certificate No | Distinctive No - From | Distinctive No – To | No shares |
|---|---|---|---|---|---|---|---|
| 18/08/2011 | 18/08/2011 | NSDLA101 | 00053317 | 750444 | 42484830 | 42485539 | 710 |
| 18/08/2011 | 18/08/2011 | NSDLA101 | 00053317 | 412791 | 25970816 | 25970825 | 10 |
| 18/08/2011 | 18/08/2011 | NSDLA101 | 00053317 | 412792 | 25970826 | 25970828 | 3 |
| 18/08/2011 | 18/08/2011 | NSDLA101 | 00053317 | 412793 | 25970829 | 25970848 | 20 |

Asian Paints vide letter dated March 28, 2016 submitted that no Shareholder request was received by the Company for Rematerialization and since, the said folio no. 00053317 is under dispute (in case no. 2168 of 1991 with the Bombay City Civil Court in the matter of

Bhogilal Parmar v/s Asian Paints Ltd.) no transactions like transfer, etc. were permitted from the same by it unless directed by the Court or any other competent authority. Further, no internal record/forms suggesting a shareholder request for rematerialization of shares is available, as per the records maintained by the Company. Asian Paints also stated that no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by Asian Paints to the Company for signature and seal, was found.

No corresponding debit in the demat account nosIN302902-43980488, IN302236-10723414, IN300214-14173798, IN301604-10558026, IN300020-10345125, IN301774-10555266, IN300100-11689070, IN300100-11714915, IN300360-21689070, IN300360-21714915 of Akhil Dalal was noted w.r.t. Remat of 743 shares. Further, the distinctive numbers of the shares rematerialized are different from the 743 shares transferred to Ashok Marthak. Thus it is alleged that shares belonging to some other investors has been illegally rematerialized in the folio to avoid detection by any inspection/audit/investigation and the electronic records are falsified. The rematerialization has been apparently done to restore the same number of 743 shares which has been siphoned & dematerialized almost two years back. It is also alleged that the Noticee failed to reply to SEBI summons in this regard.

2. Valuation of Share Misappropriated on replacement cost basis in this matter

| Serial No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 743 shares (7430 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by Akhil Dalal and Sharepro management vide back | Value= Rs 2390045.25 (Price @ NSE Rs 3,216.75) | Value= Rs 9009989.5 (Price @ NSE Rs 1,212.65) |

| | | | |
|---|---|---|---|
| | office remat entry on 18/08/2011 | | |

**Fraudulent transactions in the matter of SHCIL(Folio Number- 00060509)**

183. SEBI also observed from back office software module of the Noticee that, the Folio name of the Folio 00060509 (Screen Shot placed at Annexure-SP15) for dividend records of issue date till 18/6/2009 (first on various no. of shares of Asian Paints Limited and this one for 480 shares) showing in the name of SHCIL. Folio Name for dividend records of issue date 30/10/2009 on 480 shares are showing in name of Akhil K Dalal. Folio name has again changed for later dividends in name of SHCIL on 960 shares (1:10 split in 2013). Currently the folio is shown with 960 shares which were split from balance 96 shares. Therefore, it is alleged that the folio name has been transferred from the name of SHCIL to Akhil Dalal between 18/06/2009 to 30/10/2009 then folio was changed from the name of Akhil Dalal to SHCIL after 30/10/2009. SEBI observed that the reason and exact date when folio name changed from SHCIL to Akhil Dalal again back to SHCIL not recorded in the back office system.It is alleged that the Noticee has failed to provide any documents or explanation for the same.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao(**Annexure-SR12**) that the name of the folio no. - 00060509 was changed from Akhil K Dalal to Stock Holding Corporation of India Limited on 08/08/2011 by User "administrator" login Terminal id "CPRABHU". However, there are no log records for other changes (viz. SHCIL to Akhil Dalal) in the folio as visible in the front end software module of the Noticee. In this regard G.R Rao who explained that changes in folio master may not get included in system log in case of

(i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is failure to enable it. SEBI also observed that all changes in folio master log are absent for Asian Paints Limited for the period August 01, 2007 to October 31, 2011 for which G.R Rao explained that it could have been for aforesaid reasons. In this regard it is alleged that there is no change in Log Table and further 2007 to 2011 is too long a period in which nobody noticed that no "System log" is generated/maintained for vital changes in electronic data of ownership of shares. Thus It is alleged that not only the Folio names has been changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail.

From the "Signature" record of the folio no. - 00060509 taken out from the system of "Signature Verification Department" (**Annexure-SR11**) SEBI observed that the signature attached to the folio is still that of "Authorized signatory of SHCIL". SEBI alleged that if Akhil would have genuinely acquired the shares in the said folio, a new folio would have been allotted to him and his signature would have been attached with it which is not the case.

184. Asian Paints vide its letter dated March 28, 2016 (Annexure-CRAP6) submitted that the said share transfer in Folio No. 00060509 Stock Holding Corporation of India to Akhil Dalal and then again to Stock Holding Corporation of India, was not sent to the Company for approval in its 'Share Transfer Committee' meeting and no approval for the same has been granted by the Company. Further, Asian Paints also stated that the said folio no. 00060509 was connected with the dispute case vide Suit No. 376/94 in the Patna Court in the matter of Chandravati Devi Singh V/s Asian Paints Ltd. (details of documents submitted vide letter dated August 19, 2016 is placed at Appendix 1 & 2 of the said reply; Annexure -CRAP7), and no transactions like transfer, etc. were permitted from the said folio by Asian Paints unless directed by the Court or any other competent authority. Asian Paints submitted emails dated May 10, 2007, November 27, 2007 and November 29,

2007 (also CC to Indira) received from the Noticee Employee-Lalit Jathan (lalitj@Shareproservices.com) whereby complete details of disputed cases (including the details of the above mentioned folio) is provided to employees of Asian Paints (copy of the emails placed as part of Annexure-CRAP7). Similarly, Asian Paints also submitted details of disputed cases provided to employees of Asian Paints vide emails of Indira dated October 16, 2010 (including details of Folio Nos. 00053317, 00060509 & 00001493), March 14, 2011 (including details of Folio Nos. 00053317, 00060509 & 00001493), January 7, 2012 (including details of Folio No. - 00001493), October 04, 2013 (including details of Folio Nos. 00053317 & 00001493), March 08, 2014 (including details of Folio Nos. 00053317 & 00001493) and October 06, 2015 (including details of Folio Nos. 00053317 & 00001493) (copy of the emails placed As part of Annexure-CRAP7).

Thus, it is alleged that the Noticee facilitated the misappropriation of the shares from folio no. -00060509 of SHCIL through back end modification (which now being illegal controlled by management linked entity viz. Akhil) without informing the company to avoid any possibility of scrutiny in order to enrich Indira and Akhil. It was also observed from the documents (mostly emails) submitted by the company that the Noticee and its employees including Indira had the full knowledge of ongoing court cases w.r.t. the said folio.

185. Further, in the records of Folio No 00060509 there is Certificate re-printing for 480 shares of Asian Paints Limited as "merge" entry (viz. consolidation of old certificate into new ones)(Inward No.: 1450441; Merge split no.: 951) on 07/12/2009. Details of the transactions are as below:

| Original Certificate No | New Certificate No | Dist Nos From | Dist Nos To | Creation Date | No of Shares |
|---|---|---|---|---|---|
| 178738 | 833818 | 12192073 | 12192122 | 07/12/2009 | 50 |
| 568501 | 833819 | 36026675 | 36026724 | 07/12/2009 | 50 |
| 568502 | 833820 | 36026725 | 36026774 | 07/12/2009 | 50 |
| 568503 | 833821 | 36026775 | 36026824 | 07/12/2009 | 50 |
| 765010 | 833822 | 47413610 | 47413729 | 07/12/2009 | 120 |
| 816814 | 833823 | 72487340 | 72487499 | 07/12/2009 | 160 |

The physical share certificate print reconciliation/control register (**Annexure-OD52**) shows that the certificate No 833818 to 833823 was printed on December 08, 2009.

186. In this regard Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) submitted that the 480 shares on different certificates in Folio No. 00060509 were renewed (i.e. reprinted) into six new share certificates (Certificate no. 833818 - 833823) vide renewal register dated 8th December, 2009 sent to Asian Paints by the Noticee, placed before the Share Transfer Committee at its meeting held on 11th December, 2009. A copy of the Renewal Register, duly authenticated by the Authorized Signatory of the Noticee, dated 8th December, 2009 and copy of the Share Transfer Committee meeting minutes dated 11th December, 2009 approving the renewal of share certificates in the name of Akhil K Dalal are placed at Appendix No. 27 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). Asian Paints stated that no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to the Company for signature and seal, was found.

187. SEBI observed that Share Certificates Nos. 833818 to 833823 of shares of Asian Paints Limited re-printed on 07/12/2009 for the Folio No. 00060509 were transferred to Folio No. -00114694 (Darshana B Zaveri) on 16/04/2010 (Transaction no.: 169825; inward no.: 5090) and dematerialized in demat account no. - 12031700-00007507 through the folio no. -00114694 on 10/05/2010 (Transaction no.: 603208; inward no.: 5364186).

Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) submitted that no transactions like transfer, etc. were permitted from the said Folio No. 00060509 of Stock Holding Corporation of India by the Company unless directed by the Court or any other competent authority as the said folio no. 00060509 is under dispute vide Suit No. 376/94 in the Patna Court in the matter of Chandravati Devi Singh V/s Asian Paints Ltd. Asian Paints further stated that the transfer from Folio No. 00060509 (Akhil K Dalal) to Folio No. 00114694 (Darshana B. Zaveri) vide authenticated transfer register dated 16th April, 2010 sent to Asian Paints by the Noticee, placed before and approved by the Share Transfer

Committee at its meeting held on 16th April, 2010. A copy of the Transfer Register, duly authenticated by the Authorized Signatory of the Noticee , dated 16th April, 2010 and a copy of the Share Transfer Committee meeting minutes dated 16th April, 2010 approving the transfer in the name of Darshana B Zaveri are placed at Appendix No. 28 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). SEBI observed that Asian Paints has themselves stated that the folio is under dispute but they have themselves approved transfers from the folio as routine manner as per the recommendation by the Noticee. It is alleged that such approval of any recommendation received from the Noticee without carrying out some basic due diligence also amounts to negligence on part of Asian Paints.

SEBI observed from the Annual Return data submitted by G.R Raovide statement dated March 23, 2016 (Annexure-SR12),that in 2008 and 2009 the folio no. 00060509 with 480 shares was in the name of Stock Holding Corporation of India while in Annual return for 2010 the folio has been omitted altogether. However in Transaction File of 2010, 480 shares were reported to have been sold by Akhil Dalal from folio no. - 00060509 to folio no. - 00114694 of Darshana Zaveri under transaction no. - 0169825. (Screen Shot placed at **Annexure-ARSP12**). Thus it is alleged that there are irregularities and siphoning of shares by one entity from the folio belonging to another entity.

Therefore, It is alleged that the internal checks and balances and control system of the Noticee was compromised to transfer and then demat the shares belonging to one shareholder by another entity.

188. Valuation of Share Misappropriated on replacement cost basisin this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 480 shares (4800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to SHCIL misappropriated by Akhil Dalal vide back office printing entry on 07/12/2009 | Value= Rs. 802104 (Price @ NSE Rs. 1,671.05) | Value= Rs. 5820720 (Price @ NSE Rs. 1,212.65) |

189. After dematerialization 480 shares were transferred by Darshana from Demat account no. - 1203170000007507 to J L Shah Sec Pvt Ltd. for sale in market.

190. Reply of Darshana Zaveri: Darshana Zaveri in reply to SEBI summons by her letter dated April 22, 2016. She stated that She has acquired the 480 shares of Asian Paints from Akhil Dalal against payment of Rs. 672000/- (cheque no. - 913960 for Rs. 500000/- and cheque no. - 913961 for Rs. 172000/- issued from State bank of Mysore, Bank Account No. - 54025449898) in April 2010. She stated that the shares were in the name of Akhil Dalal who is well known to them and they had bought the shares at discount as per market practice. They have not kept copy of Transfer deed, shares certificate etc. Further, after demat of the shares, she has sold the shares in market through JL Shah and received payment of Rs. 1125682/ on June 09, 2010.

191. Analysis of fund flow from the bank account of Darshana Jhaveri is given below:

| Date | Payer Name | Payer Bank &A/C Number | Payee Name | Payee Bank & A/C Number | Instrument Number | Amount | Remark |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 10/04/2010 | Darshana Jhaveri | | Akhil Dalal | Bank of India 000110100014359 | 913960 | 500,000.00 | As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 31) |
| 15/04/2010 | Darshana Jhaveri | | Akhil Dalal | Bank of India 000110100014359 | 913961 | 172,000.00 | |
| 17/04/2010 | Akhil Dalal | Bank of India 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383104 | 140,000.00 | Consolidated Credit for the two transactions. Annexure-BRBCBL; Page No. - 164 |
| 17/04/2010 | Akhil Dalal | Bank of India 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383095 | 120,000.00 | |
| 26/04/2010 | Akhil Dalal | Bank of India 000110100014359 | Nagesh K | Bharat Co-op Bank 001810100146954 | 383111 | 200,000.00 | As per Bank of India email dated Nov 02, 2016 (Annexure-BRBKOI; Page No. - 375) |
| 22/04/2010 | Nagesh K | Bharat Co-op Bank 001810100146954 | | | 351879 | 200,000.00 | Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page No. - 164) |

| Date | Payer Name | Payer Bank &A/C Number | Payee Name | Payee Bank & A/C Number | Instrument Number | Amount | Remark |
|---|---|---|---|---|---|---|---|
| 27/04/2010 | Nagesh K | Bharat Co-op Bank 001810100146954 | Indira | | 351882 | 40,000.00 | Withdrawn in cash by Indira as per Bharat Co-op Bank email dated Oct 19, 2016 (Annexure-BRBCBL; Page No. - 291-294) |
| 04/05/2010 | Nagesh K | Bharat Co-op Bank 001810100146954 | Indira | Bharat Co-op Bank 00181010001 4802 | 351880 | 250,000.00 | As seen from account statements of Indira (Annexure-BRBCBL; Page No. - 217) |

SEBI observed from the fund flow that the sale proceeds of the siphoned off shares is being transferred by Akhil Dalal to entities related to Indira and ultimately to Indira herself. Apparently Darshana has bought the shares against consideration from Akhil who after illegally siphoning off the shares with the help of officials of the Noticee (viz. Indira), has sold the same to his known entities.

192. On 06/08/2011 by entry of "rectification" (Transaction No. 800080; Inward No. 800837) 50 shares of Asian Paints Limited were rematerialized in folio 00060509 (with Certificate No. 219412; Dist No. 16278809 to 16278858).

Asian Paints vide letter dated March 28, 2016(Annexure CRAP6) submitted that no communication from the Noticee informing the Company about the said rematerialization of 50 shares on certificate number 219412 is available in their record and remat request was not sent to the Company for approval in its 'Share Transfer Committee' meeting. Further, the said new printed certificate no. 219412 was not sent to the Company for signature.

SEBI also observed that there was no corresponding debit in the demat accounts (as mentioned earlier) of Akhil Dalal w.r.t. remat of 50 shares. However, from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), SEBI observed that in 2012 the folio no. 00060509 rematerialsied 50 shares and during the same year 50 shares were dematerialized from folio no. - 0001493 of UTI vide

transaction no. - 800077 on the same date (Screen Print in **Annexure–ARSP5**). In view of the foregoing it is alleged that there is not only falsification of electronic records but the shares of different entities are being misappropriated by officials of the Noticee.

193. SEBI observed that on 17/08/2011 by entry of "rectification" (Transaction No. 800087; Inward No. 830389) 430 shares of Asian Paints Limited transferred from folio 0001493 to folio 00060509. Details of the 430 shares received are as below:

| Certificate No. | Dist No. from | Dist No. to | No. of Shares |
|---|---|---|---|
| 27163 | 4012485 | 4012534 | 50 |
| 27164 | 4012535 | 4012584 | 50 |
| 83184 | 7315901 | 73155915 | 15 |
| 101300 | 7832796 | 7832810 | 15 |
| 112473 | 8275481 | 8275530 | 50 |
| 171178 | 11970296 | 11970315 | 20 |
| 299326 | 19869453 | 19869502 | 50 |
| 299327 | 19869503 | 19869552 | 50 |
| 585110 | 36745013 | 36745062 | 50 |
| 831056 | 69736448 | 69736527 | 80 |

Asian Paints vide letter dated March 28, 2016 submitted that the said transfer of 430 shares from Folio No. 00001493 to Folio No. 00060509, was not sent to it for approval in its 'Share Transfer Committee' meeting and there is no documentation in place that reflects the reason for the transfer. Asian Paints also submitted that any entries made by the Noticee by way of 'Rectification Entry' were not intimated to it. SEBI observed form the reply of Asian Paints that both the above folios were under dispute and transactions in them were not allowed. Further, officials of the Noticee were well aware of the above facts of dispute. However, the above transaction was reported in the transaction file of Annual Returns for the year 2012 as per the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016(Annexure-SR12)

Thus, it is alleged that 480 shares were siphoned off (transferred by Akhil to Darshana) from the folio no. - 00060509 and the same (50 by remat+430 by rectification) were

restored in the folio 00060509 illegally from folio no 00001493 to avoid detection in any inspection or scrutiny etc.

194. Valuation of Share Misappropriated on replacement cost basisin this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 50 shares (500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor (possibly UTI)misappropriated by Akhil Dalal andthe Noticee management vide back office rectification entry on 06/08/2011 for remat | Value= Rs. 1,52,945 (Price @ NSE Rs. 3,058.90 on 05/08/2011) | Value= Rs.6,06,325(Price @ NSE Rs. 1,212.65) |
| 2 | 430 shares (4300 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by Akhil Dalal andthe Noticee management vide back office rectification entry on 17/08/2011 | Value= Rs. 1395135 (Price @ NSE Rs. 3,244.50) | Value= Rs. 5214395(Price @ NSE Rs. 1,212.65) |

195. SEBI observed that on 10/11/2011 by "rectification" entry (Transaction No. 800095; Receipt No. 800880; Inward No. 800391) 50 shares of Asian Paints Limited (Dist No. 12192073 to 12192122; Certificate No. 833818) rematerialized in folio 00060509.

Asian Paints vide letter dated March 28, 2016 submitted that the Noticee neither informed it about the said rematerialization of 50 shares on certificate number 833818 nor Remat request was sent to it for approval in its 'Share Transfer Committee' meeting. Further the Company has no information about issuance of new printed share certificate for the said transaction.

No corresponding debit in the said demat accounts of Akhil Dalal was observed w.r.t. Remat of 50 shares. However, from the Annual Return data of the Noticee submitted by G.R.Rao, M.D.vide statement dated March 23, 2016 (Annexure-SR12), it was observed that in the year 2012 the 50 shares were dematerialized by folio no. - 00060509 via transaction no. 800095 on the date 10/11/2011 (Screen Print in **Annexure-SP12**). However, there is no entry observed for earlier demat i.e. demat by Darshana on

10/05/2010. It was also observed that certificate no 833818 (distinctive nos. 12192073 to 12192122) were earlier transferred to Darshana Jhaveri on 16/04/2010 which she dematerialized on 10/05/2010. The same share certificate which is dematerialized cannot be again rematerialized as the certificate is cancelled and defaced. Thus it is alleged that there is massive falsification of records by the Noticee.

196. Valuation of Share Misappropriated on replacement cost basisin this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 50 shares (500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by Akhil Dalal andthe Noticee management vide back office rectification entry on 10/11/2011 for remat | Value= Rs. 155825 (Price @ NSE Rs. 3,116.50on 09/11/2011) | Value= Rs. 606325(Price @ NSE Rs. 1,212.65) |

197. SEBI also observed that on 25/11/2011 there is records of transfer of 50 shares of Asian Paints Limited (Dist No. 12192073 to 12192122) from folio no.-00060509 to folio 00115363 (Harsh Pradip Jhaveri). However, the share Certificate No. transferred was 178738 therefore, it is alleged that there is transaction of reprinting of certificate which is not recorded in the system. It was also observed that certificate no. 178738 (Dist No. 12192073 to 12192122) was already renewed (i.e. reprinted) as certificate no. 833818 on 07/12/2009 and later the same was transferred to Darshana Jhaveri. It may be noted that on renewal the old certificates are cancelled, hence, the same certificate cannot be transferred to another entity. Thus, it is alleged that there is massive falsification of electronic and physical records at the Noticee which has failed to co-operate with investigation and did not submit a single document w.r.t. the above mentioned transactions. However, it is noted that Harsh Jhaveri has lodged for transfer 50 shares on certificate no 178738 in 2011 and his claim was found to be genuine and 50 shares on the said certificate were transferred to him.Therefore, it is also alleged that the above transfer entry is raised in the electronic system of the Noticee even though certificate no

178738 was reprinted and transferred by Akhil Dalal to Darshana. It is also alleged that the Noticee reprinted the certificate 178738 on 07/12/2009 as another certificate for transferring the same to Darshana because this certificate was never with the Noticee /Akhil Dalal (it was with actual investor Harsh Jhaveri)

Asian Paints submitted that it has no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to it for signature and seal. Further, Asian Paints also submitted that it has no records of issuance of share certificate for the said transaction.

198. SEBI observed that on 25/11/2011 above 50 shares of Asian Paints Limited (Certificate No. 178738, Dist No. 12192073 to 12192122) were transferred (Transaction No. 170232; Receipt No. 4594; Inward No. 5856) from folio no. - 00060509 to folio 00115363. The said 50 shares on Certificate no 178738 dematerialized by folio 00115363 (Harsh Pradip Javeri) on 08/12/2011 (Transaction no.: 603933; inward no.: 5974686) in demat account 1203290000000371.

Asian Paints vide letter dated March 28, 2016 submitted that the said transfer of 50 shares from Folio No. 00060509 of Stock Holding Corporation to Folio No. 00115363 of Harsh Pradip Javeri, was sent to it for approval vide authenticated transfer register dated 25thNovember, 2011 by the Noticee, placed before and approved by the Share Transfer Committee at its meeting held on 25th November, 2011. A copy of the Transfer Register, duly authenticated by the Authorized Signatory of the Noticee (**viz. Indira**), dated 25thNovember, 2011 and a copy of the Share Transfer Committee meeting minutes dated 25thNovember, 2011 approving the transfer in the name of Harsh Pradip Jhaveri are placed at Appendix No. 29 of the company vide letter dated March 28, 2016 (Annexure-CRAP6).

After demat the shares were transferred to Pradip Rasiklal Javeri (Demat account No. - 1203290000000143) on 09/12/2011.On 31/10/2012, there was transfer of 334 shares of

Asian Paints Limited from folio no. -00060509 to folio no. -00115745 (Harsh P Zaveri). The details of 334 shares transferred are as below:

| Certificate No. | Dist No. from | Dist No. to | No. of Shares |
|---|---|---|---|
| 835294 | 4012485 | 4012534 | 50 |
| | 4012535 | 4012584 | 50 |
| | 7315901 | 73155915 | 15 |
| | 8275481 | 8275530 | 50 |
| | 11970296 | 11970315 | 20 |
| | 19869453 | 19869502 | 50 |
| | 19869503 | 19869551 | 49 |
| | 16278809 | 16278858 | 50 |

It is alleged that the above 334 shares transferred comprises 284 shares out of 430 shares transferred from folio 0001493 to folio 00060509 on 17/08/2011 and 50 shares (Certificate No. 219412; Dist No. 16278809 to 16278858) rematerialized in folio 00060509 on 06/08/2011 by entry of rectification. However, the certificate no. transferred is 835294. It is alleged that new certificate printed between 17/08/2011 to 31/10/2012 but there no record of the same in back office software module of the Noticee. SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD53**) that the certificate No. 835294 was printed on November 01, 2012. Thus it is alleged that these certificates were also re-printed as the same were not with the Noticee and are being illegally siphon off by the Noticee from folio no. 0001493 to settle the genuine claim of Harsh Jhaveri.

Asian Paints vide letter dated March 28. 2016 submitted that no document ascertaining receipt of any communication from the Noticee, w.r.t. forwarding of Share Certificates by the Noticee to the Company for signature and seal, was found.

199. Valuation of Share Misappropriated on replacement cost basisin this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 1 | 334 shares (3340 Post 1: 10 split on 30/07/2013) of Asian Paints Limitedbelonging to UTI misappropriated by Akhil Dalal vide back office transfer entry on 31/10/2012 | Value= Rs. 1292980.8 (Price @ NSE Rs. 3,871.20) | Value= Rs. 4050251(Price @ NSE Rs. 1,212.65) |

200. SEBI observed that on 31/10/2012 there was transfer (Transaction No. 170453; Receipt No. 4900; Inward No. 6273) of 334 shares of Asian Paints Limited from folio no.-00060509 to folio no. -00115745. The 334 shares on Certificate no 835294 dematerialized by folio 00115745 (Harsh P. Zaveri) on 21/11/2012 (Transaction no.: 604203; inward no.: 6192043) in the demat account no. - 1203290000000371.The details of 334 shares transferred and dematerialized are as below:

| Certificate No. | Dist No. from | Dist No. to | No. of Shares |
|---|---|---|---|
| 835294 | 4012485 | 4012534 | 50 |
| | 4012535 | 4012584 | 50 |
| | 7315901 | 73155915 | 15 |
| | 8275481 | 8275530 | 50 |
| | 11970296 | 11970315 | 20 |
| | 19869453 | 19869502 | 50 |
| | 19869503 | 19869551 | 49 |
| | 16278809 | 16278858 | 50 |

Asian Paints vide letter dated March 28, 2016(Annexure-CRAP6) submitted that transfer from Folio No. 00060509 of Stock Holding Corporation to Folio No. 00115745 of Harsh P Jhaveri vide authenticated transfer register dated 31stOctober, 2012 sent to it by the Noticee, placed before and approved by the Share Transfer Committee at its meeting held on 31st October, 2012. A copy of the Transfer Register, authenticated by the Authorized Signatory of the Noticee, dated 31stOctober, 2012 and the Agenda Sheet dated 31st October, 2012 signed by the Authorized Signatories of the Company (viz. Indira) approving the transfer in the name of Harsh P Jhaveri are placed at Appendix No. 30 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). Asian paints further,submitted that the said 334 shares were dematerialized vide authenticated demat

register dated 29th November, 2012 sent to it by the Noticee, placed before the Share Transfer Committee at its meeting held on 14th December, 2012. A copy of the Demat Register, duly authenticated by the Authorized Signatory of the Noticee (viz. Indira), dated 29th November 2012 along with copy of the Agenda Sheet dated 29th November, 2012 authenticated by the Authorized Signatories of the Company and a copy of the Share Transfer Committee meeting minutes dated 14th December, 2012, is placed at Appendix No. 31 of the company vide letter dated March 28, 2016 (Annexure-CRAP6).

After demat the shares were transferred to Pradip Rasiklal Javeri (Demat account No. - 1203290000000143) on 22/11/2012.

201. **Reply of Harsh Javeri:** Harsh Javeri vide his letter dated April 22, 2016 (**Annexure-LIR9**) replied to SEBI summons. He provided copy of various documents, correspondences with the Noticee, SHCIL, Asian Paints Limited w.r.t. the ownership of the above shares of Asian Paints Limited. From the documents it was noted that he bought the 50 shares (Certificate No. 178738, Dist No. 12192073 to 12192122) in 1992 but lodged transfer deed along with original shares (Certificate No. 178738, Dist No. 12192073 to 12192122) for transfer only in 2011 (copy of TD and Share certificate placed at **Annexure-OD54**). Initially, the Noticee denied the transfer saying that duplicate shares has been issued against the shares hence the original certificate (i.e. certificate no. - 178738) is not valid (letter dated 16/05/2011: **Annexure–OD55**). Further, the Noticee also issued letters dated July 06, 2011 & September 30, 2011 (signed by Indira; copy placed at **Annexure-OD56**) whereby claim of Harsh Jhaveri rejected stating that the folio is under dispute and high court has passed prohibitory injunction order (**Annexure-OD57**) restraining the company from transferring the shares pending final hearing in the matter. When Harsh Jhaveri started sending notices through his advocate, then the Noticee agreed to transfer the shares and transferred the shares to him and send him duly transferred 50 shares vide letter dated December 01, 2011 (**Annexure-OD58**). He also demanded 334 bonus shares accrued on the original 50 shares.the Noticee then vide

letter dated 17/11/2011 (**Annexure-OD59**) stated that 334 bonus shares on the original shares and the dividends during the intervening period amounting to Rs. 63168/- was issued to SHCIL and he is required to get the same from them. When Harsh started correspondences with SHCIL and Asian Paints later the Noticee agreed vide letter dated July 17, 2012 & 27/08/2012 (**Annexure-OD60**) that the corporate benefits were retained by them and subsequently issued the above mentioned 334 shares and dividend amount to Harsh Javeri. Most of the above correspondences were being issued by Indira herself.

202. Hence it is clear that the shares belonging to Harsh Jhaveri were siphoned off by Indira/Akhil Dalal (50 shares on certificate no 178738 was reprinted as certificate no 833818 and transferred/sold to Darshana while the sale proceeds were shares by Indira & Akhil). Later the genuine entitlement of Harsh Jhaveri viz. (50 original shares and 334 bonus shares on the same) were restored to him by further fraudulent transactions i.e. rematerialization (source of which is unknown) of 50 shares and transfer of shares from another folio (viz. 0001493 belonging to UTI which is illegally used by the Noticee and related entities).Further, there is repeated reprint of various share certificates without mandatory backup documents to perpetrate fraud. Thus it is alleged that these rematerialization of 50 shares and transfer of 430 shares on 17/08/2011 by entry of rectification (Transaction No. 800087; Inward No. 830389) from folio 0001493 to folio 00060509 and re-printing of the certificate was carried out to hide the fraud. Moreover, it is also alleged that the Noticee has neither recorded all transactions in their system nor replied to the summons.

Further SEBI observed that from the copy of the Transferred Register (transfer of 50 shares from folio 00060509 to folio 00115363) dated November 25, 2011, Transfer Register (transfer of 334 shares from folio 00060509 to folio 00115363) dated October 31, 2012 and Demat Register (for demat by Harsh Jhaveri) dated November 29, 2012 submitted by the company that the same was signed by Indira (Appendix No. - 29, 30 & 31 to the company reply dated March 28, 2016; **Annexure-CRAP6**) which coroborates

that Indira herself was processing the said fraudulent transactions. It is alleged that all the rectification transactions and re-printing of share certificates were not informed to the company so as to hide the fraud being done at the end of the Noticee. As already explained in forgoing paragraphs Indira was aware of freeze in disputed folios and she was also aware of the claim of Harsh Jhaveri, still she went ahead with fraudulent transfers to Akhil Dalal from the said folios. It is alleged that in spite of the Noticee being aware of the claim of Harsh, he was made to run from pillar to post and given his due only after years of correspondence. As share transfer agent, it is the Noticee's duty to adequately redress the grievances of investors promptly. The manner in which Harsh Jhaveri was harassed and his due was given after considerable delay indicates that the Noticee has failed in its duty towards investors.

203. **Reply of Akhil Dalal:** Various information/documents/explanations were sought from Akhil Dalal w.r.t. the above transactions vide summons MIRSD2/LS/10941dated April 12, 2016 and Summon no MIRSD2/DB/LS/SSIL/13528 dated May 09, 2016. Neepa Dalal daughter of Akhil Dalal vide unsigned letter April 23, 2016, May 31, 2016 and June 21, 2016 stated that her father is suffering from multiple illness hence, he is not able to reply to the queries of investigation. She has submitted certain bank account statements, demat statements and ledger statements with the broker but failed to submit parawise details of the transactions in physical shares and such other details. In view of the same it is alleged that Akhil Dalal has failed to comply with the summons.(Copy of Summons and the reply of Neepa Dalal is placed at **Annexure-SAD1 &SAD2**)

204. Therefore, in the matter of transfer of shares to and through Akhil Dalal (folios 00053317 and 00060509), It is alleged that there is massive falsification of electronic records, allocation of same folio to another investor through back end entries in violation of the Noticee 's policy as well as secretarial standards, indiscriminate transfer of shares through rectification entries, remat of the same shares which has been dematerialized earlier, printing of share certificates without authorizations etc. Hence, it is alleged that

the internal checks and balances and control system of the Noticee (across various departments) was compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity that too out of folios (00053317 and 00060509) which are under dispute. It is also alleged that if, Mr. Akhil would have got the shares in the folio through genuine transfers there would not have been any need of printing of share certificates as old certificates would have come in his possession, a new folio would have been allotted to him and his signature would have been attached with it. Further, the system logs w.r.t. the said folios were apparently tampered to hide the audit trail of the transactions. Moreover, the beneficiary entity (viz. Akhil Dalal) of the fraudulent transactions is linked with the Noticee management viz. Indira while she herself was processing the transactions which is evident from Demat Register (w.r.t. 743 shares demat by Ashok Marthak) dated December 23, 2009 forwarded to the company by her. It is alleged that Akhil Dalal along with help from the Noticee official (viz. Indira) illegally siphoned off the shares belonging to genuine investors The said shares were later sold by Akhil to his known entities and the proceeds were retained in part and rest transferred to Indira related entities. The ultimate beneficiary of the fraud is Indira as the sale proceeds of the siphoned of shares was seen to be moving to entities related to her and her own accounts.Thus it is alleged that Akhil and Indira are the not only the conspirator of the fraud but also the beneficiaries, while Nagesh has participated in the fraud by acting as conduit. It is alleged that there was failure of systems/checks/balances across various departments and support from higher management of the Noticee. While the company Asian Paints has also failed to carry out due diligence while approving various transactions processed & recommended by the Noticee.

**Non Compliance with Summons**

205. G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Asian Paints Limited:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Rao is not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Rao sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

However, the Noticee & G.R Rao (MD of Noticee) failed to cooperate with the investigation

206. A summary of violations and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | Noticee | Committed fraud, False and misleading statements to IA, Falsification and destruction of records, not following due procedures, fraudulent and unauthorized transfers, Non compliance with summons, failure to redress investor grievance, Failure to do due diligence | Section 11C (2) and 11C (3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1), (2), (3),(5), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI (RegistraRs. to an Issue and Share Transfer Agents) Regulations, 1993{"RTA" Regulations"}, Regulation 9 (A) (e) (f) and Regulation 6(g) of RTA Regulations , Regulation and Regulation 14 (3) (b)& (c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001) dated May 09, 2001 |

**C. Company Name: Kansai Nerolac Paints Ltd. (the Noticee Back Office Code-GNGN)**

It is alleged that the company Kansai Nerolac Paints Ltd.(herein after refrred to as 'Nerolac') vide its reply dated May 06, 2016(**Annexure-CRKN1**)to SEBI summons dated March 10, 2016**(Annexure-SKN1)** submitted that the Noticee was authorized to transfer the shares of the company from one investor to another but after doing due diligence sent a "transfer register" every for fortnight to the company for approval in "Stakeholders's Relationship Committee". The company further submitted that the Noticee was authorized by means of Board Resolution to sign new shares certificates for any Bonus & Sub-Division but not for Duplicate issue of shares, in case of which the company verifies all the documentary formalities.the Noticee was authorized to process Demat requests without making reference to the company. Further, Remat request was also processed by the Noticee and "Remat Register" is sent to the company.

The following instances of irregularities were observed w.r.t. shares of Kansai Nerolac Paints Ltd-

**Fraudulent transactions in the matter of LIC of India (Folio Number- L0000042)**

207. SEBI observed from the back office records of the Noticee that in the Folio No. - L0000042 (Screen Shot placed at **Annexure–SP16**) dividend records from 15/6/2002 to 03/07/2009 on various numbers of shares of Kansai Nerolac Paints Ltd. were showing in the name of LIC of India (herein after referred to 'LIC'). Dividend records of issue date 22/06/2010 on 100 shares were showing in the name of Nagesh K. Folio No. - L0000042 still holding 1000 shares (after split 1:10 on 26-03-2015).

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao(**Annexure-SR12**) that the name of the

folio no. - L0000042 was changed from Life Insurance Corpn. Of India to Nagesh K on 17/04/2010 by User "administrator" login Terminal id "CPRABHU".

SEBI observed from the "Signature" record of the folio no. - L0000042 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Authorized signatory of Life Insurance Corporation of India"(**Annexure-SR11**).

It is alleged that reason and date of aforesaid changes are not recorded in the back office system of the Noticee. Further, it is also alleged that the Noticee failed to comply SEBI summons to explain the transactions and provide documents to prove the genuineness of the transaction. Thus on the basis of abovementioned records and similar pattern in other fraudulent transactions, it is alleged that the folio has been illegally misappropriated by the Noticee management (i.e. Indira) related entity viz. Nagesh Karkera.

208. It was also observed that in the Folio No. - L0000042 till dividend issue date 03/07/2009 number of shares of Kansai Nerolac Paints Ltd. were 766. On 15/04/2010 there was record for sale of 666 shares (Certificate no. - 103939; Distinctive No. - 15441050 to 15441715) to Folio No. - S0002832 (Shrikant Bhalakia) vide inward no. - 884. As already explained in the matter of Asian Paints Limited that Shrikant Bhalakia was in conspiracy with Indira for fraudulently siphoning of shares belonging to genuine investors.

209. SEBI sought various information/documents w.r.t. the transactions in its shares from Nerolac vide summons dated March 10, 2016 (**Annexure-SKN1**). Nerolac vide its reply dated May 06, 2016(Annexure-CRKN1) submitted that the folio no L0000042 was allotted to LIC by the company in the year 1978 and the name was changed to Nagesh K. by the Noticee in 2010 from "System Back entry" (i.e. by change in back end database). Nerolac, further, submitted that this is an unauthorized change through back entry, the system is bypassed and one folio has been allotted to two different entities. Nerolac further stated that they have received no documents for approval in "Share transfer committee" however, LIC has confirmed to Nerolac that currently they hold no share in the said folio. Thus it is alleged that LIC has sold the shares and the actual transferee has failed to

lodge the shares for transfer or the shares are lost in transit. It is alleged that as the same the actual holder became untraceable and taking advantage of the situation the Noticee changed the entire folio in the name of Nagesh K. from back entry without following any due procedure. Nerolac further stated that they are not able to locate copy of "transfer register" for the period April 2009 to December 2010 but the same is reflected from the copy of "transfer register" submitted by the Noticee to them.

210. SEBI observed that Shrikant Bhalakia vide his reply dated May 13, 2016 (**Annexure-LIR7**) admitted that various shares (including the shares of Kansai Nerolac) were never bought by him but were just given to him by Indira for demat after print of new certificate.It is alleged that such "transfer register" by the Noticee is just fraudulent book entry. It is also allegdd that if there has been any genuine transfer from LIC to Nagesh and from Nagesh K. to Shrikant Bhalakia there would have been movement of "consideration" and "transfer register" would have been sent to Nerolac. However, in this case it is alleged that the Noticee had not sent proper documents to Nerolac and changed the name through back end entry. Further, it is also alleged that the entities involved viz. Nagesh K. and the Noticee has not cooperated with Investigation by submitting the backup documents/explanations. SEBI observed that over the sale proceeds of the said shares are seen to be transferred to Indira and related entities as explained in subsequent paragraphs.

Although, G.R Rao (MD of the Noticee) did not reply to SEBI summons w.r.t. the above transactions, he had apparently sent a letter dated February 03, 2016 (**Annexure-OD61**) to the company Kansai Nerolac in reply to their queries in the matter. G.R Rao has submitted that the shares in question were bought by Nagesh K. in 1993 and the secretarial department of the company (Share transfer agent operations were being done by company at that time) has by mistake allotted same Folio (L142) to Nagesh K. therefore when they became aware they corrected the overlapping folio. He also submitted a copy of Transfer Deed (herein after referred to as 'TD') (**Annexure-OD62**)

w.r.t. transfer of 500 shares from Priti Amritlal Shah & Rajesh Amratlal Shah to Nagesh K in support of his submissions. However, SEBI observed the following discrepancies in his submission to the company:

- Back end change dated April 17, 2016 did not solve the alleged overlapping of any folio as stated by G.R Rao but simply changed the name of the folio no. - L0000042 from LIC to Nagesh K. More over as per Rao's own reply folio allotted to Nagesh was L142 which is not same as L0000042 of LIC.
- it was noted that the said TD does not have the seal of Registrar of Companies (RoC)
- The folio of transferors. in the TD is not visible and excess ink is thrown at the same place where the folio number is written
- The search from the annual return data submitted by G.R Rao vide statement dated March 23, 2016(Annexure-SR12), revealed that in 2009 there was no folio in the name of said Priti Amritlal Shah & Rajesh Amratlal Shah. Further, there was no folio (not even L142) in name of Nagesh K. Further till 2009 the folio L0000042 was in the name of Life Insurance Corporation of India while Folio No. - L0000142 is in the name of one Lalit Gupta. However abruptly in the Annual Return data of 2010 in the holding file the folio L0000042 is reported in the name of Nagesh K with 100 shares while in the transaction file of 2010 Nagesh K (having folio no. - L0000042) has reported to have transferred 666 shares to Shrikant Bhalakia (Folio No. - S0002832) on 15/04/2010 with transaction no. - 0000035. (Screen Shot of Annual Return data is placed at **Annexure-ARSP13**)
- spelling of middle name of Priti and Rajesh are different
- signature of Nagesh K and Vivek Doshi (witness in the TD) is same
- Address line in Nagesh K and Vivek Doshi was scribbled and it was restated as "Bombay" from "Mumbai". However "Bombay" became "Mumbai" in 1995

- Register of transfer number was not recorded on the share transfer form i.e. the TD, however this is a vital information for registering shares transfer with ROC.
- Further, the company vide letter dated July 08, 2016 (**Annexure-CRKN2**) submitted the copy of relevant page of "register of member" as on February 10, 2000 (**Annexure1 of company reply dated July 08, 2016; Annexure-CRKN2**) which depict that the Folio No. - 42 was in the name of LIC of India at the time of handing over of share transfer work to the Noticee and there was no other folio as L-42. They also submitted the copy of relevant page of "register of member" as on February 10, 2000 (**Annexure2 of company reply dated July 08, 2016; Annexure-CRKN2**) which depict that the Folio No. - 142 was allotted to one Lalit Gupta. They also submitted that it is technically (i.e. in electronic records) not possible to have two folios in the same name. The company also submitted the copy of register of member from their records (**Annexure3 of company reply dated July 08, 2016; Annexure-CRKN2**) for the period March 30, 1978 to August 01, 1997 whereby there are continued transactions in the folio L-42 of LIC of India.

It is alllegd that the company had allotted the folio to Nagesh K in 1993, his name would have also been there in the annual returns filed with ROC since then but this not the case. The annual return data submitted by the Noticee itself makes it clear that the folio L0000042 was in the name of LIC till year 2009. Further in terms of Section 108 of Companies Act, the transfer deed is valid for only one year or book closure whichever is later, so the TD could not have been given effect in 2010 by back end entry. Further, no shareholder by the names of Priti Amritlal Shah & Rajesh Amratlal Shah are observed as transferors in the annual return data of 2009 and 2010, which have been submitted by the Noticee itself. Additionally it is alleged that the Distinctive Number of shares on the said TD are different from the Distinctive Number of shares misappropriated by Nagesh K. from the folio No.-L0000042 belonging to LIC. It is also alleged that if Mr. Nagesh K. got the shares through a genuine transfer the share certificates would have come in his

possession, transfer would have been given effect with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to the folio. Therefore, it is alleged that the internal checks and balances and control system of the Noticee were compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity. It is also alleged that the transfer deed ("TD") submitted by G.R Rao to the company is a forged document and G.R Rao was just lying to cover up the fraud. It is also alleged that aforesaid insctance also proves complicity of G.R Rao in wrongdoings.

211. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 100 shares (1000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to LIC misappropriated by Nagesh vide back end modification entry on 17/04/2010. | Value= Rs. 132550 (Price @ NSE Rs.1,325.50on 16/04/2010) | Value= Rs. 378450 (Price @ NSE Rs.378.45) |
| 2 | 100 Bonus shares (1000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 100 shares misappropriated by Nagesh as above. | NA | Value= Rs. 378450 (Price @ NSE Rs.378.45) |
| 3 | 666 shares (6660 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by Shrikant Bhalakia vide back office transfer entry on 15/04/2010. | Value= Rs. 885080.7 (Price @ NSE Rs.1,328.95) | Value= Rs. 2520477 (Price @ NSE Rs.378.45) |
| 4 | 666 Bonus shares (6660 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 666 shares misappropriated by Shrikant Bhalakia as above. | NA | Value= Rs. 2520477 (Price @ NSE Rs.378.45) |

**Fraudulent transactions in the matter of Stock Holding Corporation of India Limited (Folio Number- S0001970)**

212. SEBI observed from the back office records of the Noticee that in the Folio No. - S0001970 (Screen Shot placed at **Annexure-SP17**) dividend records from issue date 15/06/2002 to 03/7/2009 on various number of shares of Kansai Nerolac Paints Ltd. were showing in the name of Stock Holding Corporation of India Limited. From issue date

22/06/2010, dividend records on the 650 shares were shown in the name of Nagesh K. Folio No. - S0001970 still holding 6500 (after split in the ratio 1:10on 26-03-2015).It is alleged that the Noticee failed to comply SEBI summons to explain the transactions and provide documents to prove the genuineness of the transaction.

213. SEBI observed that in the Folio No. - S0001970 dividend records of issue date 03/07/2009 was on 1183 shares of Kansai Nerolac Paints Ltd. On 15/04/2010 there was record of sale of 533 shares (Certificate no. - 105017; Distinctive No. - 15628848 to 15629380) to S0002832 (Shrikant Bhalakia) vide inward no. - 883.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao(**Annexure-SR12**) that the name of the folio no. - S0001970 was changed from SHCIL to Nagesh K on 15/04/2010 by User "administrator" login Terminal id "CPRABHU".

SEBI observed from the "Signature" record of the folio no. - S0001970 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Authorized signatory of SHCIL (Account-LIC Mutual Fund)" (**Annexure-SR11**).

Additionally, SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016(**Annexure-SR12**) that in 2008 and 2009 the folio no S0001970 with 1183 shares was in the name of SHCIL. In the Annual return for the year 2010 the folio S0001970 is in the name of Nagesh K with 650 shares and in the transaction file, Nagesh (with folio no. - S0001970) has transferred 533 shares to Shrikant Bhalakia (Folio no. - S0002832) with transaction no. - 0000034 on April 15, 2010. While in Annual return for 2011 the folio has been omitted altogether (Screen Shot of Annual Return data placed at **Annexure-ARSP14**)

214. Kansai Nerolac vide letter dated May 06, 2016 (Annexure-CRKN1) submitted similar replies in respect of Folio no. - S0001970 as in case of Folio no L0000042. Thus, it is

alleged that the folio changed from one name to another name through back end entry without sending any transfer register to the company and subsequently transferred 533 shares from this folio to Shrikant Bhalakia. It is alleged that even in this case, the Noticee has failed to co-operate with investigation and not submitted any documents. While, Shrikant vide letter dated May 13, 2016 (Annexure-LIR7) has already admitted taking this shares for demat though it did not belong to him. On the basis of pattern in the bank account transactions makes it is alleged that Nagesh is the front entity of Indira and her family. Nagesh vide his letter dated October 1, 2016(**Annexure-LIR2**) has submitted that all transactions in his demat/bank account are carried out by Indira/Prashant Karkera. Prashant Karkera vide statement dated September 27, 2016 (**Annexure-SR1**) has also admitted using name of Nagesh as proxy for share/securities transactions.

It is alleged that had Mr. Nagesh K. got the shares through a genuine transfer the share certificates would have come in his possession, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it. Therefore the internal checks and balances and control system of the Noticee were compromised to illegally transfer and then siphon off the shares belonging to one shareholder by another entity which is related to management of the Noticee

215. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 650 shares (6500 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by Nagesh vide back end modification entry on 15/04/2010. | Value= Rs. 863817.5 (Price @ NSE Rs. 1,328.95) | Value= Rs. 2459925(Price @ NSE Rs. 378.45) |
| 2 | 650 Bonus shares (6500 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 650 shares misappropriated by Nagesh as above. | N.A. | Value= Rs. 2459925 (Price @ NSE Rs.378.45) |
| 3 | 533 shares (5330 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by Shrikant Bhalakia vide back office transfer entry on 15/04/2010. | Value= Rs. 708330.35 (Price @ NSE Rs. 1,328.95) | Value= Rs. 2017138.5(Price @ NSE Rs.378.45) |
| 4 | 533 Bonus shares (5330 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 533 shares misappropriated by Shrikant Bhalakia as above. | N.A. | Value= Rs. 2017138.5 (Price @ NSE Rs.378.45) |

216. SEBI observed that Nagesh held 100 shares in folio no. - L0000042and 650 shares in folio no. - S0001970. While there was bonus in 1:1 for record date 23-06-2010 therefore 750 shares were allotted to him. The Noticee has failed to provide details of transaction

in spite of SEBI summons issued to them. As already explained Nagesh has submitted that all transactions in his account were being done by Indira/Prashant Karkera while Prashant Karkera failed to give any details of the transactions accept admitting that the same were done under instructions of Indira. However the following demat transactions were observed in the demat accounts of Nagesh Karkera:

| Dp Id/ Client Id | First Holder Name | Date | Description | Opening Bal | Debit | Credit | Closing Bal |
|---|---|---|---|---|---|---|---|
| IN300118 11396782 | Nagesh Karkera | 8/13/2010 | By Bonus Option Cases | 0 | 0 | 750 | 750 |
| IN300118 11396782 | Nagesh Karkera | 4/15/2013 | To Nagesh Narayan Karkera IN30051320939266 | 750 | 750 | 0 | 0 |
| IN300513 20939266 | Nagesh Karkera | 4/15/2013 | By Nagesh Narayan Karkera IN30011811396782 | 0 | 0 | 750 | 750 |
| IN300513 20939266 | Nagesh Karkera | 9/29/2014 | To CM Sharekhan Limited, Normal / 2014184 | 750 | 25 | 0 | 725 |
| IN300513 20939266 | Nagesh Karkera | 9/30/2014 | To CM Sharekhan Limited, Normal / 2014185 | 725 | 25 | 0 | 700 |
| IN300513 20939266 | Nagesh Karkera | 10/07/2014 | To CM Sharekhan Limited, Normal / 2014187 | 700 | 25 | 0 | 675 |
| IN300513 20939266 | Nagesh Karkera | 10/10/2014 | To CM Sharekhan Limited, Normal / 2014190 | 675 | 15 | 0 | 660 |
| IN300513 20939266 | Nagesh Karkera | 10/17/2014 | To CM Sharekhan Limited, Normal / 2014194 | 660 | 100 | 0 | 560 |
| IN300513 20939266 | Nagesh Karkera | 10/20/2014 | To CM Sharekhan Limited, Normal /2014195 | 560 | 25 | 0 | 535 |
| IN300513 20939266 | Nagesh Karkera | 10/21/2014 | To CM Sharekhan Limited, Normal / 2014196 | 535 | 75 | 0 | 460 |
| IN300513 20939266 | Nagesh Karkera | 10/22/2014 | To CM Sharekhan Limited, Normal / 2014197 | 460 | 25 | 0 | 435 |
| IN300513 20939266 | Nagesh Karkera | 10/23/2014 | To CM Sharekhan Limited, Normal / 2014198 | 435 | 75 | 0 | 360 |
| IN300513 20939266 | Nagesh Karkera | 10/27/2014 | To CM Sharekhan Limited, Normal / 2014199 | 360 | 35 | 0 | 325 |
| IN300513 20939266 | Nagesh Karkera | 11/10/2014 | By CM Sharekhan Limited, Normal / 2014205 | 325 | 0 | 1 | 326 |
| IN300513 20939266 | Nagesh Karkera | 11/20/2014 | To CM Sharekhan Limited, Normal / 2014215 | 326 | 26 | 0 | 300 |
| IN300513 20939266 | Nagesh Karkera | 11/27/2014 | To CM Sharekhan Limited, Normal / 2014220 | 300 | 50 | 0 | 250 |
| IN300513 20939266 | Nagesh Karkera | 11/28/2014 | To CM Sharekhan Limited, Normal / 2014221 | 250 | 250 | 0 | 0 |

The details were also sought from NSDL vide email dated December 02, 2016 regarding the allotment of Bonus Shares to Nagesh in demat form while he was not holding any demat shares. In their reply vide email dated December 08, 2016 (**Annexure-OD63**) NSDL submitted that the company KNPL/its R&T Agent had executed credit corporate actions for bonus option cases on August 13, 2010. From the documents forwarded by NSDL, SEBI observed that it has allotted 750 bonus shares (along with 2 other matters for total shares 3166) to Nagesh pursuant to the Noticee letter dated August 11, 2010 and Kansai Nerolac dated August 04, 2010(copy of letters placed at **Annexure-C of NSDL email dated December 08, 2016; Annexure-OD63**). It is alleged that 750 bonus shares were illegally siphoned off shares by Nagesh on the instruction of the Noticee. The company has also been negligent and has placed blind trust in the Noticee. SEBI observed that the said shares were sold by Nagesh in the market through broker-Sharekhan.

217. Extract of ledger account statement of Nagesh Karkera as provided by Broker Share Khan vide email dated May 03, 2016(**Annexure-OD49**) is as below:

| Comp Nm | DocDt | DocRef | Chq No | Narr | DrAmt | CrAmt | RunBal | Remarks |
|---|---|---|---|---|---|---|---|---|
| NSE Cash | 01/10/2014 | SJV/NR/20141841 | | Bill for trade dates 29/09/2014 To 29/09/2014 Settlement - NSENR2014184 | 0 | 771244.74 | -239714.41 | Sale of 25 Kansai @ Rs. 46766.60; Sale of 25 Britannia @ Rs. 35576.25; Sale of 1000 Hexaware @ 198000 and Sale of 700 Bharat Forge @ Rs. 575719.83 |
| NSE Cash | 07/10/2014 | SJV/NR/20141851 | | Bill for trade dates 30/09/2014 To 30/09/2014 Settlement - NSENR2014185 | 0 | 455820.81 | -695535.22 | 25 Kansai @ Rs. 46716.25 and Sale of 2000 Hexaware @ Rs. 410653.4 |
| NSE Cash | 09/10/2014 | SJV/NR/20141871 | | Bill for trade dates 07/10/2014 To 07/10/2014 Settlement - NSENR2014187 | 0 | 117625.67 | -813160.89 | Sale of 25 Kansai @ Rs. 47923.75 and Sale of 50 Britannia @ Rs. 70101.55 |
| NSE Cash | 10/10/2014 | BP/2014 10/10362 | 1513 8567 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by | 800000 | 0 | -13160.89 | Paid to client |

| Comp Nm | DocDt | DocRef | Chq No | Narr | DrAmt | CrAmt | RunBal | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | instruction number 2909402 dated 2014-10-10 | | | | |
| NSE Cash | 14/10/ 2014 | SJV/NR/ 20141901 | | Bill for trade dates 10/10/2014 To 10/10/2014 Settlement - NSENR2014190 | 0 | 834716.14 | -1042734.99 | Sale of 15 Kansai @ Rs. 28980 ; Sale of 1755 Asian Paint @ Rs. 1164792.97; Buy of 75 Britannia @ Rs. 97897.5 and Net Buy of 1000 Vedanta @ Rs. 255752 |
| NSE Cash | 16/10/ 2014 | BP/2014 10/18090 | 1516 3547 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2917862 dated 2014-10-16 | 1000000 | 0 | -42734.99 | Paid to client |
| NSE Cash | 21/10/ 2014 | SJV/NR/ 20141941 | | Bill for trade dates 17/10/2014 To 17/10/2014 Settlement - NSENR2014194 | 0 | 492973.6 | -495236.32 | Sale of 100 Kansai @ Rs. 185487.6 ; Net Sale of 225 Britannia @ Rs. 307405.43 and Profit on Day Trading of Hexaware @ Rs. 2432 |
| NSE Cash | 22/10/ 2014 | SJV/NR/ 20141951 | | Bill for trade dates 20/10/2014 To 20/10/2014 Settlement - NSENR2014195 | 0 | 610531.37 | -1105767.69 | Sale of 25 Kansai @ Rs. 46663.90; Sale of 655 Asian Paints @ Rs. 429440.53 and Sale of 100 Britannia @ Rs. 136501.25 |
| NSE Cash | 22/10/ 2014 | BP/2014 10/27862 | 1519 3532 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2928621 dated 2014-10-22 | 495000 | 0 | -610767.69 | Paid to client |
| NSE Cash | 27/10/ 2014 | BP/2014 10/30942 | 1520 5809 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2932343 dated 2014-10-27 | 600000 | 0 | -10767.69 | Paid to client |
| NSE Cash | 27/10/ 2014 | SJV/NR/ 20141961 | | Bill for trade dates 21/10/2014 To 21/10/2014 Settlement - NSENR2014196 | 0 | 386818.58 | -397586.27 | Sale of 75 Kansai @ Rs. 140865; Sale of 175 Britannia @ Rs. 242966.31; Net Profit on Day trading of Asian Paints @ Rs. 844100.73 and Vedanta @ Rs. 252850 |
| NSE Cash | 28/10/ 2014 | SJV/NR/ 20141971 | | Bill for trade dates 22/10/2014 To 22/10/2014 Settlement - NSENR2014197 | 0 | 966494.82 | -1364081.09 | Sale of 25 Kansai @ Rs. 47128.75; Sale of 100 Britannia @ Rs. 139965 and Net Sale of 1194 Asian Paints @ Rs. 783126.39 |
| NSE Cash | 28/10/ 2014 | SJV/NR/ 20141981 | | Bill for trade dates 23/10/2014 To 23/10/2014 Settlement - NSENR2014198 | 0 | 589188.24 | -1953269.33 | Sale of 75 Kansai @ Rs. 148847 ; Sale of 305 Britannia @ Rs. 440610.44 and Net profit of Day trading of |

| Comp Nm | DocDt | DocRef | Chq No | Narr | DrAmt | CrAmt | RunBal | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Asian Paints @ Rs. 1956.4 |
| NSE Cash | 28/10/2014 | BP/2014 10/33353 | 1521 1231 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2934519 dated 2014-10-28 | 395000 | 0 | -1558269.33 | Paid to client |
| NSE Cash | 29/10/2014 | SJV/NR/ 20141991 | | Bill for trade dates 27/10/2014 To 27/10/2014 Settlement - NSENR2014199 | 0 | 766813.01 | -2325082.34 | Sale of 296 Asian Paints @ Rs. 1,92,781.19; Sale of 175 Britannia @ Rs2,53,432.01; Sale of 35 Kansai @ Rs. 70,405.05 and Sale of 1000 Vedanta @ Rs. 2,52,800.00 |
| NSE Cash | 29/10/2014 | BP/2014 10/36238 | 1521 8610 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2936911 dated 2014-10-29 | 1550000 | 0 | -775082.34 | Paid to client |
| NSE Cash | 30/10/2014 | BP/2014 10/38381 | 1522 3797 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2939362 dated 2014-10-30 | 700000 | 0 | -82643 | Paid to client |
| NSE Cash | 10/11/2014 | SJV/NR /20142051 | | Bill for trade dates 05/11/2014 To 05/11/2014 Settlement - NSENR2014205 | 0 | 747202.59 | -1187409.46 | Buy of 1 Kansai @ Rs. 1911; Sale of 375 Britannia @ Rs. 577863.41; Net Buy of 600 Reliance Capital @ Rs287455 and Net Sale of 700 Asian Paints @ Rs. 463507.17 |
| NSE Cash | 24/11/2014 | SJV/NR/ 20142151 | | Bill for trade dates 20/11/2014 To 20/11/2014 Settlement - NSENR2014215 | 0 | 50788.75 | -165458.85 | Sale of 26 Kansai @ Rs. 50961.3 |
| NSE Cash | 01/12/2014 | BP/2014 12/1738 | 1538 9029 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 3000929 dated 2014-12-01 | 680000 | 0 | -4396.36 | Paid to client |
| NSE Cash | 01/12/2014 | SJV/NR/ 20142201 | | Bill for trade dates 27/11/2014 To 27/11/2014 Settlement - NSENR2014220 | 0 | 433493.46 | -437889.82 | Sale of 50 Kansai @ Rs. 1,00,001.25 and Sale of 200 Britannia @ Rs. 3,34,965.00 |
| NSE Cash | 02/12/2014 | BP/2014 12/3562 | 1539 7501 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 3003182 dated 2014-12-02 | 400000 | 0 | -37889.82 | Paid to client |
| NSE Cash | 02/12/2014 | SJV/NR/ 20142211 | | Bill for trade dates 28/11/2014 To 28/11/2014 Settlement - NSENR2014221 | 0 | 502748.67 | -540634.56 | Sale of 250 Kansai @ Rs. 5,01,501.65 and Sale of 250 Panoramic Universal @ Rs. 2,962.50 |

| Comp Nm | DocDt | DocRef | Chq No | Narr | DrAmt | CrAmt | RunBal | Remarks |
|---|---|---|---|---|---|---|---|---|
| NSE Cash | 05/12/ 2014 | BP/2014 12/11141 | 1542 6963 | For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 3009406 dated 2014-12-05 | 500000 | 0 | -40634.56 | Paid to client |

SEBI alleged that the shares were sold along with other shares and all funds have been transferred to account no. 001810100146954 held by Nagesh Karkera with Bharat Co-op Bank (**Annexure-BRBCBL; Page no. - 159-164**). The payment details to Nagesh, Suresh Unavane and Prashant Karkera by Sharekhan is submitted by Sharekhan vide email dated July 27, 2016 (**Annexure-OD109**)

218. SEBI alleged that Nagesh did not reply to SEBI summons for each and every transactions but sent a letter dated October 01, 2016(Annexure LIR2) whereby he stated that he is a farmer staying in Udupi while all transactions in his account are being done by Indira. Prashant Karkera in his statement dated September 27, 2016 (**Annexure-SR1**) has already admitted that all the transactions in his demat and bank are being conducted by Indira/himself. Further, all the shares and money moving through the accounts belonged to them. He also admitted placing orders to the broker. Thus, it is alleged that the shares has been siphoned off by Indira through misuse of his official positions at the Noticee. Further all internal checks & balances and systems has failed at the Noticee. It is alleged that the Noticee has not only failed to comply with SEBI summons for co-operation in the investigation but also G.R Rao was trying to justify the fraudulent transactions to the company by submitting forged documents and misleading claims.

**Fraudulent transactions in the matter of Shrikant Bhalakia (Folio Number-S0002832)**

219. SEBI observed from the back office system records of the Noticee that in the Folio No. S0002832 (Screen Shot placed at **Annexure–SP18**) 533 shares of Kansai Nerolac Paints Ltd. (Certificate no. - 105017; Distinctive No. - 15628848 to 15629380) were

misappropriated from folio S0001970 (Stock Holding/Nagesh K) on 15/04/2010 and 666 shares (Certificate no. - 103939; Distinctive No. - 15441050 to 15441715) misappropriated from folio no. - L0000042 (LIC/ Nagesh K) on 15/04/2010. These shares with same certificate numbers were dematerialized by Shrikant Bhalakia on 23/04/2010.After demat the following transactions were observed in the demat accounts of Shrikant Bhalakia:

| DP ID | Client ID | First Holder Name | First Holder Pan | Second Holder Name | Second Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Opening Balance | Debit | Credit | Closing Balance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| IN300907 | 10287487 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 23-Apr-2010 | 313395 | By Dematerialisation | 0 | 0 | 1,199 | 1,199 |
| IN300907 | 10287487 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 27-Apr-2010 | 11070147 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011018 | 1,199 | 350 | 0 | 849 |
| IN300907 | 10287487 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 29-Apr-2010 | 11071390 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011020 | 849 | 5 | 0 | 844 |
| IN300907 | 10287487 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 30-Apr-2010 | 11072162 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011022 | 844 | 370 | 0 | 474 |
| IN300907 | 10287487 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 12-May-2010 | 11077292 | To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011030 | 474 | 200 | 0 | 274 |
| IN300907 | 10287487 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 30-Jun-2010 | 182259 | By KANSAI BONUS RATIO 1 1 | 274 | 0 | 274 | 548 |
| IN300907 | 10287487 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 27-Apr-2011 | 1000000002 1882 | To Shrikant Bhalakia IN300749110 10340 | 548 | 548 | 0 | 0 |
| IN300749 | 11010340 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 27-Apr-2011 | 1000000002 1882 | By Shrikant Bhalakia IN300907102 87487 | 0 | 0 | 548 | 548 |
| IN300749 | 11010340 | Shrikant | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01016 | Kansai Nerolac Paints Ltd. EQ | 28-Mar-2015 | 1002231287 | To STOCK SPLIT | 548 | 548 | 0 | 0 |

| DP ID | Client ID | First Holder Name | First Holder Pan | Second Holder Name | Second Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Opening Balance | Debit | Credit | Closing Balance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Bhalakia | | | | | | | | | | | | |
| IN300749 | 11010340 | Shrikant Bhalakia | AGJPB6222E | Anand Bhalakia | AABPB9293K | INE531A01024 | Kansai Nerolac Paints Limited EQ New FV Re. 1/- | 28-Mar-2015 | 1002231287 | By STOCK SPLIT | 0 | 0 | 5,480 | 5,480 |

As per the NSDL email dated November 29, 2016 (**Annexure-OD44**), the demat account is a joint demat account with his son Anand Bhalakia. SEBI observed from the DRF of the above transactions that both Shrikant and Anand has signed on the same. Further, the DRF dated 19.04.2010 shows that the same shares certificate no. - 105017&103939 was dematerialized.

220. Therefore, in view of the above, it is alleged that Shrikant and Anand sold the illegally siphoned off shares and 274 shares received as bonus shares on those illegally siphoned 1199 shares through his broker AFN Langrana.

As per Annexure-4 of the Shrikant Bhalakia's reply dated May 13, 2016(**Annexure-LIR7**) he has admitted the receipt and deposit in his demat account of below mentioned shares of Kansai Nerolac Limited:

| Date | No. of Shares | Demat Account |
|---|---|---|
| 23/04/2010 | 1199 | Kapol Bank-IN30090710287487 |
| 30/06/2010 | 274 | Kapol Bank-IN30090710287487 |
| **Total** | **1473** | |

Further, as per Annexure-7 of his reply he has dealt with the shares as below:

| Particulars | Numbers |
|---|---|
| Shares received | 1473 |
| Less Shares Sold | 925 |
| **Shares in hand** | **548 (5480 Post 1:10 Split on 26/03/2015)** |

The utilization of sale proceeds are as below:

| Particulars | Numbers | Amount |
|---|---|---|
| Kansai Nerolac | 925 | 1279648 |
| Asian Paints | 4783 | 13084184 |
| **Total** | | **14363832** |
| **Paid to Indira related entities by cheques** | | **10372364** |
| **Balance** | | **3991468** |

As per Annexure-8 of his reply he has admitted the receipt of below mentioned dividend on such shares belonging to other investors:

| Date | Bank | Amount |
|---|---|---|
| 22/06/2011 | Kapol Bank | 4110 |
| 16/06/2011 | Bank of India | 5480 |
| 23/06/2012 | Bank of India | 6028 |
| 22/06/2013 | Bank of India | 6028 |
| 25/06/2014 | Bank of India | 6028 |
| 08/07/2015 | Bank of India | 7672 |
| | **Total** | **35346** |

Shrikant Bhalakia has provided a common generalized reply for all his dealings w.r.t. share transfer, re-print and demat of shares which is already explained in the paragraphs dealing with fraudulent transactions in the shares of Asian Paints Limited. The fallacy of his arguments/after thoughts is already dealt in the preceding paragraphs w.r.t. his dealings in shares of Asian Paints. With respect to Kansai Nerolac Shrikant Bhalakia explained that he received 1199 shares of Kansai Nerolac in April 2010. He stated that he lodged the shares with Indira for transfer in his joint name (with son Anand Bhalakia). He also stated that the transferred shares received by him had his name and his son's name on front side at which he got surprised. He added that Indira explained to him it is due to consolidation of folios. He further added that he sold the 925 shares (out total 1473 shares received by him through Indira) and received payment of 461936/- out of which Rs. 360000/- were transferred to Nagesh Karkera on the instruction of Indira. Thus it is

alleged that Shrikant Bhalakia has admitted that he was transferring shares belonging to other investors in coordination with Indira.

221. SEBI observed from the reply of Shrikant that the shares were getting delivered to/from Indira after transfer or re-print "in a few days time" that too without any documentary requirements. It is alleged that these explanations are just alibis and "after thought" because Shrikant Bhalakia ignored the appearance of his name (and his son's) on front face of the share certificate, apparently new certificate was printed while there is no requirement of re-print of share certificate on mere transfer which can be effected by endorsement on the back side. Further, consolidation of folio has nothing to do with share certificate as the certificate was any way going to be dematerialized. Further, more than one certificate can also be dematerialized in a single demat account. It is alleged that the reprinting was apparently going on to siphon off shares belonging to untraceable investors and blur the audit trail. It is alleged that if there had been genuine transfer of shares there would not have been any need of re-print as old certificates would have come to the transferee. It is also alleged that such transfer of shares belonging to third party in one's name and without due documents is actually illegal and amounts to fraudulent siphoning of shares.

The movement of funds from Broker-AFN Langrana to Shrikant/Anand then ultimately to Indira related entities is placed at **Annexure-BRFA1**.It is alleged that the shares were being sold and the amount was being transferred to Anand Shrikant Bhalakia who in turn was paying tothe Noticee management (viz. Indira) related entities i.e. to Nagesh Karkera. Nagesh after receiving the funds was in turn transferring to Indira, and Satyam Brush Industries. It is alleged that Anand Bhalakia was transferring the proceeds of Rs. 100,000 to Dina Bhalakia thus it is alleged that Dina Bhalakia was also the recipient of the ill-gotten proceeds. Therefore, it is alleged that Indira has not only ensured fraudulent transactions at Sharepro (as VP) but also is the beneficiary of the fraud along with Shrikant, Anand Bhalakia& Dina Bhalakia.

**Fraudulent transactions in the matter of Ganesh Prabhakar Bhalerao (Folio Number- G0000514)**

222. SEBI observed from the back office system records of the Noticee that in the Folio G0000514 (Screen Shot placed at **Annexure-SP19**) all dividends records till issue date Aug 01, 2005 shown in name of Ganesh Prabhakar Bhalerao on holding of 166 shares of Kansai Nerolac Paints Ltd. Currently, folio is in the name of Ganesh Nimbalkar with nil holding.the Noticee failed to comply SEBI summons to explain the transactions and provide documents to prove the genuineness of the transaction in this regard.

223. SEBI observed that there was record of dematerialization of 166 shares of Kansai Nerolac Paints Ltd. (certificate no 103619; distinctive no 15391314 to 15391379, certificate no 99089080; distinctive no 14159937 to 14159986, certificate no 99089081; Distinctive no. - 14159987 to 14160036) in Folio No. -G0000514 on 18/8/2005 (inward no. - 249049) in the demat account number IN300505-10118346.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao(Annexure-SR12) that the name of the folio no. - G0000514 was changed from Ganesh Prabhakar Bhalerao to Ganesh B Nimbalkar on 25/10/2011 by User "administrator" login Terminal id "CPRABHU".

The "Signature" record of the folio no. - G0000514 taken out from the system of "Signature Verification Department" reveals that the signature attached to the folio is still that of "G. Bhalerao"(Annexure-SR11). It is alleged that if Ganesh Nimbalkar would have received the shares through a genuine transfer then transfer would have been effected with proper "Transfer entry", a new folio would have been allotted to him and his signature would have been attached to it.

224. Kansai Nerolac vide their reply dated May 06, 2016 submitted that G0000514 originally belonged to Ganesh Prabhakar Bhalerao and he dematerialized his shares in August 2005 as a result there was no holding in the folio. Later on October 25, 2011 the folio was

allegedly changed from the name of Ganesh Prabhakar Bhalerao to Ganesh Nimbalkar through a back end entry while the address continued to be that of Mr. Bhalerao.Kansai Nerolac further, stated that there are no documents for the change as the entry is done through back end.

225. The demat account number IN300505-10118346 belong to Bhalerao Ganesh Prabhakar, thus it is alleged that the statement of the company is correct. However it is alleged that same is not in accordance with the Secretarial Standard – 4 on Registers and Records issued by the Institute of Company Secretaries of India, w.r.t. the erstwhile Companies Act, 1956, which states that entries in register should be made forthwith, in chronological order and separate folios should be assigned to every person in whose name the investments are held. Accordingly, same folio cannot be allotted in the name of two different persons. This is also in violation of policy/practice of the Noticee as stated by G.R Rao vide statement dated January 28, 2016 (Annexure-SR15).

Therefore, it is alleged that the internal checks and balances and control system of the Noticee were compromised to illegally transfer the folio belonging to one shareholder by another entity and then use the same for fraudulent transactions.

226. SEBI observed that 2000 shares of Kansai Nerolac Paints Ltd. (Certificate No. 107696; Distinctive No 12807 to 14806) were received in the Folio No G0000514from folio no. - A0000079 (Amrit Lal) by way of rectification entry on 25/10/2011 (Transaction no. 800001 & Inward no. 800002).

227. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 2000 shares (20000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to Amrit Lal misappropriated by Ganesh Nimbalkar vide back office Rectification entry on 25/10/2011 | Value= Rs. 1684800 (Price @ NSE Rs. 842.40) | Value= Rs. 7569000(Price @ NSE Rs. 378.45) |

228. It was further, observed in the records of the Folio No. G0000514 that 2000 shares of Kansai Nerolac Paints Ltd. (as received on 25/10/2011from folio no. -A0000079 by way of rectification entry) were dematerialized on 31/10/2011 (Transaction No. 600683. Inward No. 5951380) in demat account no. -1201120000235716 (which belongs to Ganesh Nimbalkar).

229. On 10/11/2011 further 1586 shares of Kansai Nerolac Paints Ltd. (Certificate No. 107698; distinctive no 14807 to 16392) transferred from folio A0000079 to folio G0000514 by way of rectification entry (Transaction no. 800002 & Inward no. 800003).

230. Valuation of Share Misappropriated on replacement cost basis in this matter-

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1. | 1586 shares (15860 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to Amrit Lal misappropriated by Ganesh Nimbalkar vide back office Rectification entry on 10/11/2011 | Value= Rs. 13,76,251.5 (Price @ NSE Rs. 867.75 on 09/11/2011) | Value= Rs. 60,02,217(Price @ NSE Rs. 378.45) |

231. SEBI also observed from the records of Folio No G0000514 that the said 1586 shares (As received on 10/11/2011 from folio no. - A0000079 as rectification entry) were dematerialized on 17/11/2011 (Transaction No. 600685 & Inward No. 5962212).

232. From the back office software module of the Noticee, SEBI observed that share certificate no. 107696 (2000 share) and 107697 (5086 shares) was printed in folio No. - A0000079 on 24/10/2011 (Inward No. 1737545. Merge/split no. 310). Further, it is alleged that another share certificate no. -107698 (1586 shares) was also printed; it appears that share certificate no. 107698 was printed by splitting share certificate no 107697 (5086 shares) as distinctive numbers belonging to certificate number 107698 are subset of distinctive numbers belonging to certificate no. 107697 but there is no record of re-print in Back office software system of the Noticee. Further Noticee failed to comply SEBI summons seeking information/documents in respect of share certificate re-printing transaction w.r.t. Share certificate no 107696, 107697 and 10698. The data extracted by

investigation team from the back end systems of the Noticee w.r.t. certificate nos. 107696 and 107697 is placed as below:

| MS_PRINT_SR_NO | MS_REQ_INW_NO | CERT_SR_NO | CERTIFICATE_NO | DIST_NO_FROM | DIST_NO_TO | MS_REQ_FOLIO_NUMBER | CREATION_DATE | No of Shares |
|---|---|---|---|---|---|---|---|---|
| 8830 | 339 | 104206 | 107697 | 14807 | 14856 | A0000079 | 24/10/2011 | 50 |
| 8832 | 339 | 104206 | 107697 | 14857 | 14906 | A0000079 | 24/10/2011 | 50 |
| 8834 | 339 | 104206 | 107697 | 14907 | 14956 | A0000079 | 24/10/2011 | 50 |
| 8836 | 339 | 104206 | 107697 | 14957 | 15006 | A0000079 | 24/10/2011 | 50 |
| 8838 | 339 | 104206 | 107697 | 15007 | 15056 | A0000079 | 24/10/2011 | 50 |
| 8840 | 339 | 104206 | 107697 | 15057 | 15106 | A0000079 | 24/10/2011 | 50 |
| 8842 | 339 | 104206 | 107697 | 15107 | 15156 | A0000079 | 24/10/2011 | 50 |
| 8844 | 339 | 104206 | 107697 | 15157 | 15206 | A0000079 | 24/10/2011 | 50 |
| 8846 | 339 | 104206 | 107697 | 15207 | 15256 | A0000079 | 24/10/2011 | 50 |
| 8848 | 339 | 104206 | 107697 | 15257 | 15306 | A0000079 | 24/10/2011 | 50 |
| 8850 | 339 | 104206 | 107697 | 15307 | 15356 | A0000079 | 24/10/2011 | 50 |
| 8852 | 339 | 104206 | 107697 | 15357 | 15406 | A0000079 | 24/10/2011 | 50 |
| 8854 | 339 | 104206 | 107697 | 15407 | 15456 | A0000079 | 24/10/2011 | 50 |
| 8856 | 339 | 104206 | 107697 | 15457 | 15506 | A0000079 | 24/10/2011 | 50 |
| 8858 | 339 | 104206 | 107697 | 15507 | 15556 | A0000079 | 24/10/2011 | 50 |
| 8860 | 339 | 104206 | 107697 | 15557 | 15606 | A0000079 | 24/10/2011 | 50 |
| 8862 | 339 | 104206 | 107697 | 15607 | 15656 | A0000079 | 24/10/2011 | 50 |
| 8864 | 339 | 104206 | 107697 | 15657 | 15706 | A0000079 | 24/10/2011 | 50 |
| 8866 | 339 | 104206 | 107697 | 15707 | 15756 | A0000079 | 24/10/2011 | 50 |
| 8868 | 339 | 104206 | 107697 | 15757 | 15806 | A0000079 | 24/10/2011 | 50 |
| 8870 | 339 | 104206 | 107697 | 15807 | 15856 | A0000079 | 24/10/2011 | 50 |
| 8872 | 339 | 104206 | 107697 | 15857 | 15906 | A0000079 | 24/10/2011 | 50 |
| 8874 | 339 | 104206 | 107697 | 15907 | 15956 | A0000079 | 24/10/2011 | 50 |
| 8876 | 339 | 104206 | 107697 | 15957 | 16006 | A0000079 | 24/10/2011 | 50 |
| 8878 | 339 | 104206 | 107697 | 16007 | 16056 | A0000079 | 24/10/2011 | 50 |
| 8880 | 339 | 104206 | 107697 | 16057 | 16106 | A0000079 | 24/10/2011 | 50 |
| 8882 | 339 | 104206 | 107697 | 16107 | 16156 | A0000079 | 24/10/2011 | 50 |
| 8884 | 339 | 104206 | 107697 | 16157 | 16206 | A0000079 | 24/10/2011 | 50 |
| 8886 | 339 | 104206 | 107697 | 16207 | 16256 | A0000079 | 24/10/2011 | 50 |
| 8888 | 339 | 104206 | 107697 | 16257 | 16306 | A0000079 | 24/10/2011 | 50 |
| 8890 | 339 | 104206 | 107697 | 16307 | 16356 | A0000079 | 24/10/2011 | 50 |
| 8892 | 339 | 104206 | 107697 | 16357 | 16406 | A0000079 | 24/10/2011 | 50 |
| 8894 | 339 | 104206 | 107697 | 16407 | 16456 | A0000079 | 24/10/2011 | 50 |
| 8896 | 339 | 104206 | 107697 | 16457 | 16506 | A0000079 | 24/10/2011 | 50 |
| 8898 | 339 | 104206 | 107697 | 16507 | 16556 | A0000079 | 24/10/2011 | 50 |
| 8900 | 339 | 104206 | 107697 | 16557 | 16606 | A0000079 | 24/10/2011 | 50 |
| 8902 | 339 | 104206 | 107697 | 16607 | 16656 | A0000079 | 24/10/2011 | 50 |



| MS_PR INT _SR _NO | MS_REQ _INW_NO | CERT_ SR_NO | CERT IFIC ATE _NO | DIST_ NO _FROM | DIST_ NO_TO | MS_REQ_ FOLIO_ NUMBER | CREATION _DATE | No of Shar es |
|---|---|---|---|---|---|---|---|---|
| 8904 | 339 | 104206 | 107697 | 16657 | 16706 | A0000079 | 24/10/2011 | 50 |
| 8906 | 339 | 104206 | 107697 | 16707 | 16756 | A0000079 | 24/10/2011 | 50 |
| 8908 | 339 | 104206 | 107697 | 16757 | 16806 | A0000079 | 24/10/2011 | 50 |
| 8910 | 339 | 104206 | 107697 | 16807 | 16856 | A0000079 | 24/10/2011 | 50 |
| 8912 | 339 | 104206 | 107697 | 16857 | 16906 | A0000079 | 24/10/2011 | 50 |
| 8914 | 339 | 104206 | 107697 | 16907 | 16956 | A0000079 | 24/10/2011 | 50 |
| 8916 | 339 | 104206 | 107697 | 16957 | 17006 | A0000079 | 24/10/2011 | 50 |
| 8918 | 339 | 104206 | 107697 | 17007 | 17056 | A0000079 | 24/10/2011 | 50 |
| 8920 | 339 | 104206 | 107697 | 17057 | 17106 | A0000079 | 24/10/2011 | 50 |
| 8922 | 339 | 104206 | 107697 | 17107 | 17156 | A0000079 | 24/10/2011 | 50 |
| 8924 | 339 | 104206 | 107697 | 17157 | 17206 | A0000079 | 24/10/2011 | 50 |
| 8926 | 339 | 104206 | 107697 | 17207 | 17256 | A0000079 | 24/10/2011 | 50 |
| 8928 | 339 | 104206 | 107697 | 17257 | 17306 | A0000079 | 24/10/2011 | 50 |
| 8930 | 339 | 104206 | 107697 | 17307 | 17356 | A0000079 | 24/10/2011 | 50 |
| 8932 | 339 | 104206 | 107697 | 17357 | 17406 | A0000079 | 24/10/2011 | 50 |
| 8934 | 339 | 104206 | 107697 | 17407 | 17456 | A0000079 | 24/10/2011 | 50 |
| 8936 | 339 | 104206 | 107697 | 17457 | 17506 | A0000079 | 24/10/2011 | 50 |
| 8938 | 339 | 104206 | 107697 | 17507 | 17556 | A0000079 | 24/10/2011 | 50 |
| 8940 | 339 | 104206 | 107697 | 17557 | 17606 | A0000079 | 24/10/2011 | 50 |
| 8942 | 339 | 104206 | 107697 | 17607 | 17656 | A0000079 | 24/10/2011 | 50 |
| 8944 | 339 | 104206 | 107697 | 17657 | 17706 | A0000079 | 24/10/2011 | 50 |
| 8946 | 339 | 104206 | 107697 | 17707 | 17756 | A0000079 | 24/10/2011 | 50 |
| 8948 | 339 | 104206 | 107697 | 17757 | 17806 | A0000079 | 24/10/2011 | 50 |
| 8950 | 339 | 104206 | 107697 | 17807 | 17856 | A0000079 | 24/10/2011 | 50 |
| 8952 | 339 | 104206 | 107697 | 17857 | 17906 | A0000079 | 24/10/2011 | 50 |
| 8954 | 339 | 104206 | 107697 | 17907 | 17956 | A0000079 | 24/10/2011 | 50 |
| 8956 | 339 | 104206 | 107697 | 17957 | 18006 | A0000079 | 24/10/2011 | 50 |
| 8958 | 339 | 104206 | 107697 | 18007 | 18056 | A0000079 | 24/10/2011 | 50 |
| 8960 | 339 | 104206 | 107697 | 18057 | 18106 | A0000079 | 24/10/2011 | 50 |
| 8962 | 339 | 104206 | 107697 | 18107 | 18156 | A0000079 | 24/10/2011 | 50 |
| 8964 | 339 | 104206 | 107697 | 18157 | 18206 | A0000079 | 24/10/2011 | 50 |
| 8966 | 339 | 104206 | 107697 | 18207 | 18256 | A0000079 | 24/10/2011 | 50 |
| 8968 | 339 | 104206 | 107697 | 18257 | 18306 | A0000079 | 24/10/2011 | 50 |
| 8970 | 339 | 104206 | 107697 | 18307 | 18356 | A0000079 | 24/10/2011 | 50 |
| 8972 | 339 | 104206 | 107697 | 18357 | 18406 | A0000079 | 24/10/2011 | 50 |
| 8974 | 339 | 104206 | 107697 | 18407 | 18456 | A0000079 | 24/10/2011 | 50 |
| 8976 | 339 | 104206 | 107697 | 18457 | 18506 | A0000079 | 24/10/2011 | 50 |
| 8978 | 339 | 104206 | 107697 | 18507 | 18556 | A0000079 | 24/10/2011 | 50 |
| 8980 | 339 | 104206 | 107697 | 18557 | 18606 | A0000079 | 24/10/2011 | 50 |
| 8982 | 339 | 104206 | 107697 | 18607 | 18656 | A0000079 | 24/10/2011 | 50 |



| MS_PRINT_SR_NO | MS_REQ_INW_NO | CERT_SR_NO | CERTIFICATE_NO | DIST_NO_FROM | DIST_NO_TO | MS_REQ_FOLIO_NUMBER | CREATION_DATE | No of Shares |
|---|---|---|---|---|---|---|---|---|
| 8984 | 339 | 104206 | 107697 | 18657 | 18706 | A0000079 | 24/10/2011 | 50 |
| 8986 | 339 | 104206 | 107697 | 18707 | 18756 | A0000079 | 24/10/2011 | 50 |
| 8988 | 339 | 104206 | 107697 | 18757 | 18806 | A0000079 | 24/10/2011 | 50 |
| 8990 | 339 | 104206 | 107697 | 18807 | 18856 | A0000079 | 24/10/2011 | 50 |
| 8992 | 339 | 104206 | 107697 | 18857 | 18906 | A0000079 | 24/10/2011 | 50 |
| 8994 | 339 | 104206 | 107697 | 18907 | 18956 | A0000079 | 24/10/2011 | 50 |
| 8996 | 339 | 104206 | 107697 | 18957 | 19006 | A0000079 | 24/10/2011 | 50 |
| 8998 | 339 | 104206 | 107697 | 19007 | 19056 | A0000079 | 24/10/2011 | 50 |
| 9000 | 339 | 104206 | 107697 | 19057 | 19106 | A0000079 | 24/10/2011 | 50 |
| 9002 | 339 | 104206 | 107697 | 19107 | 19156 | A0000079 | 24/10/2011 | 50 |
| 9004 | 339 | 104206 | 107697 | 19157 | 19206 | A0000079 | 24/10/2011 | 50 |
| 9006 | 339 | 104206 | 107697 | 19207 | 19256 | A0000079 | 24/10/2011 | 50 |
| 9008 | 339 | 104206 | 107697 | 19257 | 19306 | A0000079 | 24/10/2011 | 50 |
| 9010 | 339 | 104206 | 107697 | 19307 | 19356 | A0000079 | 24/10/2011 | 50 |
| 9012 | 339 | 104206 | 107697 | 19357 | 19406 | A0000079 | 24/10/2011 | 50 |
| 9014 | 339 | 104206 | 107697 | 19407 | 19456 | A0000079 | 24/10/2011 | 50 |
| 9016 | 339 | 104206 | 107697 | 19457 | 19506 | A0000079 | 24/10/2011 | 50 |
| 9018 | 339 | 104206 | 107697 | 19507 | 19556 | A0000079 | 24/10/2011 | 50 |
| 9020 | 339 | 104206 | 107697 | 19557 | 19606 | A0000079 | 24/10/2011 | 50 |
| 9022 | 339 | 104206 | 107697 | 19607 | 19656 | A0000079 | 24/10/2011 | 50 |
| 9024 | 339 | 104206 | 107697 | 19657 | 19706 | A0000079 | 24/10/2011 | 50 |
| 9026 | 339 | 104206 | 107697 | 19707 | 19756 | A0000079 | 24/10/2011 | 50 |
| 9028 | 339 | 104206 | 107697 | 19757 | 19806 | A0000079 | 24/10/2011 | 50 |
| 9030 | 339 | 104206 | 107697 | 19807 | 19856 | A0000079 | 24/10/2011 | 50 |
| 9032 | 339 | 104206 | 107697 | 19857 | 19866 | A0000079 | 24/10/2011 | 10 |
| 9034 | 339 | 104206 | 107697 | 19867 | 19876 | A0000079 | 24/10/2011 | 10 |
| 9036 | 339 | 104206 | 107697 | 19877 | 19886 | A0000079 | 24/10/2011 | 10 |
| 9038 | 339 | 104206 | 107697 | 19887 | 19891 | A0000079 | 24/10/2011 | 5 |
| 9040 | 339 | 104206 | 107697 | 19892 | 19892 | A0000079 | 24/10/2011 | 1 |
| 9149 | 340 | 104208 | 107698 | 14807 | 14856 | A0000079 | 07/11/2011 | 50 |
| 9151 | 340 | 104208 | 107698 | 14857 | 14906 | A0000079 | 07/11/2011 | 50 |
| 9153 | 340 | 104208 | 107698 | 14907 | 14956 | A0000079 | 07/11/2011 | 50 |
| 9155 | 340 | 104208 | 107698 | 14957 | 15006 | A0000079 | 07/11/2011 | 50 |
| 9157 | 340 | 104208 | 107698 | 15007 | 15056 | A0000079 | 07/11/2011 | 50 |
| 9159 | 340 | 104208 | 107698 | 15057 | 15106 | A0000079 | 07/11/2011 | 50 |
| 9161 | 340 | 104208 | 107698 | 15107 | 15156 | A0000079 | 07/11/2011 | 50 |
| 9163 | 340 | 104208 | 107698 | 15157 | 15206 | A0000079 | 07/11/2011 | 50 |
| 9165 | 340 | 104208 | 107698 | 15207 | 15256 | A0000079 | 07/11/2011 | 50 |
| 9167 | 340 | 104208 | 107698 | 15257 | 15306 | A0000079 | 07/11/2011 | 50 |
| 9169 | 340 | 104208 | 107698 | 15307 | 15356 | A0000079 | 07/11/2011 | 50 |

| MS_PR INT_SR _NO | MS_REQ _INW_NO | CERT_ SR_NO | CERT IFIC ATE _NO | DIST_ NO _FROM | DIST_ NO_TO | MS_REQ_ FOLIO_ NUMBER | CREATION _DATE | No of Shar es |
|---|---|---|---|---|---|---|---|---|
| 9171 | 340 | 104208 | 107698 | 15357 | 15406 | A0000079 | 07/11/2011 | 50 |
| 9173 | 340 | 104208 | 107698 | 15407 | 15456 | A0000079 | 07/11/2011 | 50 |
| 9175 | 340 | 104208 | 107698 | 15457 | 15506 | A0000079 | 07/11/2011 | 50 |
| 9177 | 340 | 104208 | 107698 | 15507 | 15556 | A0000079 | 07/11/2011 | 50 |
| 9179 | 340 | 104208 | 107698 | 15557 | 15606 | A0000079 | 07/11/2011 | 50 |
| 9181 | 340 | 104208 | 107698 | 15607 | 15656 | A0000079 | 07/11/2011 | 50 |
| 9183 | 340 | 104208 | 107698 | 15657 | 15706 | A0000079 | 07/11/2011 | 50 |
| 9185 | 340 | 104208 | 107698 | 15707 | 15756 | A0000079 | 07/11/2011 | 50 |
| 9187 | 340 | 104208 | 107698 | 15757 | 15806 | A0000079 | 07/11/2011 | 50 |
| 9189 | 340 | 104208 | 107698 | 15807 | 15856 | A0000079 | 07/11/2011 | 50 |
| 9191 | 340 | 104208 | 107698 | 15857 | 15906 | A0000079 | 07/11/2011 | 50 |
| 9193 | 340 | 104208 | 107698 | 15907 | 15956 | A0000079 | 07/11/2011 | 50 |
| 9195 | 340 | 104208 | 107698 | 15957 | 16006 | A0000079 | 07/11/2011 | 50 |
| 9197 | 340 | 104208 | 107698 | 16007 | 16056 | A0000079 | 07/11/2011 | 50 |
| 9199 | 340 | 104208 | 107698 | 16057 | 16106 | A0000079 | 07/11/2011 | 50 |
| 9201 | 340 | 104208 | 107698 | 16107 | 16156 | A0000079 | 07/11/2011 | 50 |
| 9203 | 340 | 104208 | 107698 | 16157 | 16206 | A0000079 | 07/11/2011 | 50 |
| 9205 | 340 | 104208 | 107698 | 16207 | 16256 | A0000079 | 07/11/2011 | 50 |
| 9207 | 340 | 104208 | 107698 | 16257 | 16306 | A0000079 | 07/11/2011 | 50 |
| 9209 | 340 | 104208 | 107698 | 16307 | 16356 | A0000079 | 07/11/2011 | 50 |
| 9211 | 340 | 104208 | 107698 | 16357 | 16392 | A0000079 | 07/11/2011 | 36 |

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD64**) that the certificate No 107696 & 107697 was printed on October 24, 2011 i.e. just one day before the transfer to folio no. -G0000514 (illegally allotted to Ganesh Nimbalkar).

The physical share certificate print reconciliation/control register (**Annexure-OD64**) shows that the certificate No 107698 was printed on November 08, 2011 i.e. just two day before the transfer to folio no. - G0000514 (illegally allotted to Ganesh Nimbalkar).

233. SEBI observed from the Annual Return data submitted by the Noticee vide statement dated March 23, 2016(Annexure-SR12), reveals that in 2007, 2008, 2009, 2010, 2011

and 2012 the folio no. G0000514 has been omitted altogether. However, in Transfer file of 2012, it was reported that there is transfer of shares and dematerialization as below:

| Date | No of Shares | Folio of Transferor | Name of Transferor | Folio of Transferee | Name of Transferee | Transaction No | Remark |
|---|---|---|---|---|---|---|---|
| 25/10/11 | 2000 | A0000079 | Amrit Lal | G0000514 | GaneshNimbalkar | 0800001 | |
| 31/10/11 | 2000 | G0000514 | GaneshNimbalkar | CDSLGN01 | CDSL | 0600683 | Demat |
| 10/11/11 | 1586 | A0000079 | Amrit Lal | G0000514 | GaneshNimbalkar | 0800002 | |
| 17/11/11 | 1586 | G0000514 | GaneshNimbalkar | CDSLGN01 | CDSL | 0600685 | Demat |

(Screen Shot of Annual Return data is placed at **Annexure-ARSP15**)

234. SEBI observed from the reply of Nerolac dated May 06, 2016,to the SEBI summons,(Annexure-CRKN1) that the folio no. - G0000514 was used for unauthorized transfers by "rectification" entries to transfer 2000 shares on October 25, 2011 and 1586 shares on November 10, 2011 to Ganesh Nimbalkar (from folio no. - A000079 to G0000514). These transfers were not included in the share transfer registers for the relevant period. Nerolac, further, stated that the certificate nos. 107696, 107697 and 107698 were never sent to it for signature.

235. SEBI alleged that G.R Rao did not reply to SEBI summons wherein information was sought about the above transactions, he had sent a letter dated February 03, 2016 (**Annexure-OD61**) to the company Kansai Nerolac in reply to their queries in the matter. G.R Rao has submitted a copy of letter from the purported heir of Amrit Lal (Folio No. - A000079) stating that he has received demand drafts of dividend for the year 2009, 2010, 2011, 2012 & 2013 in the name of his uncle Amrit Lal since he has died and the same will be deposited in his (Amritlal's) account. Further, on discussion with SEBI Nerolac examined the matter and discovered that

- The actual heir is Sunil Davesar not Sudhir Kumar Dahesar as mentioned on the undated letter submitted to Nerolac by G.R.Rao.

- it was informed by the actual heir that his uncle died 8 years back
- that Indira approached him over phone a few months back informing him that she has received a transfer deed for the shares held by Amritlal
- Actual heir Sunil Kumar Davessar confirmed vide email dated February 23, 2016 to that the letter submitted by G.R Rao is fake and he has never received any demand draft as well (The documents provided by the company vide reply dated March 17, 2016 including the reply of G.R Rao are placed at **Annexure-CRKN3**).

Thus, it is alleged that the undated letter of the purported heir of Amritlal submitted to the company by G.R Rao is forged. Further G.R Rao did not submit any relationship documents or death certificate along with letter to the company. The letter submitted by G.R Rao states that demand draft received in the name of Amritlal. It is not made clear why demand drafts were issued in the name of a dead person. Further, if Mr. Amritlal has died eight years back how and on whose instructions his shares were being re-printed and transferred to other entities. Further, the dividends on the shares were being transferred to entities related to the Noticee management (viz. Raju Landge). It is alleged that the Noticee /G.R Rao has failed to provide reply along with supporting documents in this regards to SEBI summons. It is alleged that G.R Rao was attempting to mislead Nerolac based on an allegedly forged letter which supports the allegetion that G.R Rao was not only aware but mastermind of such fraudulent transactions at the office of the Noticee. It is also alleged that the folio number G0000514 belonging to another investor is illegally acquired by the Noticee related entity to later siphon off the shares of one dead investor by transferring the same to the said folio.

236. After demat the shares were transferred by Ganesh Nimbalkar as below:

| Date of Txn | Transaction Particulars | C-Credit/ D-Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 01/11/2011 | Demat 05951380 Close - Cr Confirmed Balance | C | 2000 | 1201120000235716 | Ganesh Nimbalkar | | | Demat |

| Date of Txn | Transaction Particulars | C-Credit/ D-Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 02/11/2011 | OF-DR TD:333009 TX:110386 1201120000234881 | D | 1000 | 1201120000235716 | Ganesh Nimbalkar | 1201120000234881 | RajeshBhagat | Off-Market Transfer within CDSL |
| 02/11/2011 | EP-DR Txn:497392 CtBo:1100001000012642 1110001112148 ExId:11 | D | 500 | 1201120000235716 | Ganesh Nimbalkar | 1100001000012642 | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |
| 04/11/2011 | EP-DR Txn:689917 CtBo:1100001000012642 1110001112150 ExId:11 | D | 23 | 1201120000235716 | Ganesh Nimbalkar | 1100001000012642 | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |
| 08/11/2011 | SETTLEMENT-DR SETT 1110001112149 EX 11 616846 | D | 477 | 1201120000235716 | Ganesh Nimbalkar | | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |
| 17/11/2011 | Demat 05962212 Close - Cr Confirmed Balance | C | 1586 | 1201120000235716 | Ganesh Nimbalkar | | | Demat |
| 18/11/2011 | OF-DR TD:432869 TX:310822 1201120000234881 | D | 800 | 1201120000235716 | Ganesh Nimbalkar | 1201120000234881 | RajeshBhagat | Off-Market Transfer within CDSL |
| 18/11/2011 | EP-DR Txn:411277 CtBo:1100001000012642 1110001112158 ExId:11 | D | 500 | 1201120000235716 | Ganesh Nimbalkar | 1100001000012642 | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |
| 23/11/2011 | SETTLEMENT-DR SETT 1110001112159 EX 11 516414 | D | 286 | 1201120000235716 | Ganesh Nimbalkar | | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |

SEBI observed that the misappropriated shares were either transferred in On-Market transaction to broker "Inventure" or transferred in Off- Market transfer to Rajesh Bhagat.

237. Extract of Ledger statement of Ganesh Nimbalkar as provided by Broker Inventure vide email dated May 02, 2016(**Annexure-OD50**) is as below:

| G-1 | G-2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remark |
|---|---|---|---|---|---|---|---|---|---|
| 5267 | BSE_CASH | 02/11/2011 | SJ5786 | BILL ENTRY FOR N-2011148 | 0 | 0 | 412112 | 412112.02 | Sale of 500 Kansai Nerolac |
| 5267 | BSE_CASH | 03/11/2011 | SJ5791 | BILL ENTRY FOR N-2011149 | 0 | 0 | 394034.6 | 806146.58 | Sale of 477 Kansai Nerolac |
| 5267 | BSE_CASH | 04/11/2011 | SJ5794 | BILL ENTRY FOR N-2011150 | 0 | 0 | 18992.68 | 825139.26 | Sale of 23 Kansai Nerolac |
| 5267 | BSE_CASH | 04/11/2011 | BP10427 | BANK OF INDIA-BSE CLIENT A/C | 44908 | 200000 | 0 | 625139.26 | Paid to client |
| 5267 | BSE_CASH | 04/11/2011 | BP10428 | BANK OF INDIA-BSE CLIENT A/C | 44909 | 212112 | 0 | 413027.24 | Paid to client |
| 5267 | BSE_CASH | 08/11/2011 | BP10517 | BANK OF INDIA-BSE CLIENT A/C | 44926 | 200000 | 0 | 213027.24 | Paid to client |

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | Remark |
|---|---|---|---|---|---|---|---|---|---|
| 5267 | BSE_ CASH | 08/11/ 2011 | BP10 519 | BANK OF INDIA-BSE CLIENT A/C | 44927 | 194034.6 | 0 | 18992.68 | Paid to client |
| 5267 | BSE_ CASH | 09/11/ 2011 | BP10 563 | BANK OF INDIA-BSE CLIENT A/C | 44947 | 18992.68 | 0 | 0 | Paid to client |
| 5267 | BSE_ CASH | 18/11/ 2011 | SJ58 40 | BILL ENTRY FOR N-2011158 | 0 | 0 | 427464.6 | 427300.55 | Sale of 500 Kansai Nerolac |
| 5267 | BSE_ CASH | 21/11/ 2011 | SJ58 46 | BILL ENTRY FOR N-2011159 | 0 | 0 | 244504.1 | 671804.63 | Sale of 286 Kansai Nerolac |
| 5267 | BSE_ CASH | 22/11/ 2011 | BP11 038 | BANK OF INDIA-BSE CLIENT A/C | 45067 | 200000 | 0 | 471804.63 | Paid to client |
| 5267 | BSE_ CASH | 22/11/ 2011 | BP11 040 | BANK OF INDIA-BSE CLIENT A/C | 45069 | 227300.6 | 0 | 244504.08 | Paid to client |
| 5267 | BSE_ CASH | 23/11/ 2011 | BP11 089 | BANK OF INDIA-BSE CLIENT A/C | 45075 | 244504.1 | 0 | 0 | Paid to client |

238. The analysis of fund flow in the account of the entities is given in **Annexure-BRFA2**.It is alleged that the funds received from the sale proceeds of the siphoned off shares are either withdrawn in cash by Ganesh Nimbalkar himself or transferred to his related entities (including Rajesh Bhagat) who in turn withdraw the same in cash.

239. The audit trail of demat transactions in the demat account of Rajesh Bhagat after receipt of the siphoned off shares from Ganesh Nimbalkar are as below:

| Date of Txn | Transaction Particulars | C- Credit/D -Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 02/11/ 2011 | OF-CR TD:333009 TX:110387 1201120000235716 | C | 1000 | 12011200 00234881 | RajeshBha gat | 12011200 00235716 | Ganesh Nimbalkar | Off-Market Transfer within CDSL |
| 02/11/ 2011 | EP-DR Txn:497393 CtBo:11000010000126 42 1110001112148 ExId:11 | D | 500 | 12011200 00234881 | RajeshBha gat | 11000010 00012642 | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |
| 04/11/ 2011 | EP-DR Txn:689918 CtBo:11000010000126 42 1110001112150 ExId:11 | D | 500 | 12011200 00234881 | RajeshBha gat | 11000010 00012642 | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |
| 18/11/ 2011 | OF-CR TD:432869 TX:310823 1201120000235716 | C | 800 | 12011200 00234881 | RajeshBha gat | 12011200 00235716 | Ganesh Nimbalkar | Off-Market Transfer within CDSL |
| 18/11/ 2011 | EP-DR Txn:411279 CtBo:11000010000126 42 1110001112158 ExId:11 | D | 500 | 12011200 00234881 | RajeshBha gat | 11000010 00012642 | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |
| 23/11/ 2011 | SETTLEMENT-DR SETT 1110001112159 EX 11 516416 | D | 300 | 12011200 00234881 | RajeshBha gat | | Inventure Growth and Securities Ltd. | On-Market Transfer Within CDSL |

Rajesh Bhagat has transferred the shares received from Ganesh Nimbalkar to Broker "Inventure" in On Market transfers.

240. Extract of Ledger statement of Rajesh Bhagat as provided by Broker Inventure vide email dated May 03, 2016(Annexure OD51) is as below:

| G- 1 | G- 2 | Trans Date | Vr No. | Narration | Chq No | Debit | Credit | Running Bal. | |
|---|---|---|---|---|---|---|---|---|---|
| 7388 | BSE_ CASH | 02/11/ 2011 | SJ57 86 | BILL ENTRY FOR N-2011148 | 0 | 0 | 412040.4 | 412040.41 | Sale of 500 Kansai Nerolac |
| 7388 | BSE_ CASH | 04/11/ 2011 | SJ57 94 | BILL ENTRY FOR N-2011150 | 0 | 0 | 414520 | 826560.42 | Sale of 500 Kansai Nerolac |
| 7388 | BSE_ CASH | 04/11/ 2011 | BP10 429 | BANK OF INDIA-BSE CLIENT A/C | 44910 | 200000 | 0 | 626560.42 | Paid to client |
| 7388 | BSE_ CASH | 04/11/ 2011 | BP10 430 | BANK OF INDIA-BSE CLIENT A/C | 44911 | 212040.4 | 0 | 414520.01 | SBI A/c 30328926913 |
| 7388 | BSE_ CASH | 09/11/ 2011 | BP10 562 | BANK OF INDIA-BSE CLIENT A/C | 44946 | 200000 | 0 | 214520.01 | Paid to client |
| 7388 | BSE_ CASH | 09/11/ 2011 | BP10 565 | BANK OF INDIA-BSE CLIENT A/C | 44949 | 214520 | 0 | 0 | SBI A/c 30328926913 |
| 7388 | BSE_ CASH | 18/11/ 2011 | SJ58 40 | BILL ENTRY FOR N-2011158 | 0 | 0 | 428173.7 | 428173.71 | Sale of 500 Kansai Nerolac |
| 7388 | BSE_ CASH | 21/11/ 2011 | SJ58 46 | BILL ENTRY FOR N-2011159 | 0 | 0 | 256456.1 | 684629.83 | Sale of 300 Kansai Nerolac |
| 7388 | BSE_ CASH | 22/11/ 2011 | BP11 037 | BANK OF INDIA-BSE CLIENT A/C | 45066 | 200000 | 0 | 484629.83 | Bol a/c 8610110003431 |
| 7388 | BSE_ CASH | 22/11/ 2011 | BP11 039 | BANK OF INDIA-BSE CLIENT A/C | 45068 | 228173.7 | 0 | 256456.12 | Bol a/c 8610110003431 |
| 7388 | BSE_ CASH | 23/11/ 2011 | BP11 088 | BANK OF INDIA-BSE CLIENT A/C | 45074 | 256456.1 | 0 | 0 | Bol a/c 8610110003431 |

241. The analysis of fund flow in the bank account of Rajesh Bhagat is placed at **Annexure-BRFA4.**

The general pattern in the bank account transactions is also same as in case of Ganesh Nimbalkar.

242. Rajesh Bhagat replied to SEBI summons vide undated letter received on April 25, 2016. He stated that he is holding one demat account (a/c No. - 234881) with Inventure Growth

and Securities Limited. He does not have any details about the transactions in the said account as it has been done on the instruction of Indira and he has signed all documents as per the instructions of Indira. Ganesh Nimbalkar and Rajesh Bhagat appeared for statement recording on September 23, 2016 (**Annexure-SR19**). Their submissions w.r.t. the modus operandi of the transactions are already explained in the paragraphs dealing with fraudulent transactions in the shares of Asian Paints Limited. They have submitted that Rajesh Bhagat was carrying out the transactions in the account of Ganesh on the instruction of Indira in return for small amounts received from her. Further, Ganesh and Rajesh stated that they have never paid any consideration for the shares transferred to them on the instruction of Indira. Prashant Karkera in his statement dated September 27, 2016 (**Annexure-SR1**) admitted that transactions with Rajesh related entities is entered on the behest of Indira.

243. In the matter of siphoning off shares of Kansai Nerolac by Ganesh Nimbalkar, it is alleged that the there is falsification of records, print of certificates without authorizations, transfer through rectification entries in place of transfer entries, allotment of same folio through back end entry in violation of the Noticee policy as well as secretarial standards etc. to facilitate the fraudulent transactions. It is allegd that the new share certificates were printed in the folio as the old certificates were not in the possession of the Noticee or Ganesh Nimbalkar and moreover the old certificates would have been in the name of actual investor viz. Amrit Lal. It is alleged that if Mr. Nimbalkar would have got the shares through a genuine transfer the old share certificates would have come in his possession and there would not have been any need of reprint. Further, it is also alleged that sale would have been effected through normal "Transfer Entry" route not "Rectification Entry" which is used for rare cases of correction in name etc. as also stated by G.R Rao in his statement dated January 28, 2016 (Annexure-SR15).Further, normally it is expected that the print of certificate in one folio, forwarding the same to investor who transfers the same to another investor who in turn lodge the same to RTA for transfer happens over a period

of several days while in the present matter it happened in one day. It is alleged that the extra ordinary haste in the matter indicates the involvement of the Noticee management in the said fraudulent transactions and all the above would not have been possible without the active involvement of the Noticee management. The relationship between Ganesh Nimbalkar and Rajesh Bhagat in one side and Indira on the other side is already explained. It is already also explained how Prashant Karkera was found to be transferring shares to Bhalendu Desai (Husband of Kirtida Desai) to compensate for the shares transferred from the folio of Kirtida Desai. In view of above, it is alleged that the conspiracy by Indira and other entities to siphon the shares. The above is also corroborated by the statements of Ganesh Nimbalkar, Rajesh Bhagat and Prashant Karkera.

244. Siphoning off dividend belonging to Amrit Lal by the Noticee management related entities is already explained in dividend portion of the report. The data of dividend records w.r.t. the folio is placed at **Annexure-A**. It was noted from the dividend records that 6 dividends from dividend issue date 05/07/2004 to 28/06/2008 amounting to Rs. 738125/- was issued to Raju Landge in Nov/Dec 2008 (5 instruments dated 11/11/2008 and 1 dated 23/12/2008). The instruction for the re-issue new instrument against old dividend instrument was issued by Indira herself. As already mentioned that Raju Landge is the driver of Indira/Prashant Karkera and is being used by Indira as front entity. These facts makes it all the more apparent that the siphoning of shares and dividend in the folio was being carried out under conspiracy by the Noticee and Indira.

245. **Non compliance with summons**

G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Kansai Nerolac Paints Ltd:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11 /2016 | MIRSD2/DB/LS/S SIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11 /2016 | MIRSD2/DB/LS/S SIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07 /2016 | MIRSD2/DB/SD/ SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07 /2016 | MIRSD2/DB/SD/ SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07 /2016 | MIRSD2/DB/SD/ SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06 /2016 | MIRSD2/DB/SD/ 17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04 /2016 | MIRSD2/LS/2016 /12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04 /2016 | MIRSD2/LS/2016 /10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03 /2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03 /2016 | MIRSD2/DB/OW/ 2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03 /2016 | MIRSD2/OW/P/2 016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03 /2016 | MIRSD2/DB/SD/ SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02 /2016 | MIRSD2/OW/201 6/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02 /2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 12/02 /2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12 /2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12 /2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

However, the Noticee failed to cooperate with the investigation

246. Summary of violations and Applicable Regulatory provisions are as below:

| Sr. No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Failure to do due diligence,Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons | Section 11C(2)and 11C(3) of SEBI Act , 1992 ,Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1),(2)(3),(6),(16), (17),(18),(20),(25),(28),(30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g), Regulation 14 (3) (b)& (c) of RTA Regulations and SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001 |

**D. Company Name: Philips India Limited (Sharepro back office Code -PHPH) (herein after referred to as 'Philips/By name')**

Philips vide letter dated April 07, 2016 (**Annexure-CRPH1**) submitted that it is an unlisted public company and the shares of the company were delisted in 2004. Philips has engaged the services of the Noticee from the year 2001-2002 and in the past they came out with buyback programme from time to time to provide liquidity to the shareholders.

The Company announced two buyback programs in the years 2008 and 2009. The Buyback offer 2008 was approved by the Board of Directors of the Company on June 30, 2008. The opening date of the offer was August 6, 2008 and closing date of the offer was August 21, 2008. The Buy Back offer 2009 was approved by the Board of Directors of the

Company on June 25, 2009.The opening date of the offer was July 28, 2009 and closing date of the offer was August 20, 2009. The applications for buy back were scrutinized initially by the Noticee for factual accuracy and completeness of information and documents. On being found complete in all respects, the same were accepted and request was issued by the Noticee for release of the funds to the shareholders whose applications tendered for buyback were found to be complete in all respects. The company also informed that only statistical data on a consolidated basis related to all the buyback applications received from the shareholders was provided by the Noticee to the Company, wherein the details of the applications found to be in order and accepted; and the applications that were rejected, were communicated to the Company.The Noticee sent to the Company the statistical data of the buyback applications found to be in order with a request for release of payment. On receipt of the request, the Company forwarded these requests to the Bank for releasing the payment instruments or to make direct online payments to the shareholders In case of payments to be effected through physical instruments, the instruments were delivered at the office of the Noticee for dispatch to the shareholders.

**The following instances of irregularities were observed w.r.t. shares of Phillips:**

**Fraudulent transactions in the matter of Indian Bank Limited (Folio Number-PG000078, PHPH - Philips India Limited)**

247. In the Folio Number- PG000078 (Screen Shot placed at **Annexure–SP20**), SEBI observed from the Back Office Software Module of the Noticee that dividend records on 600 shares and then on 501 shares of Philips (29/09/2005 onwards) in the name of Indian Bank Limited but the currently folio shows in the name of Suresh Unavane with nil holding. It is allegd that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time

in the name of Indian Bank Limited and at another time in the name of Suresh Unavane, a different entity.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao(**Annexure-SR12**) that the name of the folio no. - PG000078 was changed from Indian Bank A/C Mutual Fund to Suresh Unawane on 30/08/2008 by User "edp" login Terminal id "Windows 95 PC".

It is also observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016(**Annexure-SR12**), that in 2008 the folio no. PG000078 with 501 shares was in the name of Indian Bank while in Annual return for 2009 (Holding file) the folio has been omitted altogether. However, in Transaction file of the year 2009 it is reported that 501 shares has been given for buy back by Suresh Unavane under the folio PG000078. (Screen Shot of Annual Return data placed at **Annexure-ARSP16**)

SEBI observed from the statement of G.R Raodated February 15, 2016(**Annexure-SR11**) and also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee, there is no signature record for the folio no PG000078 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. The Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

248. In the Folio Number- PG000078 on 30/01/2004 share certificates of Philips was printed with 501 denomination of shares by splitting old share certificate no 10029024. Details are as below:



| Inward No. | Orig. Certificate No. | New Certificate No. | Dist No. From | Dist No.To | Creation Date |
|---|---|---|---|---|---|
| 266 | 10029024 | 100028182 | 45546944 | 45546971 | 30/01/2004 |
| | | 100028183 | 45546972 | 45547042 | 30/01/2004 |
| | | **100028184** | **45547043** | **45547543** | **30/01/2004** |

The physical share certificate print reconciliation/control register (**Annexure-OD65**) shows that the certificate No 100028182 to 100028184 were printed on February 24, 2004.

249. In the Folio Number- PG000078, SEBI observed that Suresh Unavane has given 501 shares of Philips for Buy Back but the certificate having 501 shares given for Buy Back on 18/09/2008 is different from the certificate of 501 which was there as balance after transfer of 99 (28+71) shares to certain entities. This certificate which has been given for Buy Back alleged to have been re-printed in between for Suresh Unavane but no record is visible in Back Office Software Module. However, data obtained by investigation team from "Back End" systems of the Noticee provides the below mentioned transaction:

| Inward No | Orig. Certificate No | New Certificate No | Dist No From | Dist NoTo | Creation Date |
|---|---|---|---|---|---|
| 937 | 100028184 | 100029881 | 45547043 | 45547543 | 08/09/2008 |

SEBI observed from physical share certificate print reconciliation/control register (**Annexure–OD66 & OD67**) that the certificate No 100029849 and 100029887 were printed on September 01, 2008 and September 13, 2008 respectively. While, the entry for printing for certificate no. - 100029881, the number of which is a number in between the number of above mentioned two certificates is missing.

250. In the Folio Number- PG000078, SEBI observed that Suresh Unavane has given 501 shares of Philips India Limited for Buy Back. The details of the transactions are mentioned below:

| Trans action No | App Date | Seller folio | Buyer folio | Certificate No | Dist no From | Dist no To | No of Shares |
|---|---|---|---|---|---|---|---|
| 113550 | 18/09/2008 | PG000078 | PHPH03 | 100029881 | 45547043 | 45547543 | 501 |

Citi Bank NA, the Banker to issue of Buy Back, vide email dated December 22, 2015 (**Annexure-OD110**) submitted that they have paid Rs. 1,30,260 to Suresh Unavane *vide* DD no. - 215983 dated 16/09/2008. As per Citi Bank email dated June 08, 2016 (**Annexure-BRMISC; Page No. - 451-464**), the amount of Rs. 2,34,260 (along with Rs. 104000 which is also towards buyback of 400 shares allegedly misappropriated from the folio number PG030890) was credited to bank account no. 001810100074345 of Suresh Unawane held with Bharat Co-op Bank on September 22, 2008 (Annexure-BRBCBL; Page No. - 259). He paid Rs. 49000 to Indira on 01/10/2008 vide cheque no 477005. She withdrew this money in cash from Bharat Co-op Bank - Bhandup Village Road Branch on October 01, 2008 (As confirmed by Bharat Co-op Bank vide email dated November 01, 2016; **Annexure-BRBCBL; Page No. - 287-290**). Suresh withdrew Rs. 150000 in cash on October 10, 2008 (Annexure-BRBCBL; Page No. - 259). Prashant Karkera has submitted vide his statement dated September 27, 2016(Annexure-SR1) that he and Indira were operating this account of Suresh Unawane.

251. Philips was issued summons dated March 10, 2016 (**Annexure-SPIL1**) and sought various document/information w.r.t. the transactions in its shares. Philips vide letter dated July 07, 2016 (**Annexure-CRPH2**) submitted that based on the Benpos data provided to the Company by the Noticee , as of June 4, 2004,the folio number PG000078 is reflecting in the name of Indian Bank A/c Mutual Funds, with shareholding of 600 shares. However, in the subsequent week the shareholding in the folio reduced to 501 shares. While no detail of transfer of the said shares from Indian Bank A/c Mutual Funds to Suresh Unawane is available, the records related to buy back of shares in 2008 shows that the aforesaid shares were tendered under the buyback offer by Suresh Unawane, indicating an irregularity. In respect of Folio PG000078, as per present BEN POS data (as of May 20, 2015) of Philips, received from the office of the Noticee, there is no record of this folio. They also stated that in the normal course, in the event of transfer of shares from one to

another shareholder, a new folio number is allotted to the transferee shareholder. The fact that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. They submitted that as per their internal documents and confirm that the Company does not have in its records any documents related to transfer of 501 shares in the Folio No. PG000078 from Indian Bank A/c Mutual Funds to Suresh Unawane. In respect of three shares certificates were printed with 28, 71, 501 denomination of shares in place of old share on 30/01/2004 the company reviewed their records and confirmed that the details of these share transfers are unavailable at their end and they tried to access the same atthe Noticee as well and find that the details are not available with them either. Philips with respect to re-printing of share certificate for 501 shares, in Folio number PG000078,wherein certificate number 100029881 was printed in lieu of old certificate number-100028184, submitted that no documentary record supporting the re-printing has been provided by the Noticee. Philips explained that re-printing of a share certificate in lieu of old certificate may be needed in case of split of shares or issuance of duplicate share certificate. Since, the number of shares is the same in both the certificates, this is not a case of split of shares. If this was a case of duplicate share issuance, the request from shareholder and other documents like Indemnity etc. should have been provided by the shareholder to the Noticee and should have been available in records, however such is not the case. Therefore, this re-printing of share certificate, which has been done without any request from a shareholder or other justifiable basis, alleged to be irregular. Further, shortly after the re-printing of the share certificate, the same was tendered under the buyback offer and payment made thereunder for buyback. In view of the above, it is alleged that the certificate was re-printed in the name of Suresh Unawane, despite him NOT being the rightful owner of these 501 shares, to take advantage of the buyback offer brought out by the Company. Philips also submitted that only consolidated details of the applications accepted for buyback were made available to it by the Noticee. The supporting documents like Application for buyback and share certificates surrendered for buyback were not required

to be shared with the Company by the Noticee and the company released the payment based on the due diligence carried out by the Noticee as RTA.

252. In view of the foregoing it is alleged that the Noticee illegally changed the folio through back end entry from the name of genuine investor to the name of another entity who is related to the management of the Noticee viz. Indira. Also, the Noticee has failed to maintain proper records for the transactions. Had there been genuine transfer of shares there would not have been any need of re-print as old certificates would have come to the transferee. Further, had Suresh received the shares through a genuine transfer, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it. Suresh Unawane in his statement dated September 20, 2016 (**Annexure-SR3**) admitted that he had acted at the behest of Indira/ Prashant Karkera. Thus, the beneficiaries of the fraudulent transactions are Indira and her family.

253. Valuation of Share Misappropriated in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 501 shares of Phillips India Limited belonging to Indian Bank Limited misappropriatedby Suresh vide Buyback on 18/09/2008 | Rs. 130260 | N.A. as unlisted |

**Fraudulent transactions in the matter of Union Bank of India (Folio Number- PG030890; PHPH - Philips India Limited)**

254. In the Folio Number- PG030890 (Screen Shot placed at **Annexure–SP21**) from the Back Office Software Module of the Noticee SEBI observed thatthe dividend on 400 shares of Philips in the name of Union Bank of India for dividend issue dates 27/06/2008, 07/04/2007, 23/06/2006, 29/09/2005, 05/05/2004, 04/07/2003. The last dividend with respect to issue dated 27/06/2008 was apparently transferred to Investor Protection and Education Fund (TF) in 2015 which implies the owner of the investment was not traceable

and/or was not aware of its investments. Further, SEBI observed that currently, the folio is in the name of Suresh Unavane with nil holding. In this context, the Noticee was summoned to provide various documents to prove the authenticity of the transactions of transfer of folio and disposing of the shares in it and also explanation regarding how same folio was at one time in the name of Union Bank of India and at another time in the name of Suresh Unavane, a different entity. It is alleged that the Noticee did not reply to the Summons.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao (**Annexure-SR12**) that the name of the folio no. - PG030890 was changed from Union Bank of India to Unawane Suresh on 01/09/2008 by User "EDP" login Terminal id "SUNIT".

Further, it was also observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), that in 2008 the folio no. PG030890 with 400 shares was in the name of Union Bank of India while in Annual return for 2009(Holding file) the folio has been omitted altogether. However, from the transaction file of the year 2009 SEBI observed that 400 shares has been given for buy back by Suresh Unavane under the folio PG030890. (ScreenShot of Annual Return data is placed at **Annexure-ARSP17**)

In respect of the above two matters it is alleged that the re-printing of share certificate was done to obtain new certificate as the old certificates were not in the procession and name of Mr. Suresh Unavane. It is alleged that if Mr. Suresh Unavane got the shares through a valid transaction, he would have been in possesion of old share certificates and there would not have been need of re-printing just before offering the same for Buy Back and a new folio would have been allotted to him. Further, from the "Signature" record of folio no. - PG030890 taken out from the system of "Signature Verification Department" SEBI observed that the signature attached to the folio is still that of "Union Bank of India" (**Annexure-SR11**). While folio no. -PG000078 is "No card" case i.e. signature record card

was not available in the records of company/RTA. In view of the above it is alleged that transaction in the folio was carried out despite complete signature mismatch.

255. In the Folio Number- PG030890, SEBI observed from the Back Office Software Module of the Noticee one new shares certificate of Philips India Limited was printed on 08/09/2008. The share certificate printing details are as below:

| Original Certificate No | New Certificate No | Dist no From | Dist no To | Creation Date | No of Shares |
|---|---|---|---|---|---|
| 10041911 | 100029882 | 45764724 | 45765123 | 08/09/2008 | 400 |

From the share certificate print reconciliation/control register (**Annexure-OD66 & OD67**) shows that the certificate No. 100029849 and 100029887 were printed on September 01, 2008 and September 13, 2008 respectively. While the entry for printing for certificate no. - 100029882, the number of which is in between the number of above mentioned two certificates is observed to be missing.

256. In the Folio Number- PG030890 there is record for Buy Back of the said 400 shares of Philips India Limited on 24/02/2009. The transaction details are as below:

| Trans Action No | Approval Date | Seller folio | Buyer folio | Certi ficate No | Dist no From | Dist no To | No of Shares |
|---|---|---|---|---|---|---|---|
| 113551 | 18/09/2008 | PG03 0890 | PHP H03 | 10002 9882 | 4576 4724 | 4576 5123 | 400 |

Citi Bank NA, the Banker to the said Buy Back, vide email dated December 22, 2015 (Annexure-OD110) submitted that they have issued DD no. -215984 dated 16/09/2008 for Rs. 104000/- in the name of Suresh Unavane. As alleged in foregoing paragraphs, the amount of Rs. 2,34,260/- (along with Rs. 1,30,260 towards buyback of 501 shares allegedly misappropriated from the folio number PG000078) was credited to bank account no. 001810100074345 of Suresh Unawane held with Bharat Co-op Bank on September 22, 2008 (**Annexure-BRBCBL; Page No. - 259**). He paid Rs. 49000 to Indira on 01/10/2008 vide cheque no 477005. She withdrew this money in cash from Bharat Co-op Bank - Bhandup Village Road Branch on Oct 01, 2008 (As confirmed by Bharat Co-op

Bank vide email dated Nov 01, 2016. Suresh withdrew Rs. 150000 in cash on October 10, 2008. Prashant Karkera has submitted vide his statement dated September 27, 2016 that he and Indira were operating this account of Suresh Unawane.

257. Philips vide letter dated July 07, 2016 (Annexure-CRPH2) submitted that with respect to Folio number PG030890 in the name of Union Bank of India, Dividend payments were made to Union Bank of India till 2008. The unpaid Dividend amount of Rs. 800/- for the said 400 shares for the year 2008 was remitted to IEPF in 2015 *vide* filing of Form INY I with ROC on 12/08/2015. Further, as per details of payments made as provided to them by Citibank it was observe that a payment of Rs. 1,04,000 was made in the name of "Suresh Unawane" *vide* instrument number 215984 dated 16.09.2008, with respect to Customer Reference Number 101165/ PG030890. Therefore, it is clear that the 400 shares held earlier by Union Bank of India were tendered under the Buyback offer in the name of Suresh Unawane. They further stated that in the normal course, in the event of transfer of shares from one to another shareholder, a new folio number is allotted to the transferee shareholder. It is alleged that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. They submitted that based on the BENPOS Data submitted to them by the Noticee, Folio number PG030890 was in the name of Union Bank of India, as of May 9, 2008 when it held 400 shares of the Company and the shareholding of Union Bank of India got reduced to NIL on May 16, 2008. Further, the shareholding was reinstated to 400 in subsequent week i.e. May 23, 2008. And again on May 1, 2009 the shareholding was again reduced to zero, allegedly to avail the benefit of the proposed buyback which happened in 2009. The said 400 shares were tendered in the buyback offer by Suresh Unawane. Further, presently the folio number PG030890 does not appear in the BENPOS provided by the Noticee to them on 24.06.2016. Philips also confirmed from their internal documents that the Company does not have in its records any documents related to transfer of 400 shares in the Folio No. PG030890 from Union Bank of India to Suresh Unavane. In view of the

frequent changes in shareholding in the folio number PG030890 and the confirmation made during buyback, it is alleged that it is a case of unauthorized and fraudulent modification in shareholder records maintained by the Noticee with an intention to defraud the genuine shareholder by pocketing the funds paid by Philips pursuant to buyback of shares.

In respect of printing of new certificate Philps submitted that as per the process laid down for issuance of new share certificates, the Noticee is required to send all the new share certificates to the Company for signatures of its Directors and Company Secretary. However, in the present case, it is alleged that no document is available in the Company's records with respect of issuance of this new share certificate. Therefore it is alleged that that the aforesaid new certificate number 100029882 was issued by the Noticee in an illegal manner, without following the due process and without sending the certificate to Philips for its signatures, as required, with an intent to defraud the genuine shareholder. Philips further reiterated that only consolidated details of the applications accepted for buyback were required to be made available to it by the Noticee. The supporting documents like Application for buyback and share certificates surrendered for buy back were not shared with Philips by the Noticee and based on the due diligence carried out by the Noticee, Philips instructed for release of payment in the name of Suresh Unavane.

258. In view of the foregoing it is alleged that the internal checks and balances and control system of the Noticee was compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. It is also alleged that the Noticee has failed to maintain proper records for the transactions. As already mentioned Suresh as well as Prashant Karkera has already admitted that all transaction w.r.t. Suresh Unavane (Servant of Prashant Karkera/Indira) were being carried out by Prashant Karkera and/or Indira and that all shares/money in his demat/bank account belonged to them. It is also allegd that the Noticee illegally changed the folio through back end entry from the name of genuine investor to the name of another entity who is related to the

management of the Noticee viz. Indira. It is alleged that if there had been genuine transfer of shares then there would not have been any need of re-print as old certificates would have come to the transferee. Further, it is alleged that if Suresh had received the shares through a genuine transfer then the transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it. SEBI also observed that the beneficiaries of the fraudulent transactions is Indira and her family.

259. Valuation of Share Misappropriated in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 400 shares of Phillips India Limited belonging to Union Bank of India Limited misappropriatedby Suresh vide Buyback on 18/09/2008 | Rs. 10400 | N.A. as unlisted |

**Fraudulent transactions in the matter of AGF Fund Inc. (Folio Number- PL046802, PHPH - Philips India Limited)**

260. SEBI observed from the the Back Office Software Module of the Noticee for Folio Number-PL046802 (Screen Shot placed at **Annexure–SP22**) that dividend on 330 shares of Philips was in the name of "AGF Fund Inc." however, currently folio is in the name of Anil Jathan with nil holding. The Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of AGF Fund Inc and at another time in the name of Anil Jathan, a different entity.

SEBI was observed from the "System Log for Changes in Folio Master" as taken on record *vide* statement dated March 23, 2016 of G.R Rao that the name of the folio no. - PL046802 was changed from AGF Funds Inc to Anil J. on 30/08/2008 by User "edp" login Terminal id "Windows 95 PC".

SEBI further, observed from the Annual Return data submitted by G.R Rao *vide* statement dated March 23, 2016, that in 2008 the folio no. PL046802 with 330 shares was in the name of AGF Funds Inc while in Annual return for 2009 (Holding file) the folio has been omitted altogether. However in Transaction file of the year 2009 it is reported that 330 shares has been given for buy back by Anil J under the folio PL046802. (Screen Shot of Annual Return data is placed at **Annexure-ARSP18**)

SEBI further, observed from the statement of G.R Rao dated February 15, 2016(**Annexure-SR11**) and also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee, that there is no signature record for the folio no. PL046802 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee. In view of the above it is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. Thus it is alleged that the Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

261. In the Folio Number- PL046802 on 08/09/2008 one new shares certificate of Philips India Limited was printed in place of old certificate. Details are as below:

| Inward No | Orig. Certificate No | New Certificate No | Distinctive No From | Distinctive NoTo | Creation Date |
|---|---|---|---|---|---|
| 936 | 10052622 | 100029880 | 52036695 | 52037024 | 08/09/2008 |

SEBI observed from the share certificate print reconciliation/control register (**Annexure-OD66 & OD67**) that the certificate No 100029849 and 100029887 were printed on September 01, 2008 and September 13, 2008 respectively, while the entry for printing for

certificate no.-100029880 which is a number in between the above mentioned two certificates is missing. Thus it is alleged that the Noticee has failed to maintain appropriate records.

262. In the Folio Number- PL046802, SEBI observed that Anil Jathan has given 330 shares of Philips for Buy Back. Details are as below:

| Transaction No. | App Date | Seller folio | Buyer folio | Certificate No | Dist no From | Dist no To | No of Shares |
|---|---|---|---|---|---|---|---|
| 113549 | 18/09/2008 | PL04 6802 | PHP H03 | 10002 9880 | 5203 6695 | 5203 7024 | 330 |

Citi Bank NA, the Banker to issue of Buy Back, vide email dated December 22, 2015 (**Annexure-OD110**) submitted that they have paid Rs. 85,800/- to Anil Jathan vide DD no. - 215982 dated 16/09/2008. The said amount was credited to his bank account no. 001810100008368 held with Bharat Co-op Bank on September 22, 2008 (**Annexure-BRBCBL; Page No. - 180**). On October 01, 2008, Anil transferred Rs. 85000 to Mohit Karkera (son of Indira) in his bank account no. 001810100094710 held with Bharat Co-op Bank (**Annexure-BRBCBL; Page No. - 169**) Thus, it is alleged that Mohit Karkera along with Indira have also benefitted from this fraudulent transaction.

Various documents and explanations w.r.t. the above transactions were sought from Anil Jathan vide various summons howvere it is alleged that Anil failed to comply with the summons.

263. Philips vide letter dated July 07, 2016 (Annexure-CRPH2) submitted that w.r.t. Folio number PL046802 in the name of AGF Funds Inc., Dividend payments were made to AGF Funds Inc. till 2008. The unpaid Dividend amount of Rs. 660/- for the 330 shares held by AGF Funds Inc. for the year 2008 was remitted to IEPF in 2015 vide filing of Form INV I with ROC on 12/08/2015. Dividend payments for the years 2004 to 2007 were also transferred to IEPF, as due for respective years because the same were not encashed by AGF Funds Inc. The dividend payments for the year 2003 and earlier have been enchased by AGF Funds Inc. Philips also submitted that in the normal course, in the event

of transfer of shares from one to another shareholder, a new folio number is allotted to the transferee shareholder. It is alleged that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. SEBI also observed from BENPOS data (viz. data of Beneficiary Position data of Shareholders) of Philips (as of May 20, 201 6), received from the office of the Noticee on 24.06.2016, that Folio number PL046802 was in the name of AGF Funds Inc as of March 7, 2008 when it held 330 shares of the Company. Further, SEBI observed that the shareholding of AGF Funds Inc. got reduced to NIL on March 14, 2008. SEBI also observed that the shareholding was reinstated to 330 in subsequent week i.e. March 21, 2008. And again on May 16, 2008 the shareholding was again reduced to zero, allegedly to avail the benefit of the proposed buyback which happened in August 2009. Philips also submitted that as per its internal documents the Company does not have in its records any documents related to transfer of 330 shares in the Folio No. PL046802 from AGF Funds Inc. to Anil J. In view of the frequent changes in shareholding in the folio number PL046802 and the confirmation made during buyback, it is alleged that it's a case of unauthorized and fraudulent modification in shareholder records maintained by the Noticee. In respect of re-printing of share certificate the company submitted that the new certificate number100029880 was issued by the Noticee in an illegal manner, without following the due process and without sending the certificate to the Company for its signatures. Philps also submitted that only consolidated details of the applications accepted for buyback were made available to it by the Noticee. The supporting documents like Application for buyback and share certificates surrendered for buyback were not required to be shared with the Company by the Noticee and they recommended release of payment to Anil J based on the due diligence conducted by the Noticee.

264. In this matter as well it is alleged that the re-printing of share certificate has apparently been done to obtain new certificate as the old certificates were not in the posession and name of Mr. Anil or the Noticee. It is alleged that if Mr. Anil got the shares through a valid

transaction, he would have been in possession of old share certificates and there would not have been need of re-printing just before offering the same for Buy Back and a new folio would have been allotted to him. It is also alleged that the transactions in the folio was carried out despite complete signature mismatch. In view of the above it is alleged that the Noticee not only failed to maintain proper records of the transactions but was also misleading the company by submitting wrong/false information.

Therefore, It is alleged that the internal checks and balances and control system of the Noticee was compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. As already mentioned Anil is the brother of Indira and both of them are the beneficiaries of the fraud.

265. Valuation of Share Misappropriated in this matter-

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 330 shares of Phillips India Limited belonging to AGF Fund Inc. misappropriated by Anil vide Buyback on 18/09/2008 | Rs. 85800/- | N.A. as unlisted |

**Fraudulent transactions in the matter of Ravinder Patel (Folio Number- PL900244, PHPH-Phillips India Limited)**

266. SEBI observed that in the Folio No. -PL900244 (Screen Shot placed at **Annexure–SP23**) the currently folio is in the name of Raju S with nil holding but dividend records on 1100 shares of Phillips India Limited are showing in the name of Ravinder Patel. The Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Ravinder Patel and at another time in the name of Raju S, a different entity.

SEBI further, observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 (**Annexure-SR12**) of G.R Rao that the name

of the folio no. -PL900244 was changed from RavIndira Patel to Raju S. on 07/09/2009 by User "edp" login Terminal id "CPRABHU".

SEBI observed from the "Signature" record of the folio no. - PL900244 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "RavIndira Patel"(**Annexure-SR11**).

SEBI also observed from the Annual Return data submitted by the Noticee vide statement dated March 23, 2016(**Annexure-SR12**), that in 2008 and 2009 the folio no. PL900244 with 1100 shares was in the name of Ravinder Patel while in Annual return for 2010 (Holding file) the folio has been omitted altogether. Further, from Transaction file of the year 2010 SEBI observed that 1100 shares has been given for buy back by Raju S under the folio PL900244. (Screen Shot of Annual Return data placed at **Annexure-ARSP19**)

267. In the Folio No. -PL900244 demat request of Ravinder Patel for 1100 shares of Phillips (certificate no 10052729; distinctive no 52067110 to 52068209) was rejected on 20/01/04.

268. In the Folio No. - PL900244, 1100 shares of Phillips (certificate no 10052729; distinctive no 52067110 to 52068209) was given for Buy back on 20/08/2009.

Philips vide its letter dated Jan 10, 2017 (**Annexure-CRPH3**) has confirmed that Citibank issued cheque nos. 801562 and 801563 of Rs. 2,66,200 each in favour of 'Raju S' from Philips bank account no. 2876973 in lieu of shares tendered in buyback for folio nos. PL900244 and PL900245 and that aforementioned cheques were presented by Bharat Co-op bank and got encashed on Sep 17, 2009. SEBI observed that Raju has received consolidated credit of Rs. 5,32, 400 in his bank account no. 001810100075247 held with Bharat Co-op Bank on Sep 17, 2009. Phillips vide letter dated Jan 04, 2017 (**Annexure-CRPH4**) has stated that the Buy Back Price for the issue was Rs. 242. Therefore,Rs. 532400/- amount accounts for 2200 shares. Therefore, it is alleged that the payment is w.r.t. 1100 shares of Ravinder Patel (Folio PL900244) & 1100 shares of Jyoti Patel (Folio PL900245; as explained in forthcoming paragraphs) misappropriated by Raju Landge and

offered in buyback. Bharat Co-op Bank vide its email dated December 31, 2015 (**Annexure-BRBCBL; Page No. - 342**) has confirmed that said cheques were encashed by Raju Landge in his bank account no. 001810100075247. Further, he had withdrawn Rs. 5,20,000 in cash on various occasions.

269. Philips vide letter dated July 07, 2016(**Annexure-CRPH2**) submitted that w.r.t. Folio number PL900244 in the name of RavIndira Patel, Dividend payments were made to RavIndira Patel till 2009. The unpaid Dividend amount of Rs. 2200/- for the 1100 shares held by Ravinder Patel for the year 2008 was remitted to IEPF in 2015 vide filing of Form INV I with ROC on 12/08/2015. The dividend amount for the year 2007 was also remitted to IEPF. SEBI observed from BENPOS data (as of May 20, 2015) of Philips, received from the office of the Noticee on 24.06.2016, that there is no record of this folio. However, in the year 2010 (as of January 8, 2010), Benpos forms, Folio PL 900244 is reflecting in the name of Raju S, with a shareholding of 1100 shares. However, in the subsequent week i.e. week ending January 15, 2010, the shareholding in the folio PL900244 was NIL. However, SEBI observed that no record for the change in name of the shareholder from Ravindra Patel to Raju S. Further, in the normal course, in the event of transfer of shares from one to another shareholder, a new folio number is allotted to the transferee shareholder. However, in this matter it is alleged that the same folio is reflecting in the name of 2 separate shareholders at different points in time. SEBI also observed that there is no record of transfer of these shares from Ravindra Patel to Raju S. In view of the aforesaid reasons, it is alleged that there was unauthorized modification in shareholder records by the Noticee apparently with a fraudulent intent. Philips submitted that based on the BENPOS data referred to above, Folio number PL900244 was in the name of Ravindra Patel, as of August 28, 2009 when it held 1100 shares of the Company. SEBI observed that the shareholding of Ravindra Patel got reduced to NIL on September 4, 2009 but in in subsequent week i.e. September 11, 2009, shareholding of Ravindra Patel was reinstated to 1100. SEBI observed that again on October 9, 2009, December

1, 2009 the shareholding was reduced to zero and reinstated to 1100 shares in the immediately following week. Further, SEBI observed that in the year 2010 (as of January 8, 2010), Benpos forms, Folio PL900244 is reflecting in the name of Raju S, with a shareholding of 1100 shares. However, in the subsequent week i.e. week ending January 15, 2010, the shareholding in the folio PL900244 was NIL. Philips reviewed their internal documents and confirmed that the Company does not have in its records any documents related to transfer of 1100 shares in the Folio No. PL900244 from Ravindra Patel to Raju S. However, it was observed that the folio PL900244 was held in the name of Ravindra Patel until 2009 and in the name of Raju S in 2010. SEBI observbed that same folio cannot belong to 2 different shareholders, as a new folio number is allotted in case of transfer. In view of the aforesaid it is alleged that it is a case of unauthorized and fraudulent modification in shareholder records maintained by the Noticee. Philpis also submitted that only consolidated details of the applications accepted for buyback were required to be made available to it by the Noticee and the supporting documents like Application for buyback and share certificates surrendered for buy back were not required to be shared with the Company by the Noticee and Philpis issued instructions for release of payments based on the due diligence carried out by the Noticee.

**Fraudulent transactions in the matter of Jyoti Patel (Folio Number- PL900245, PHPH-Phillips India Limited)**

270. SEBI observed that in the Folio No. -PL900245 (Screen Shot placed at **Annexure-SP24**) currently it is in the name of Raju S but past dividend records on 1100 shares of Phillips are showing in the name of Jyoti Patel. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Jyoti Patel and at another time in the name of Raju S, a different entity.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao that the name of the folio no. -

PL900245 was changed from Jyoti Patel to Raju S. on 07/09/2009 by User "edp" login Terminal id "CPRABHU"(Annexure-SR12).

SEBI observed from the "Signature" record of the folio no. - PL900245 taken out from the system of "Signature Verification Department" reveals that the signature attached to the folio is still that of "Jyoti Patel"(**Annexure-SR11**).

SEBI observed from the Annual Return data submitted by the Noticee vide statement dated March 23, 2016(**Annexure-SR12**),that in 2008 and 2009 the folio no PL900245 with 1100 shares was in the name of Jyoti Patel while in Annual return for 2010 (Holding file) the folio has been omitted altogether. However, from the transaction file of the year 2010 SEBI observed that 1100 shares has been given for buy back by Raju S under the folio PL900245. (Screen Shot of Annual Return data placed at **Annexure-ARSP19**)

271. SEBI also observed that in the Folio No. - PL900245 Demat Request of Jyoti Patel for 1100 shares of Phillips India Limited (certificate no 10052730; distinctive no 52068210 to 52069309) were rejected on 20/01/04 but in the same folio, 1100 shares of Phillips (certificate no 10052730; distinctive no 52068210 to 52069309) were given for Buy back on 20/08/2009.

SEBI observed that Philips India vide its letter dated Jan 10, 2017 (Annexure-CRPH3) has confirmed that Citibank issued cheque nos. 801562 and 801563 of Rs. 2,66,200 each in favour of 'Raju S' from Philips bank account no. 2876973 in lieu of shares tendered in buyback for folio nos. PL900244 and PL900245 and that aforementioned cheques were presented by Bharat Co-op bank and got encashed on September 17, 2009. SEBI observed that Raju has received consolidated credit of Rs. 532400 in his bank account no. 001810100075247 held with Bharat Co-op Bank on September 17, 2009. Phillips vide letter dated Jan 04, 2017 (**Annexure-CRPH4**) has stated that the Buy Back Price for the issue was Rs. 242. Therefore Rs. 5, 32, 400/- amount accounts for 2200 shares. Therefore, it is alleged that the payment is w.r.t. 1100 shares of Ravinder Patel (Folio PL900244) & 1100 shares of Jyoti Patel (Folio PL900245) misappropriated by Raju

Landge and offered in buyback. SEBI observed that Bharat Co-op Bank vide its email dated December 31, 2015 (**Annexure-BRBCBL; Page No. - 342**) has confirmed that said cheques were encashed by Raju Landge in his bank account no. 001810100075247. Further, he had withdrawn Rs. 5,20,000 in cash on various occasions.

272. SEBI observed that Philips submitted exactly similar observation w.r.t. folio no. -PL900245 of Jyoti Patel as was submitted for folio no. -PL900244 of Ravinder Patel and alleged that the transactions were unauthorized and is irregularity carried out by the Noticee without informing the company.

273. In the above mentioned two matters (Folio PL900244 & Folio PL900245) it is alleged that if Mr. Raju would have got the shares through valid transactions, a new folio would have been allotted to him and his signature would have been attached to it. It is also alleged that the transactions would have been carried out in normal "Transfer Entry" not through back end modifications and further the company would have been informed or their approval would have been taken. It is alleged that the transactions in the folios were carried out despite complete signature mismatch. In cases of Folios of Ravindra Patel (PL900244) & Jyoti Patel (PL900245), it's alleged that either the Share certificates submitted for demat as rejected by the Noticee in 2004 has been remained with the Noticee or they have given acceptance of Buy Back application from side of Raju Landge even without having any certificate as the company was not checking any back up documents and releasing payments based on due diligence by the Noticee. Though the Noticee has not submitted the documents, it is alleged that irrespective of one of the two actual method used for fraud, the Shares of Patels has been siphoned off by the Noticee related entity viz. Raju. In view of the foregoing it is allegd that the Noticee not only failed to maintain proper records of the transactions but was also misleading the company by submitting wrong/false information.

It is also alleged that the internal checks and balances and control system of the Noticee was compromised to illegally transfer and then give in buy back the shares belonging to

one shareholder by another entity. As already mentioned Raju Landge is the driver of Indira/Prashant Karkera. Prashant Karkera and Raju both have admitted that Raju was acting as front for the transactions of Indira/Prashant Karkera. Therefore, it is also alleged that Indira and her family are the beneficiaries of the fraud and the Noticee has facilitated the fraud.

274. Valuation of Share Misappropriated in this matter

| Sr No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 2200 shares of Phillips India Limited misappropriated by Raju Landge vide Buyback on 20/08/2009 {belonging to RavIndira Patel (PL900244) & Jyoti Patel (PL900245)} | Rs. 532400/- | N.A. as unlisted |

**Fraudulent transactions in the matter of ILF Mauritius (Folio Number- PG000080; PHPH - Philips India Limited)**

275. SEBI observed from the records available in the Back Office Software Module of the Noticee for the Folio No. - PG000080 (Screen Shot placed at **Annexure-SP25**) that dividend records on 757 shares of Philips in the name of "ILF Mauritius" but currently the folio is in the name of Raju Landge with nil holding. In this context, the Noticee was summoned to provide explanation regarding how same folio was at one time in the name of ILF Mauritius and at another time in the name of Raju Landge, a different entity and also to provide various documents to verify the authenticity of the transactions. It is alleged that the Noticee has failed to comply with the summons.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao that the name of the folio no. - PG000080 was changed from I L F Mauritius to Suresh Unawane on 30/08/2008 by User "edp" login Terminal id "Windows 95 PC" (**Annexure-SR12**).

SEBI also observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016(Annexure-SR12) that in the year 2008 the folio no. PG000080 with 757 shares was in the name of I L F Mauritius while in Annual return for 2009 (Holding file) the folio has been omitted altogether. However, in Transaction file of the year 2009 it is reported that 757 shares has been given for buy back by Raju S Landge under the folio PG000080. (Screen Shot of Annual Return data placed at **Annexure-ARSP16**)

SEBI observed from the statement of G.R Rao dated February 15, 2016(**Annexure-SR11**) and also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee, there is no signature record for the folio no PG000080 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee. It is alleged that "no signature record" cases have acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. Thus, it is alleged that the Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

276. In the Folio Number- PG000080 on 08/09/2008 one new shares certificate of Philips India Limited was printed in place of old share certificate. Details are as below:

| Inward No | OriginalCertificate No | New Certificate No | Distinctive No From | Distinctive NoTo | Creation Date |
|---|---|---|---|---|---|
| 935 | 10029026 | 100029879 | 45548858 | 45549614 | 08/09/2008 |

The share certificate print reconciliation/control register (**Annexure—OD66 & OD67**) shows that the certificate No 100029849 and 100029887 were printed on September 01, 2008 and September 13, 2008 respectively while the entry for printing for certificate no. - 100029879 which is a number in between the above mentioned certificate numbers is missing.

277. In the Folio Number- PG000080, there is record for Buy Back of 757 shares of Philips India Limited. Details are as below:

| Transaction No | App Date | Seller folio | Buyer folio | Certif icate No | Dist no From | Dist no To | No of Shares |
|---|---|---|---|---|---|---|---|
| 113548 | 18/09/ 2008 | PG00 0080 | PHP H03 | 1000 29879 | 4554 8858 | 4554 9614 | 757 |

Citi Bank, the Banker to Buy Back issue, vide email dated December 22, 2015(**Annexure-OD110**) submitted that they have paid Rs. 1,96, 820/- to Raju Landge vide DD no. - 215981 dated 16/09/2008. SEBI observed that the amount was credited to bank account no. 001810100075247 of Raju Landge held with Bharat Co-op Bank on September 22, 2008 (**Annexure-BRBCBL; Page No. - 185**). He paid Rs. 49,000/- to Indira on 01/10/2008 vide bearer cheque no 482825. She withdrew this money in cash from Bharat Co-op Bank - Bhandup Village Road Branch on October 01, 2008 (As confirmed by Bharat Co-op Bank vide email dated November 01, 2016; **Annexure-BRBCBL; Page No. - 287-290**). Rs. 150000 were withdrawn in cash on October 10, 2008 from Raju's aforementioned bank account. SEBI alleged that Prashant Karkera has submitted vide his statement dated Sep 27, 2016 that he and Indira were operating this account of Raju Landge and all money in the said account belongs to them.

278. Philips vide letter dated July 07, 2016 (**Annexure-CRPH2**) submitted that based on a review of BEN POS data provided by the Noticee, it observed that presently (as of May 20, 2016) folio number PG00008O is not reflecting in the Register of Members However, on reviewing BENPOS till April 24, 2009, the folio PG000080 is reflected in the name of ILF Mauritius, holding 757 shares. Philips also submitted that it observed frequent changes in the shareholding under Folio PG00008O. As per the Benpos of March 7, 2008 ILF Mauritius was holding 757 shares in the Company and in subsequent week the holding was reduced to Zero and reinstated to 757 on March 21, 2008. On May 16, 2008

the shareholding was again reduced to zero and restored to 757 in next week's Benpos that is May 23, 2008. Further, again on May 1, 2009 the shareholding was reduced to zero. They also submitted that a new folio number is always allotted to the transferee shareholder and the fact that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. Philips submitted that as per their internal documents it does not have in its records any documents related to transfer of 757 shares in the Folio No. PG000080 from ILF Mauritius to Raju Landge/ Raju S Landge. In view of the frequent changes in shareholding in the folio number PG000080 and the confirmation made during buyback, it is alleged that this is a case of unauthorized and fraudulent modification in shareholder records maintained by the Noticee. In respect of re-print of certificate, Philips stated that new certificate number 100029879 was issued by the Noticee in an illegal manner, without following the due process and without sending the certificate to the Company for its signatures. Philips also stated that as per process only consolidated details of the applications accepted for buyback were made available to the Company by the Noticee. The supporting documents like Application for buyback and share certificates surrendered for buy back were not required to be shared with the Company by the Noticee and based on the due diligence conducted by the Noticee they have recommended release of payment to Raju Landge.

279. Therefore, it is alleged that in this matter of Folio No. -PG000080 the re-printing of share certificate has been done to obtain new certificate as the old certificates were not in the possession and name of Mr. Landge or the Noticee. It is alleged that if Mr. Landge would have got the shares through a valid transaction, he would have been in possession of old share certificates and there would not have been need of re-printing just before offering the same for Buy Back. It is alleged that the folio was illegally taken over by back end modifications in violation of Secretarial Standards and established practice at the Noticee {as per own statement of G.R Rao dated January 28, 2016 (Annexure-SR15)}. It is also alleged that if the shares acquired through genuine transactions, new folios would have

been allotted to him after passing of "transfer" entries and signature of transferee would have been attached to it. Further, it is also alleged that the transactions in the folios were carried out despite complete signature mismatch. Therefore, it is alleged that the internal checks and balances and control system of the Noticee were compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. It is also alleged that Raju Landge as well as Prashant Karkera has already admitted that all transaction w.r.t. Raju Landge (Driver of Prashant Karkera/Indira) were being carried out by Prashant Karkera/Indira and all money in his bank account belonged to them. Additionally, it is alleged that beneficiaries of the fraud are Indira and her family and the Noticee has facilitated the fraud.

280. Valuation of Share Misappropriated in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 757 shares of Phillips India Limited belonging to ILF Mauritius misappropriated by Raju Landge vide Buyback on 18/09/2008 | Rs. 196820/- | N.A. as unlisted |

**Fraudulent transactions in the matter of Dev Chaudhari (Folio Number- PL900291, PHPH-Phillips India Limited)**

281. SEBI observed that in the Folio No. - PL900291 (Screen Shot placed at **Annexure-SP26**) currently folio is in the name of Narayan D with nil holding but dividend records on 2200 shares of Phillips are showing in the name of Dev Chaudhari. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Dev Chaudhari and at another time in the name of Narayan D, a different entity.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao that the name of the folio no. -

PL900291 was changed from Dev R Chaudhari to Narayan D. on 07/09/2009 by User "edp" login Terminal id "CPRABHU"(**Annexure-SR12**).

SEBI also observed from the "Signature" record of the folio no. - PL900291 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Dev Chaudhari"(**Annexure-SR11**).

SEBI further observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12)that in 2008 and 2009 the folio no PL900291 with 2200 shares was in the name of Dev R Chaudhari while in Annual return for 2010 (Holding file) the folio has been omitted altogether. However, from the transaction file of the year 2010 SEBI observed that 2200 shares has been given for buy back by Narayan D under the folio PL900291. (Screen Shot of Annual Return data placed at **Annexure-ARSP20**)

282. SEBI observed that in the Folio No. -PL900291 one certificate no 10052740 (distinctive no 52071840 to 52074039) for 2200 shares of Phillips India Limited was given for Buy back on 14/12/2009.

Citibank vide its email dated Jun 08, 2016 (**Annexure-BRMISC; Page No. - 451-464**) has submitted that Philips instructed Citibank to issue demand draft to new beneficiary 'D Narayan' by cancelling old instrument issued in favour of 'Dev R Chaudhary' for folio no. PL900291. Accordingly, Citibank issued DD no. 862147 in favour 'Narayan D'. Narayan has received Rs. 5,32,400 in his bank account no. 001810100074187 held with Bharat Co-op Bank on October 03, 2009 (**Annexure-BRBCBL; Page No. - 190**). It is alleged that Narayan has transferred Rs. 4,50,000 to Prashant Karkera in his bank account no. 001810100060069 held with Bharat Co-op Bank on October 15, 2009(**Annexure-BRBCBL; Page No. - 249**). It is also alleged that Narayan transferred Rs. 75,000 vide cheque no 579401 to Indira in her bank account no. 001810100014802 held with Bharat Co-op Bank on November 16, 2009 (**Annexure-BRBCBL; Page No. - 218**).

283. SEBI observed that Philips vide letter dated July 07, 2016 (**Annexure-CRPH2**) submitted that w.r.t. Folio number PL900291 was in the name of Dev R. Chaudhari, and Dividend payments were made to Dev R Chaudhari till 2009. SEBI also observed that the unpaid Dividend amount of Rs. 4400/- for the 2200 shares held by Dev R Chaudhari for the year 2008 was remitted to IEPF in 2015 vide filing of Form INV I with ROC on 12/08/2015. The dividend amount for the years prior to 2008 was also remitted to IEPF and the dividend for the year 2009 remains unclaimed as of date and is due to be transferred to IEPF in 2016, if not claimed before the due date of transfer to IEPF. SEBI observed from BEN POS data (as of May 20, 2016) of Philips India Limited, received from the office of the Noticee on 24.06.2016, there is no record of this folio either in the name of Dev R Chaudhari or Narayan D. However, in the year 2009(as of December 4, 2009) Folio PL900291 is reflecting in the name of Dev R Chaudhari, with a shareholding of 2200 shares. However, in the subsequent week i.e. week ending December 11, 2009, the shareholding in the folio PL900291 was NIL. It is alleged that there is no record for the change in name of the shareholder for this folio from Dev R Chaudhari to Narayan D. However, it was noted that as per transfer details made available by the Noticee , as of December 14,2009, 2200 shares have been transferred from Folio PL 9000291 in the name of Narayan D to Folio No. PHPHO4 Philips Buyback 2009.Further, in the normal course, in the event of transfer of shares from one to another shareholder, a new folio number is allotted to the transferee shareholder. It is alleged that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. Also, SEBI observed that there is no record of transfer of these shares from Dev R Chaudhari to Narayan D, while there is a record of surrender of these shares under buy back offer of 2009 brought by the Company by Narayan D. In view of the aforesaid it is alleged that there was irregularity and inconsistency in the records and unauthorized modification in shareholder records has been carried out by the Noticee. Philips also confirmed that it does not have in its records any documents related to transfer of 2200 shares in the Folio No.PL900291 from Dev R Chaudhari to Narayan D.

Philips also submitted that as per procedure only consolidated details of the applications accepted for buyback were made available to it by the Noticee. The supporting documents like Application for buyback and share certificates surrendered for buy back were not required to be shared with the Company by the Noticee and the company issued instructions for release of payment to Narayan D based on the due diligence carried out by the Noticee.

284. Therefore, it is alleged that the internal checks and balances and control system of the Noticee was compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. In cases of Folio PL900291, its alleged that the Noticee has given acceptance of Buy Back application from Narayan D. even without receiving any certificate as the company was not checking any back up documents and releasing payments based on due diligence by the Noticee. Though the Noticee has not submitted the documents, it is alleged that Shares of Mr. Dev Chaudhari has been siphoned off by the Noticee related entity viz. Narayan D. It is alleged that the folio was illegally taken over by back end modifications in violation of Secretarial Standards and established practice at the Noticee {as per own statement of G.R Raodated January 28, 2016 (Annexure-SR15)}. It is also alleged that if the shares would have acquired through genuine transactions, new folio would have been allotted to him after passing of "transfer" entries and signature of transferee would have been attached to it. Further, it is alleged that the transactions in the folio were carried out despite complete signature mismatch and the internal checks and balances and control system of the Noticee were compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. As already mentioned Narayan D as well as Prashant Karkera has already admitted that all transaction w.r.t. Narayan D. (employee of Prashant Karkera) were being carried out by Prashant Karkera/Indira all money in his bank account belonged to them. Therefore, it is alleged that beneficiary of the fraud in the matter is again Indira and her family and the Noticee has facilitated the fraud.

285. Valuation of Share Misappropriated in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 2200 shares of Phillips India Limited belonging to 'Dev R Chaudhary misappropriated by Narayan Devadiga vide Buyback on 14/12/2009 | Rs. 532400/- | N.A. as unlisted |

286. **Non compliance with summons**

G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Phillips:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

It is alleged that the Noticee and G.R Rao failed to cooperate with the investigation by not replying to these summons.

287. Summary of violations and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons | Section 11C (2) and 11C (3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1),(2), (3),(6),(16), (17),(18),(20),(25),(28),(30) of Code of Conduct specified in Regulation 13 of SEBI(RegistraRs. to an Issue and Share Transfer Agents)Regulations, 1993{"RTA" Regulations"}, Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations and SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001 |

**E. Company Name: JM Financial Limited (Sharepro back office Code -J1J1) (herein after referred to as 'JMFL')**

The following discrepancies and fraudulent transactions were observed:

**Fraudulent transactions in the matter of Apple Holding Development Limited (herein after referred to as 'AHDL') (Folio Number- 054193, J1J1- JMFL)**

288. SEBI observed from the back office records of the Noticee, in the Folio No. - 054193 (Screen Shot placed at **Annexure-SP27**), dividend records from issue date 22/07/2004 to 17/07/2008 on 1800 shares of JMFL) are showing in the name of AHDL. Then from 11/09/2009 onwards 45,000 shares showing in the name of Anil CJ. (There was Bonus 3:2 and split 1:10 on Ex-Split Date & Ex-Bonus Date of 08-09-2008 hence 1800 share became 45000 shares). It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of AHDL and at another time in the name of Anil CJ, a different entity.

SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12) that in 2008 the folio no 054193 with 1800 shares was in the name of AHDL. It was also observed from annual return for the year 2009 the folio with 45000 shares was reported in the name of Anil J.While it was observed that in Annual

return for 2010 the folio has been omitted altogether. Additionally, it was observed thatthere are no entries in 2008 and 2009 in transaction file regarding said transactions. However, in transaction file for 2010 it was reported that 45000 shares has been dematerialized by Anil J under the same folio. (Screen Shot of Annual Return data placed at **Annexure-ARSP21**)

289. SEBI observed from the Folio No. - 054193, Back Office Software Module of the Noticee that record of dematerializing of total 45000 shares of JMFL (Certificate No. - 1452; Distinctive No. - 298363751 to 298381750 for 18000 shares and certificate no. - 3290; Distinctive No. - 747458626 to 747485625 for 27000 shares) by Anil Jathan on 12/04/2010 in his demat account no. - IN301151-28257835.

| DP ID/ Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|---|
| IN301151282578 35 | ANIL CHINNA PPA JATHA N | ADCP J1922 H | INE7 80C0 1023 | JM FINANCIA L LIMITED EQ NEW RE. 1/- | 12-Apr-2010 | 1259 023 | By Dematerialisation | 0 | 45,000 |
| | | | | | 13-Apr-2010 | 2609 5923 | To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011010 | 11,000 | 0 |
| | | | | | 15-Apr-2010 | 2611 6341 | To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011011 | 11,000 | 0 |
| | | | | | 16-Apr-2010 | 2614 8113 | To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011012 | 11,000 | 0 |
| | | | | | 21-Apr-2010 | 2620 6845 | To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011015 | 11,000 | 0 |
| | | | | | 31-May-2010 | 2686 0499 | To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011043 | 1,000 | 0 |

In this regard SEBI also observed that there are no records of print of any share certificate in the system records of the Noticee. It is alleged that the certificate dematerialized is the new share certificates issued post "bonus and split" and there is no records of the old share certificates or the new share certificates issued in lieu of those certificates in the system of the Noticee. It is alleged that Indira and her related entities have exploited this loophole and printed share certificates in their own name w.r.t. the shares of genuine investors who were apparently not aware of their own investments. In view of the above it is alleged thatthe Noticee has not maintained records properly and has facilitated the fraud.

290. Extract of ledger statement of Anil Jathan as provided by broker HDFC Securities Limited vide email dated August 12, 2016 (**Annexure-OD102**) is as below:

| Vdt | Vno | Narration | Debit | Credit | Balance | | |
|---|---|---|---|---|---|---|---|
| 13-Apr-10 | JV/20100413/6025 | N/1011010/13-apr-2010 | | 4,33,079.85 | 4,33,079.85 | Cr | Sale of 11000 shares of JM Financial Limited |
| 15-Apr-10 | JV/20100415/6019 | N/1011011/15-apr-2010 | | 4,28,855.38 | 8,61,935.23 | Cr | Sale of 11000 shares of JM Financial Limited |
| 16-Apr-10 | BP/20100416/4836 | Online Trf for Net Payout to Bank A/c 00601140050951 | 4,33,079.85 | | 4,28,855.38 | Cr | Paid to client |
| 16-Apr-10 | JV/20100416/5860 | N/1011012/16-apr-2010 | | 4,31,475.81 | 8,60,331.19 | Cr | Sale of 11000 shares of JM Financial Limited |
| 19-Apr-10 | BP/20100419/4545 | Online Trf for Net Payout to Bank A/c 00601140050951 | 4,28,855.38 | | 4,31,475.81 | Cr | Paid to client |
| 20-Apr-10 | BP/20100420/3302 | Online Trf for Net Payout to Bank A/c 00601140050951 | 4,31,475.81 | | 0 | Cr | Paid to client |
| 21-Apr-10 | JV/20100421/5737 | N/1011015/21-apr-2010 | | 4,21,161.46 | 4,21,161.46 | Cr | Sale of 11000 shares of JM Financial Limited |
| 23-Apr-10 | BP/20100423/5725 | Online Trf for Net Payout to Bank A/c 00601140050951 | 4,21,161.46 | | 0 | Cr | Paid to client |
| 31-May-10 | JV/20100531/5329 | N/1011043/31-may-2010 | | 37,886.38 | 37,886.38 | Cr | Sale of 1000 shares of JM Financial Limited |
| 02-Jun-10 | BP/20100602/2394 | Online Trf for Net Payout to Bank A/c 00601140050951 | 35,585.80 | | 11,972.20 | Cr | Paid to client |

The above mentioned amount was received in the HDFC Bank a/c no 00601140050951 (**Annexure-BRHDFC; Page No. - 51**) of Anil Jathan.

291. Anil Jathan was issued various summons to explain the transactions and submit various supporting documents However, it is alleged that he has failed to comply.

292. It was observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 (Annexure-SR12) of G.R Rao that the name of the folio no. - 054193 was changed from Anil C.J. to AHDL on 21.01.2012 by User "anils" login Terminal id "NALINI". However, SEBI observed that there is no log records for other changes (viz. AHDL to Anil C.J.) in the folio as visible in the back office software module of the Noticee. An explanation regarding the same was sought from G.R Rao who explained vide statement dated March 23, 2016 that changes in folio master may not get included in system log in case of (i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is failure to enable it. It is alleged that not only the Folio names has been changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail.

Further, the "Signature" record of the folio no. - 054193 taken out from the system of "Signature Verification Department" reveals that the signature attached to the folio is still that of "AHDL" it was also noted that in the "Signature Verification" software there is one message entry which states "DON'T REJECT REFER INDIRA 30/03/2010"(**Annexure-SR11**).

It is alleged that the dematerialization transaction in 2010 in favour of Anil Jathan was carried out under the direction of Indira despite complete signature mismatch. Additionally, it is alleged that if Anil Jathan would have got the shares in genuine transaction, a new folio would have been allotted to him and there would have been his



signature records in the new folio which is not the case. Further, it is also alleged that there would not have been any need of taking over of the folio through back end modifications in violations of Secretarial Standards and established practice of the Noticee as per the own statement of G.R Rao dated January 28, 2016 (Annexure-SR15). As already explained Anil is brother of Indira and has failed to co-operate with investigation.

293. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 45000 shares (Post Bonus 3:2 and split 1:10 on Ex-Split Date & Ex-Bonus Date of 08-09-2008) of JM Financial Limited belonging to Apple Holding Development Limited. Misappropriated by Anil Jathan vide Demat on 12/04/2010 | Value= Rs. 1777500 (Price @ NSE Rs. 39.50) | Value= Rs. 3242250(Price @ NSE Rs. 72.05) |

**Fraudulent transactions in the matter of Crystal Securities Pvt. Ltd. (herein after referred to as 'CSPL') (Folio Number- 054748, J1J1- JMFL)**

294. In the Folio No. - 054748 (Screen Shot placed at **Annexure-SP27A**), from the Back Office Software Module of the Noticee ,SEBI observed that dividend records for issue date from 22/7/2004 to17/07/2008 on 38000 shares of JMFL in the name of CSPL. In the year 2008 there was Bonus 3:2 and split 1:10 on Ex-Split Date & Ex-Bonus Date of 08-09-2008. SEBI observed that from 11/09/2009 dividend records being shown in the name of Suresh Unavane on 95000 shares. Folio No. - 054748 still holding 95000 shares on certificate no. - 3368 (Distinctive No. - 747726376 to 747726376; 57000 shares) and certificate no. - 1530 (Distinctive No. - 298542251 to 298580250; 38000 shares). It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of CSPL and at another time in the name of Suresh Unavane, a different entity.

SEBI observed from the "Signature" record of the folio no. - 054748 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Authorized Signatory of CSPL" (Annexure-SR11). Therefore, it is alleged that the internal checks and balances and control system of the Noticee were compromised to illegally transfer the shares belonging to one shareholder by another entity.

SEBI also observed from the Annual Return data submitted by the Noticee vide statement dated March 23, 2016 (**Annexure-SR12**) that in 2008 the folio no. 054748 with 38000 shares was in the name of CSPL.However, in annual return for the year 2009, 2010and 2011 the folio with 95000 shares were reported in the name of Suresh Unavane. (Screen Shot of Annual Return data placed at **Annexure-ARSP22**)

295. In response to SEBI summons dated March 28, 2016 (Annexure-SJM1), the company JMFL vide their letter dated April 06, 2016(**Annexure-CRJM4**) submitted that the name of AHDL with holding 1800 shares and CSPL with holding 38000 shares appeared under folio no. - 054193 and 054748 respectively as per the Annual Return (as on July 25, 2008) filed with RoC on September 23, 2008. However, the name of Anil CJ holding 45000 shares (post split and bonus issue) and Suresh Unavane holding 95000 shares (post split and bonus issue) appeared under folio no. - 054193 and 054748 respectively as per the Annual Return (as on September 10, 2009) filed with RoC on November 05, 2009. SEBI further observed that the addresses as per the annual returns are still that of the original investor (viz. AHDL and CSPL respectively). JMFL has further stated that it did not receive from the Noticee any documents/ transfers in respect of the said change in name. JMFL further stated that the said changes has been carried out by the Noticee without any authority and supporting documents. JMFL also stated that they do not have any document regarding the said transactions and even the Noticee did not provide them with the documents on their recent enquiry.

Additionally, JMFL stated that dividend w.r.t. the folio no. - 054193 (AHDL) & folio no. - 054748 (CSPL) from FY 2001-02 to FY 2006-07 was transferred to IEPF. However, SEBI

observed that Dividend of Rs. 45000/- for the FY 2007-08 in respect of the folio no. - 054193 has been issued to K Nagesh and dividend of Rs. 9000/- for the FY 2008-09 in respect of the folio no. - 054193 has been encashed by Anil CJ. Similarly dividend of Rs. 95000/- for the FY 2007-08 and Rs. 4.42 lakh for dividend for the years 2008-09 to 2014-15 in respect of the folio no. - 054748 has been encashed by K. Nagesh and Suresh Unavane respectively. JMFL further observed that the Noticee has not sent them any dividend revalidation request and the dividends have been issued to these individuals without any authority. The documents (email of the company along with copy of instrument issued, copy of instruction from the Noticee to dividend bank etc) w.r.t. the above dividends which could be retrieved by the company are placed at **Annexure-CRJM5**. It is alleged that not only the dividend was issued illegally to Indira related entities but the instruction for the same were also being issued by Indira herself directly to the bank.

296. It is alleged that in the above two matters shares of other entities were siphoned off by entities related to management of the Noticee viz. Indira. It is also alleged that if the entities acquired shares in genuine transfers, new folios would have been allotted to them and their signatures has been attached with it and there would not have been any need of back end modification in the folio master in violation of Secretarial standards and established practice of the Noticee as stated by G.R Rao vide statement dated January 28, 2016 (Annexure-SR15). It is alleged that the beneficiaries of the fraud are Indira and her family members including her brother Anil Jathan.

297. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 95000 shares (Post Bonus 3:2 and split 1:10 on Ex-Split Date & Ex-Bonus Date of 08-09-2008) of JM Financial Limited belonging to Crystal Securities Pvt. Ltd. misappropriated by Suresh Unavane vide Demat on 12/04/2010 | Exact date not available | Value= Rs. 6844750(Price @ NSE Rs. 72.05) |

298. **Non compliance with summons**

G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of JM Financial Limited:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

However, it is alleged that the Noticee and G.R Rao failed to cooperate with the investigation.

299. Summary of violations and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons | Section 11C(2)and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4(1) & (2)(p)of SEBI(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market)Regulations, 2003. {Hereinafter PFUTP Regulations, 2003}, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25),(28),(30) of Code of Conduct specified in Regulation 13 of SEBI(RegistraRs. to an Issue and Share Transfer Agents)Regulations, 1993 {"RTA" Regulations"}, Regulation 9(A)(f), Regulation 6(g) and Regulation 14(3)(b)&(c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001 |

**F. Company Name: Navin Fluorine International Ltd.(herein after referred to as 'NFIL') (Shareproback office Code- NFNF for partly paid and PRPR for fully paid)**

300. NFIL was summoned to submit various information/documents/explanations vide SEBI Summons dated March 01, 2016 (**Annexure-SNF1**). NFIL submitted their reply vide letter dated April 07, 2016 (**Annexure-CRNF1**). The general explanations of the company are as below:

- Polyolefins Rubber Chemicals Limited (**PRCL**; now Navin Fluorine International Limited) came into existence due to demerger of Mafatlal Industries Limited (MIL or Mafatlal) approved by BIFR and chemical division of Mafatlal was demerged as PRCL.
- One share of PRCL was allotted for every one equity share held in Mafatlal as on record date February 06, 2003.
- the Noticee was appointed Registrar and Transfer Agents vide board resolution dated September 29, 2003
- The Noticee was authorized to process transfer of shares w.r.t. transfer/transmission/transposition/split/duplicate/consolidation/remat/name deletion etc. and generate relevant "register" for the same. This "register" was sent to the company for approval by hand delivery. Two of the three officials of the company who were part of share transfer committee were authorized to approve the same without holding any meetings. The said officials used to sign the "registers" sent by the Noticee and return the same by hand delivery. Neither any minutes of approval were prepared nor were any inward/outward records of mails exchanged with the Noticee maintained. Even any copy of the approved "register" was not kept by the company.
- The Noticee was authorized to sign new share certificates on behalf of NFIL for duplicate/split/consolidation/rematerialization.



- The Noticee was not required to take approval of NFIL for dematerialization of shares of the company.
- Further, it was explained by the company that most of the SEBI queries relates to shares held by UTI. It was explained that some of the holding of UTI in MIL was sold before the record date but the shares were not lodged with the company for transfer. Because of the above the corresponding shares of PRCL were allotted to UTI but they had disclaimed and returned those shares. The Noticee on receipt of original shares for transfer or out of their own allotted the shares of PRCL to entities through "rectification entries" without making any reference to the company.

The above explanation also shows that the company was negligent in maintenance of records various and supervising the RTA w.r.t. transactions in the shares of the companies.

The examination of the irregular transactions atthe Noticee is as below:

**Fraudulent transactions in the matter of Suresh D Shah (Folio Number- 19036380; Code NFNF- NFIL -Partly Paid)**

301. From the records of Folio Number-19036380 (Screen Shot placed at **Annexure-SP28**) available in the Back Office Module of the Noticee , SEBI observed that dividend dated July 29, 2005 on 10 shares in the name of Mr. Suresh D Shah but currently the shares folio record are shown in the name of Mr. Suresh Unavane. SEBI also observed that there is no record of how the shares got transferred. It is alleged that along with the entry of "change of address" dated July 20, 2006 the name of the shareholder also got changed from Mr. Suresh D Shah to Mr. Suresh Unavane who is an entity linked to Indira. SEBI observed that current holding in the said folio is zero without any record of sale/demat of shares.

302. It is alleged that in the Folio Number-19036380, the Back Office Module of the Noticee showing Current holding is zero in the name of Suresh Unavane without any record of Sale/dematerializing of 10 shares transferred to him.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao that the name of the folio no. - 19036380 was changed from Suresh D Shah to Suresh Unavane on 20/07/2006 by User "edp" login Terminal id "SHETTY1"(**Annexure-SR12**).

SEBI observed from the "Signature" record of the folio no. - 19036380 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Suresh D Shah"(**Annexure-SR11**).

SEBI further observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), that the folio no 19036380 in the year 2005, 2007, 2008, 2009, 2010 with 6, 16, 16, 16, 16 shares respectively was in the name of Suresh D Shah. It is alleged that the Noticee could not provide Annual Return data for the year 2006. While in Annual return for 2011 the folio has been omitted altogether (Screen Shot of Annual Return data placed at **Annexure–ARSP23**). Thus it is alleged that the Noticee has caused wrong reporting to the regulators

303. The Noticee failed to reply to SEBI summons. However, in this regard NFIL replied and explained that the shares appears not to have been transferred to Suresh Unavane as the dividend of Rs. 136/- for the year 2014-15 was paid to Suresh D Shah in July 2015. SEBI observed that the dividend has indeed been encashed by Suresh D Shah.

304. SEBI observed that the company has no records and had replied based on dividend records at the Noticee. While the actual records of the folio at Sharepro shows that the folio has been changed from Suresh Shah to Suresh Unavane. Even if the dividends has been issued to Suresh Shah, it cannot be concluded that folio not transferred to Suresh Unavane because the folio has apparently reflecting in the name of Suresh Unavane due

to back end modifications. It is alleged that if Mr. Suresh Unavane would have got the shares through a genuine transfer the share certificates would have come in his possession, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it. There would not have been any need of change of the folio through back end entry which is in violation of Secretarial Standards as well as against the established practice atthe Noticee as per own statement of G.R Rao dated January 28, 2016 (Annexure-SR15). It is alleged that the shares has been misappropriated by entities related to Indira and the Noticee has also failed to maintain proper records for the transactions. Suresh Unawane appeared before IA and in his statement dated September 20, 2016 stated that his accounts are being operated by Prashant Karkera & Indira, which is also admitted by Prashant Karkera in his statement dated September 27, 2016 (**Annexure-SR1**). Thus, it is alleged that while dividend was issued to Suresh D Shah, the records had been tampered to indicate Suresh Unawane as the shareholder. It is alleged that such an act where a folio is in the name of a person different from the dividend recipient is itself irregular and wrong. The company has also been negligent in this regard.

305. Valuation of Share Misappropriated on replacement cost basis in this matter-

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 10 shares of Navin Fluorine International Ltd. belonging to Suresh D Shah misappropriated by Suresh Unavane vide back end modification entry on 20/07/2006 | Value= Rs. 2075.5 (Price @ BSE Rs. 207.55) | Value= Rs. 2,3384.5(Price @ NSE Rs. 2,338.45) |

**Fraudulent transactions in the matter of Pradeep Rathod (Folio Number- 26007865; Code NFNF- NFIL)**

306. As per back office software module, on 03/04/2006 the Folio No. - 26007865 of Pradeep Rathod (Screen Shot placed at **AnnexureSP29**) received 1000 shares of NFIL (Certificate no. - 139126; Distinctive no. - 1105343 to 1105442, Certificate no. - 139127; Distinctive no. - 1105443 to 1105542, Certificate no. - 139128; Distinctive no. - 1105543 to 1105642, Certificate no. - 139129; Distinctive no. - 1105643 to 1105742, Certificate no. - 139130; Distinctive no. - 1105743 to 1105842, Certificate no. - 139131; Distinctive no. - 1105843 to 1105942, Certificate no. - 139132; Distinctive no. - 1105943 to 1106042, Certificate no. - 139133; Distinctive no. - 1106043 to 1106142, Certificate no. - 139134; Distinctive no. - 1106143 to 1106242 and Certificate no. - 139135; Distinctive no. - 1106243 to 1106342) as "rectification" entry (inward no. - 800019) from Folio no. - 31000092 (UTI).

307. SEBI observed that in the Folio No. - 26007865 of Pradeep Rathod on 03/04/2006 all the 10 certificates of 100 each shares of NFIL as received above from Folio no. - 31000092 were "merged" (viz. consolidation of old certificate into new ones) (inward no. - 270205) into one share certificate (no. - 155804) of 1000 shares.

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD68**) that the certificate No 155803 and 155807 were printed on April 03, 2006 but the entry for printing of 155804 is missing in the said register though other entries of the period are present.

308. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 1000 shares of Navin Fluorine International Ltd. belonging to UTI misappropriated by Pradeep Rathod vide back office rectification entry on 03/04/2006 | Value= Rs. 303000 (Price @ BSE Rs. 303.00) | Value= Rs. 2,338450 (Price @ NSE Rs. 2,338.45) |

309. Folio No. - 26007865 of Pradeep Rathod (PRPR- Navin Fluorine International Ltd) dematerialized 1000 shares (certificate no. - 155804) on 27/04/2006 in demat account no. - IN300513-11049708. After demat the shares were transferred as below:

| DP ID | Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|---|---|
| IN300513 | 11049708 | Pradeep M Rathod | AADPR5838A | INE048G01018 | Navin Fluorine International Ltd. EQ | 28-Apr-2006 | 548874 | By Dematerialisation | 0 | 1,000 |
| | | | | | | 02-May-2006 | 13571760 | To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607021 | 1,000 | 0 |

310. Extract of ledger statement of Pradeep Rathod as provided by SVS Securities vide email dated June 01, 2016(**Annexure-OD105**) is as below:

| Date | Ref No | Narration | Debit Amount | Credit Amount | Remark |
|---|---|---|---|---|---|
| 03/05/2006 | 290092 | Y02106 BSE-Y2006021BILL POSTING GR.Y2006021 | | 2,84,382.50 | Sale of 1000 Navin Fluorine @ Rs. 401390.00; Net Profit on Day trading of LML Ltd. @ Rs. 1747.35; Buy of 250 Rsystems Int @ Rs. 57730.00; Buy of 2000 Sunflag St. 35460.00; Buy of 2000 of Lloyd Steel @ Rs. 24660.00; |
| 03/05/2006 | 2660 | BC32ICICI-000405005381 | 2,84,382.50 | | Paid to client |

SEBI observed that above funds withdrawal from the broker were received by Mr. Pradeep Rathod in his Union Bank a/c no. 316002010070270 (**Annexure-BRMISC; Page No. - 172**) on May 06, 2006. Mr. Rathod issued cheque no. 138117 worth Rs. 3,78,300 in favour of Indira. She encashed the same in her National Co-op Bank account

no. 4672 on May 06, 2006 (as confirmed by bank letter dated January 04, 2017; **Annexure-BRMISC- Page No. - 82**). Thus it is alleged that Indira was beneficiary of the fraud.

311. Various information/documents were sought by SEBI from Pradeep Rathod vide summons MIRSD2/LS/2016/10977dated April 12, 2016 but it is alleged that Pradeep Rathod failed to provide any information though he replied through one Advocate "SSP Legal". The replies Dated April 22, 2016 and May 16, 2016(**Annexure-LIR10**) are just to show intent to cooperate but there is no information provided in the said letters Later Pradeep Rathod submitted another reply through his advocates Legal Juris vide letter dated June 27, 2016(**Annexure-LIR8**). He stated that he was approached by Indira that few persons viz. Anil CJ, Raju Landge & Suresh Unavane are holding shares of certain companies and they are interested to sell the same. Indira undertook to indemnify (copy of Indemnity bond on stamp paper placed at **Annexure–OD69**) him for any dispute arising in future. He agreed to acquire the said shares subject to the condition that the sum of the shares will be paid to the respective shareholders after transfer of shares in his name, getting it dematerialized and selling the same in open market after deducting certain sum from the sale proceeds. Accordingly in the year 2005/2006 he purchased the shares as below:

| Sr. No | Name of the company | No of Shares | Purchace Price |
|---|---|---|---|
| A | M/s Hexaware Technologies Limited | 13840 | Left Blank in the reply by Mr. Rathod |
| B | M/s Aptech Ltd. | 4152 | -do- |
| C | M/s Navin Fluorine Ltd. | 1000 | -do- |
| D | M/s Hexaware Technologies Ltd. | 9500 | -do- |

He further stated that he purchased 1000 shares from one Suresh Unavane. A certificate dated March 17, 2006 (**Annexure-OD70**) was issued by the Noticee (signed by Indira) stating that Suresh Unavane is the holder of 1000 shares of Navin Fluorine on the share certificate no. - 164071 (Distinctive Nos. 1105343 to 1106342). He further stated that the

said share certificate was sent for transfer in his favour and then same was also dematerialized in his demat account. He then sold the said 1000 shares on April 29, 2006 in market for Rs. 400690/- and later paid Rs. 378300/- to Indira vide cheque no -138117 dated May 05, 2016 which was debited from his bank account on May 06, 2006. It was noted from the documents submitted by Pradeep Rathod that the share certificate for 1000 shares submitted for dematerialization was having certificate number 155804 (Distinctive Nos. 1105343 to 1106342) which is missing from the records of share certificate print reconciliation/control register.

312. It is alleged that if the explanation given by Pradeep is real, will anyone, as per similar logic as given by Pradeep, transfer (without prior consideration or any agreement for purchase price) his house/shop/office properties under NOC to someone, get it registered in the name of another person & ask another person to sell the same in market and then afterwards pay him the sale price. No sane person on earth will do that esp. when the value of the assets are in lakhs/crores. The seller can very well sell the same in open market himself. It is alleged that the above explanations by Pradeep Rathod are just after thought to hide his connivance with Indira for the said fraudulent transactions. It is alleged that he was very well aware about the suspicious/ fraudulent nature of the transactions from very beginning that's the reason he obtained indemnity bond from Indira. It is also alleged that Indira had used the above circuitous transactions for "layering" and creating "smoke screen" for fraudulent transactions so that audit trail be blurred and any future investigation/inspection to detect the same become difficult.

It was further observed that the share certificates that were transferred from UTI to Pradeep Rathod were having number viz. Certificate no. - 139126; Distinctive no. - 1105343 to 1105442, Certificate no. - 139127; Distinctive no. - 1105443 to 1105542, Certificate no. - 139128; Distinctive no. - 1105543 to 1105642, Certificate no. - 139129; Distinctive no. - 1105643 to 1105742, Certificate no. - 139130; Distinctive no. - 1105743 to 1105842, Certificate no. - 139131; Distinctive no. - 1105843 to 1105942, Certificate no.

- 139132; Distinctive no. - 1105943 to 1106042, Certificate no. - 139133; Distinctive no. - 1106043 to 1106142, Certificate no. - 139134; Distinctive no. - 1106143 to 1106242 and Certificate no. - 139135; Distinctive no. - 1106243 to 1106342. SEBI alsso observed that these certificates were merged/consolidated into single certificate number 155804 which was the same that was submitted for dematerialization by Pradeep Rathod. Thus it is alleged that Pradeep's submissions are false and misleading because the said 1000 shares were neither bearing number 164071 (as per NOC certificate issued to him by the Noticee /Indira) nor were in the name of Suresh Unavane. SEBI observed that the submission of Pradeep that shares certificate 164071 (which is in fact of a series later than even certificate number 155804) was in the name of Suresh Unavane then it was transferred in his name and then dematerialized because in case of genuine transfers the same certificate (in this case it should have been 155804) is endorsed in the name of transferee/purchaser, is not accpetable. Certificate number 155804 was printed in the name of Pradeep and in the folio of Pradeep who should have been in the knowledge as to why a new certificate was printed, if he is buying from a genuine shareholder. It is also contradictory to say he paid consideration to Indira while he bought shares from Suresh Unavane as per his own submissions.It is alleged that he was fully hand in glove with Indira in the conspiracy of fraudulent transfer of shares. Pradeep even failed to submit copy of certificate number 164071 while the Noticee and Indira has not cooperated with the Investigations. SEBI also observed from receipt document (signed by Indira; placed at **Annexure-OD71**) submitted by Pradeep that he submitted the shares to the Noticee for transfer in his name on April 04, 2006 while as perthe Shareproback office records the shares were already transferred in his name and new certificate printed in his folio on April 03, 2006 itself. In view of the above it is alleged that the documents submitted are forged.

An analysis of share price at BSE revealed that from March 17, 2006 (date of NOC certificate by the Noticee that shares belonged to Suresh) to April 04, 2006 (lodging of

shares for transfer with the Noticee ) the price varied between 245.60 (intraday low on 29/03/2006) to 318.15 (intraday high on 04/04/2006). The price at which he sold the shares on April 29, 2006 was Rs. 403/.While the prevailing price on May 03-04, 2006 i.e. one day before he paid amount (Rs. 378300/- i.e. @ 378.3) to Indira was 353.15 (intraday low on 04/04/2006) to 398.70 (intraday high on 03/04/2006) i.e. in the range of what was paid to Indira. So why will Pradeep genuinely buy physical shares from Suresh/Indira @378.3 while he could have bought the same shares in demat form at much cheaper rate from the Market. Further, Pradeep neither mentioned the agreed sale price in his reply nor submitted any copy of agreement for the sale w.r.t. terms of condition (esp. since sale price was required to be paid after purchase/transfer/demat/sale in market). In view of the above it is alleged that transfers to & sale through Pradeep was just layering to blur the audit trail and the difference between sale price of the shares in the market (@403/-) and what was paid to Indira (@378.3/-) alleged to be the commission of Pradeep in return for helping Indira in the said fraud. It is also alleged that Pradeep's inconsistent explanations are just "after thoughts" and attempt to hide the truth of fraudulent transfers.

313. NFIL vide its reply dated April 07, 2016 submitted that the shares transferred to Pradeep Rathod appears to out of share disclaimed by UTI/SHCIL. Further, they stated that the Noticee has transferred the shares to Pradeep through "Rectification mechanism" without making any reference to NFIL. NFIL submitted that it could not trace any documents w.r.t. the above transactions from the records of the Noticee except Demat Application for the dematerialization of the shares by Pradeep. NFIL further submitted that the said Pradeep was not shareholder of MIL hence the said shares of earlier PRCL (now Navin Fluorine) could have never been allotted to him based on scheme of demerger. Thus, it is alleged that the Noticee has failed to carry out transactions in prescribed manner by transferring the shares through approval from shares transfer committee as against "rectification" entries passed by the Noticee.

314. SEBI observed from the electronic records obtained from back office of the Noticee that the shares of Navin Florin were wrongly transferred to Pradeep from the folio of UTI and later new certificates in lieu of the said share certificates were printed in the folio of Pradeep Rathod. It is alleged that if these been genuine transfers the original certificates would have been actually transferred to Pradeep and there would not have been any need to re-print the share certificates. Thus, it is alleged that the shares of Navin Fluorine has been fraudulently transferred by the Noticee for illegally benefiting the officials of the Noticee and other related entities. It is alleged that Indira has a role in this. Further, as per statement dated February 15, 2016 (Annexure-SR11) of G.R Rao all transaction of value more than five lakhs are required to be approved by him points to his involvement. SEBI alleged that If the transactions are processed without his approval it points to complete failure of systems/procedure & checks/balances at the Noticee. Further, it is alleged that the funds trail makes it clear that the ultimate beneficiaries of the fraud is the Noticee management viz. Indira.

**Fraudulent transactions in the matter of Chetan M. Shah (Folio Number-26013730&26013748; Code NFNF- NFIL)**

315. SEBI observed from back office software module of the Noticee, in the Folio No. - 31003243 (UTI) that there is re-printing of share certificates by consolidation of certificates (having nos. 139365, 139366, 139367, 139368, 139369, 139370, 139371, 139372, 139373, 139374, 139375, 139376, 139377, 139378, and 139379 of 100 each of NFIL) on 30/04/2012 and new certificate no. - 168551 (Distinctive No. - 1126907 to 1128406) of 1500 shares was printed.

The physical share certificate print reconciliation/control register (**Annexure-OD72**) shows that the certificate No168551was printed on April 30, 2012.

NFIL vide letter dated April 07, 2016 (Annexure-CRNF1) based on the documents recovered from the office of the Noticee has submitted that the consolidation register w.r.t.

these 1500 share were never received by the company and the certificate also did not come to the company for signature. They stated that it might has been done atthe Noticee.

316. SEBI oobserved from back office software module of the Noticee, that 1500 shares of NFIL (Certificate no. - 168551; Distinctive No. - 1126907 to 1128406) were received in the Folio No. - 26013730 (Chetan M. Shah) (Screen Shot placed at **Annexure-SP30)** on 30/04/2012 from folio 31003243 (UTI) through "transfer" entry (inward no. - 28527).

NFIL vide letter dated April 07, 2016 (**Annexure-CRNF1**) based on the documents recovered from the office of the Noticee has submitted that the "transfer register" (without any supporting documents as a general practice) was sent to the company and they have approved the same based on due diligence done by the Noticee. Further they were not able to trace any other documents from the office of the Noticee. While the Noticee also has not furnished any document to prove that the transfer is genuine.

317. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 1500 shares of Navin Fluorine International Ltd. belonging to UTI misappropriated by Chetan M. Shah vide back office entry on 30/04/2012 | Value= Rs. 564900 (Price @ BSE Rs. 376.60) | Value= Rs. 3507675(Price @ NSE Rs. 2,338.45) |

318. SEBI observed from the records of Folio No. - 26013730 (Chetan M. Shah) that the said 1500 shares of Navin Fluorine International Ltd. (Certificate no. - 168551; Distinctive No. - 1126907 to 1128406) were dematerialized on 11/05/2012 in demat account no. - 12053900-00015332. After demat the shares were transferred as below:

| Date of Txn | Transaction Particulars | C-Credit/D-Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 11/05/2012 | Demat 06072981 Close - Cr Confirmed Balance | C | 1500 | 1205390000015332 | Chetan M Shah | | | Demat |
| 15/05/2012 | EP-DR Txn:607143 CtBo:1100001000019272 1110001213031 ExId:11 | D | 1500 | 1205390000015332 | Chetan M Shah | 1100001000019272 | Ambit Securities Broking Pvt. Ltd. | On-Market Transfer Within CDSL |

Ambit Securities vide email dated June 15, 2016 (**Annexure-OD73**) provided the copy of DRF form w.r.t. the above demat. SEBI observed that the shares dematerialized by Chetan are on same certificate number and are of same distinctive numbers as mentioned above. SEBI observed that originally, the shares were held by UTI. Therefore, in the normal course if duplicate certificates were to be printed in 2012, these can take place only with the request of UTI and after following due process such as filing FIR, issuing advertisements, obtaining indemnity bond etc. in terms of SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001. It is alleged that the Noticee could not produce any supporting documents in this regard which indicates that these were not duplicate certificates issued in the normal course to UTI; it is alleged that the Noticee printed the certificates solely to enable Chetan Shah to lodge a fraudulent claim for dematerialization.

319. SEBI observed from back office software module of the Noticee that another lot of 1500 shares of NFIL (Certificate no. 168552; distinctive no. - 1128407 to 1129906) were transferred on 15/05/2012 in the Folio No. - 26013748 (Chetan M. Shah) (Screen Shot

placed at **Annexure–SP31)** from folio no. 31003243 (UTI) through "transfer" entry (inward no. - 28550).

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD72**) that the certificate No168552 was printed on April 30, 2012.

320. Further, SEBI observed that on 15/05/2012, 950 shares of NFIL (Certificate no. 168553; Distinctive no. - 1129907 to 1130706, 1126742 to 1126806, 1126837 to 1126906, 1130717 to 1130731) were transferred from UTI folio no. 31003243 to the Folio No. - 26013748 (Chetan M. Shah) through "transfer" entry (inward no. - 28551).

NFIL vide letter dated April 07, 2016 based on the documents recovered from the office of the Noticee has submitted that the "transfer register" (without any supporting documents as a general practice) w.r.t. above 2450 (1500+950) was sent to it and they have approved the same based on due diligence done by the Noticee. Further, they were not able to trace any other documents from the office of the Noticee. While the Noticee also has not furnished any document to prove that the transfer is genuine.

321. SEBI observed from the Folio No. - 31003243 (UTI) there is transfer of 950 shares of NFIL (100*8+75*1+60*1+15*1: Certificate no. 168553; Distinctive no. - 1129907 to 1130706, 1126742 to 1126806, 1126837 to 1126906, 1130717 to 1130731) to folio no. - 26013748 (Chetan M. Shah) on 15/05/2012. SEBI observed that certificate no. - 168553 was obtained by re-printing share certificates (having nos. 139395, 139396, 139397, 139398, 139399, 139400, 139401, 139402, 155430, 156265 and 168368) on 30/04/2012. Further, it was also observed that certificate no. 155430, 156265 and 168368 are split & reprint of certificate no 139363 (on 15/3/2005), 139364 (on 29/3/2010) and 139403 (on 15/04/2011) respectively. The details are as below:

| Orig Certificate No | New Certificate No | Dist no From | Dist no To | Creation Date | No of Shares |
|---|---|---|---|---|---|
| 139363 | 155429 | 1126707 | 1126741 | 15/03/2005 | 35 |
| | 155430 | 1126742 | 1126806 | 15/03/2005 | 65 |
| 139364 | 156264 | 1126807 | 1126836 | 29/03/2010 | 30 |

| Orig Certificate No | New Certificate No | Dist no From | Dist no To | Creation Date | No of Shares |
|---|---|---|---|---|---|
| | 156265 | 1126837 | 1126906 | 29/03/2010 | 70 |
| 139403 | 168367 | 1130707 | 1130716 | 15/04/2011 | 10 |
| | 168368 | 1130717 | 1130731 | 15/04/2011 | 15 |

It is alleged that the Noticee failed to provide any explanation or supporting documents w.r.t. the transaction of printing of new share certificate no 168553, 155430, 156265 and 168368 in place of old share certificates.

SEBI observed from the physical share certificate print reconciliation/control register that the certificate No. 156264 & 156265 (**Annexure-OD74**) were printed on March 30, 2010. The certificates No. 155429 & 155430 (**Annexure-OD75**) were printed on March 22, 2005.The certificate No168553 (**Annexure-OD72**) was printed on April 30, 2012. The certificate No. 168368& 168367 (**Annexure-OD76**) were printed on April 15, 2011.

NFIL vide letter dated April 07, 2016 based on the documents recovered from the office of the Noticee has submitted that the shares certificate was not sent to it and it might have been signed at Sharepro. Further, they were not able to trace any other supporting documents from the office of the Noticee.

322. SEBI observed in the records of Folio No. - 26013748 (Chetan M. Shah) that total 2450 shares of NFIL (1500+950) as received from folio no. 31003243 on 15/05/2012 were dematerialized on 23/05/2012 in the demat account no. - 1205390000015332.

Ambit Securities vide email dated June 15, 2016 (**Annexure-OD73**) provided the copy of DRF form w.r.t. the above demat. SEBI observed that the shares dematerialized by Chetan are on same certificate number as mentioned above viz. Certificate no. 168552 and Certificate no. 168553.

323. SEBI further, observed that on 26/05/2012, 2450 shares of NFIL were rematerialized through "rectification" entry (inward no. - 28551 for Certificate no. 168552 and inward no.

- 800016 for Certificate no. 168553) in Folio No. - 26013748 (Chetan M. Shah) from demat account no. - 1205390000015332. The Noticee was summoned to provide a detailed explanation of the above transaction including how rematerialization can happen with same share certificates which were earlier dematerialized and also to provide documents to prove the genuineness of the transaction. However, it is alleged that the Noticee failed to comply.

324. The details of the demat and remat transactions are as below:

| Date of Txn | Transaction Particulars | CCredit/D-Debit | Qty | BOID | Sole / First Holder Name | Counter BOID | Counter Sole / First Holder Name | Transaction Type |
|---|---|---|---|---|---|---|---|---|
| 23/05/2012 | Demat 06082576 Close - Cr Confirmed Balance | C | 2450 | 1205390000015332 | CHETAN MULCHAND BHAI SHAH | | | Demat |
| 25/05/2012 | CA-Rectification00145348 1DEBIT | D | 2450 | 1205390000015332 | CHETAN MULCHAND BHAI SHAH | | | Corporate Action |

SEBI observed that Ambit Securities vide email dated June 15, 2016 (**Annexure-OD73**) submitted that the above rectification is "CA Rectification" (viz. rectification of corporate action) and the Noticee is not giving them clarification for the above transactions. CDSL vide email dated November 28, 2016 (**Annexure-OD77**) provided the document based on which the CA rectification was carried out. SEBI observed from the document submitted by CDSL that the Noticee has issued instruction cum indemnity letter dated May 25, 2012 to CDSL for rectification of "erroneous credit" to Chetan Shah and also mentioned that they will give credit in physical mode. SEBI observed that similar letter was also issued by the company NFIL on the same day.

325. Extract of sauda book and ledger statement of Chetan Shah as provided by broker Ambit Securities Broking Pvt Ltd. vide email dated May30, 2016(Annexure-OD101) is as below:

**Sauda book**

| Date | Scrip Code | Security Name | Quanti ty | Buy or Sell | Net Rate (Average) | Amount |
|---|---|---|---|---|---|---|
| 14/05/2012 | 32504 | Navin Fluorine | 1500 | Sell | 405.3347 | -608040.15 |
| 25/05/2012 | 32505 | Navin Fluorine | 2450 | Sell | 404.3055 | -990607.25 |
| 29/05/2012 | 32506 | Navin Fluorine | 2450 | Buy | 436.0627 | 1068353.6 |

**Ledger**

| Date | Voucher | Bank | Che que | Description / Narration | Dr. Amount | Cr. Amount | Balance | |
|---|---|---|---|---|---|---|---|---|
| 16-May-2012 | B/NM/031/ 61 | | | By Bill B/nm/031/ 61 For Ex: Bse - Bt: Depository - Settlement=2012031 | 0 | 6,07,082.31 | -6,07,582.31 | Sale of 1500 Navin Fluorine |
| 16-May-2012 | PYMAY0 90000009 | CA 12388 | 5227 9452 | Ag. Bill | 6,00,000 | 0 | -7,582.31 | Paid to client |
| 29-May-2012 | B/NM/040/ 18 | | | By Bill B/nm/040/ 18 For Ex: Bse - Bt: Depository - Settlement=2012040 | 0 | 9,88,923.52 | -10,08,968.51 | Sale of 2450 Navin Fluorine |
| 29-May-2012 | B/NA/040/ 2 | | | To Bill B/na/040/ 2For Ex: Bse - Bt: Auction - Settlement=2012040 | 10,68,353.62 | 0 | 59,385.11 | Buy of 2450 Navin Fluorine in Auction |
| 30-May-2012 | REMAY0 90000028 | A002 | 4213 7 | Ag. Bill | 0 | 60,000 | -614.89 | Paid to client |

SEBI observed that Chetan Shah transferred Rs. 5,00,000 to one Samir Doshi on 19-May-2012 after receiving sale proceeds of Rs. 6,00,000 in his Axis account. He deposited Rs. 60,000 cash in his Axis account and then transferred to broker. Copy of his bank account statement placed at Annexure-BRSTMT; Page no. - 439.

As observed from demat account transactions and ledger/sauda book of Chetan Shah that Chetan has actually sold the 2450 shares in the market and bought the same from market transaction. Which also implies the earlier certificate must have been surrendered for demat and destroyed. Hence after rematerialization same certificate cannot be printed again. But appearance of the same certificate number in the Noticee record proves that it has been done so by falsification of records atthe Noticee so that the siphoning of shares could not be detected in any audit later.

326. SEBI observed that in the Folio No. - 26013748 (Chetan M. Shah) share certificates no 168552 & 168553 which were rematerialized earlier were "merged" (viz. consolidation of old certificate into new ones) (inward no. - 664735) into one share certificate no. 169327 (for 2450 shares of NFIL with same distinctive numbers) on 16/11/2015. Folio still holds 2450 shares. The physical share certificate print reconciliation/control register (**Annexure-OD78**) shows that the certificate No 169327 was printed on November 16, 2015.

NFIL vide letter dated April 07, 2016 (**Annexure-CRNF1**) based on the documents recovered from the office of the Noticee has submitted that the "consolidation register" was sent to the company and they have approved the same based on due diligence done by the Noticee. Further, they were not able to trace any other documents from the office of the Noticee. All the above transfer and consolidation registers recovered from the office of the Noticee was provided by the company as page 66 to 74 of the compilation (Part-II) attached to the letter dated April 07, 2016 (**Annexure-CRNF1**).

327. Thus, it is alleged that the rematerialized certificate nos. 168552 & 168553 were later merged/consolidated as certificate no. 169327 because the earlier certificates did not exist after remat. Hence, it is alleged that "merge entry" was carried out to print yet another certificate and to provide "smoke screen" for these fraudulent transactions.

328. SEBI also observed that the above shares i.e. 2450 shares on certificate no. 169327 were once again issued to Chetan Shah who submitted the same for dematerialization through SMC Global Securities Limited on November 24, 2015. As per the information received from SMC Global vide email dated June 16, 2016 (**Annexure-OD79**) it was noted that 2450 shares on certificate no. 169327 were submitted vide DRF Number 218289 (DRN 7243867) on November 24, 2015. SEBI observed from the correspondence between the DP andthe Noticee (email of the Noticee dated December 15, 2015) that the demat request was rejected on December 11, 2015 and the share certificates were retained by the Noticee. Again a DRN was raised on December 15, 2016 on the request of the Noticee

but the same was again rejected on January 12, 2016. SEBI observed that SEBI investigation started in December 2015 and SEBI team started investigation in the shares of the same company and folio of Chetan Shah was also taken as sample which acted as catalyst for the Noticee to abort this attempt to siphon off the shares.

329. Information/documents w.r.t. the above transactions were sought from Chetan Shah vide summons no. MIRSD2/DB/LS/2016/10978dated April 12, 2016 and Summons no. - MIRSD2/DB/SD/SSIL/13568/2016 dated May 06, 2016 (Also delivered to Advocate Preeti Thobhani vide letter no MIRSD2/DB/SD/SSIL/13566/2016 dated May 06, 2016).Chetan M Shah vide his letter dated May 16, 2016 (**Annexure-LIR11**) has stated that he does not know Indira or Prashant Karkera but he has met one Mr. Rao at Sharepro office when he visited the office for transfer of shares. He stated that the above shares of NFIL were transferred from Folio no. - 31003243 to his folios as a result of his 5000 physical shares of Mafatlal Industries Limited. He further stated that he has submitted all original documents w.r.t. the said shares including proof of payment received (viz. consideration for acquiring) to the Noticee and he has not retained any copy of the same. He submitted that 1500 shares demat on 30/04/2016 were disposed off at that time only. He has further, stated that he has submitted 2450 (1500+950) shares for demat and it was refused for some reason not known to him. He further added that he spoke to the Noticee in 2012 but never written a letter w.r.t. refusal as oral assurance was given to him that the shares will be credited in due course. He stated that he received the said shares in November 2015 by post and he sent the shares for Dematerialization in his demat account 1202700000295027 and it was rejected again. He followed up but there was no communication thereafter. He submitted acknowledgement for deposit of 2450 shares (on 1 certificate) for demat on November 24, 2015. He further stated that he has never requested for re-print of share certificate. He was called for statement recording and vide his statement dated December 27, 2016 (Annexure–SR20) stated that he bought the 5000 physical shares of MIL in cash from one Adinath Consultancy in 2001-02. He further,



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stated that he lodged the shares of 5000 shares of MIL in the year 2003-04 after revalidation from RoC but still the transfer was held up as he lodged the shares after one month of revalidation. He stated that he was in touch with Mafatlal Consultancy for transfer of the shares and used to visit their office in Lower Parel. However, he did not write any letter to them. On his visit in 2006 they informed that the share transfer work has been transferred to the Noticee and he will receive new shares of Navin Flourine against the old shares of MIL. Then in 2011, he received 1500 shares of Navin Flourine by post. The shares certificates were in his name which he sold through Ambit Securities. He was not aware whether any other shares were due to him or not, but meanwhile he received some shares (viz. 2450 shares) through post. These shares were w.r.t. some bonus shares issued on the earlier shares as explained to him by Adinath Consultancy. He stated that he dematerialized the shares though Ambit Securities and sold the same through them. Same day he received a call from Ambit that the shares has been rematerialized by the Noticee. Next day he received a call from the Noticee of some Mr. Rao who called him to his office. He visited their office in the same week in the year 2012. Mr. Rao asked him proof of purchase of 5000 shares of MIL, copy of transfer deed etc. and he submitted the copy of TD and original purchase bill to him. He also stated that he never signed any document at Ambit Securities or the Noticee w.r.t. the remat of the shares. He kept following up by calling at the office of the Noticee but did not sent any written letter. Then in 2015 he received 2450 shares of Navin Flourine by post. He submitted the same for dematerialization to SMC Global. However the shares got rejected again. He called the office of the Noticee few time but his shares were not transferred to him but he did not write any letter to them.

330. Thus, SEBI observed that in 2012, just a few days before the transfer of shares of UTI to Chetan Shah, the Noticee printed new certificates amounting to 2450 shares. It is alleged that the rationale for printing these certificates could not be explained by the Noticee. These same certificates were then lodged by Chetan for demat.the Noticee approved the



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dematerialization of 2450 shares, then reversed the same through CA rectification. Thereafter, in 2015, the Noticee again printed another certificate with respect to the same 2450 shares and sent the same to Chetan Shah who lodged the same for dematerialization. Once again, on 11/12/2015, the Noticee rejected the dematerialization without giving proper reasons and retained the certificates. Then the Noticee vide e-mail dated 15/12/2015 (placed as part of **Annexure-OD79**) asked the DP, SMC Global to raise a fresh DRN as issues have been rectified. Yet the Noticee once again rejected the DRN on 12/01/2016. It is alleged that if the Noticee indeed had issues with Chetan Shah, why did they issue certificates and send the same to Chetan Shah in 2015? Again once they rejected the dematerialization on 11/12/2015 and retained the certificates, why did they advise the DP to raise a fresh DRN stating that things have been rectified and yet again reject the dematerialization? The manner in which the Noticee printed the certificates again and again, then sent the same to Chetan Shah and then rejected the same again and again indicates that the Noticee did not follow due process and raises serious issues regarding its conduct. Originally, the shares were held by UTI. Therefore, in the normal course if duplicate certificates were to be printed in 2012, these can take place only with the request of UTI and after following due process such as filing FIR, issuing advertisements, obtaining indemnity bond etc. in terms of SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001.The fact that no supporting documents could be produced by the Noticee indicates that these were not duplicate certificates issued in the normal course to UTI; rather the Noticee printed the certificates solely to enable Chetan Shah to lodge a fraudulent claim for dematerialization. Later, because of certain issues between Chetan Shah and the Noticee, the Noticee rejected the claim for dematerialization. It may be noted that the Noticee has already allowed the fraudulent dematerialization of 1500 shares of Chetan Shah.

331. SEBI alleged that it is also very unusual that an individual will receive assets worth lakhs after due transfer which another entity takes back without any prior written consent and



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the entity will not complain anywhere. Again the share certificate submitted for demat second times were retained by the Noticee and Chetan Shah did not make any complaint anywhere and did not even write any letter to even the Noticee. It is alleged that this can happen only when the entities are hand in glove and are in fact coordinating for sharing the gains of illegal transactions.

SEBI observed that Chetan Shah has failed to provide the proof of consideration paid to buy the share and also the utilization details of the sale proceeds of 1500 shares. He also failed to provide his bank account statement in which such sale proceeds were received. He also failed to submit any documents for his above assertions. Thus it is alleged that he has only partially complied with the various summons issued to him. Further, SEBI observed that there are inconsistencies in his reply. It is surprising that he has even submitted the original proof of buying the share without retaining a copy to RTA-the Noticee which is not required. His shares worth lakhs of rupees were rejected for dematerialization and he did not even bother to write any letter to company or the RTA (for more than one decade) though admittedly he is into small time investments. Further, he admits that the shares certificates received in November 2015 were deposited by him for dematerialization in demat account 1202700000295027 but states that he never ordered for re-print of share certificates and came to know only on receiving summons from SEBI. It is alleged that in November 2015 share certificate received by him were the same shares which was re-printed on November 16, 2015 as 2450 shares deposited for demat were on one certificate which could have possible only after the said consolidation and re-print. It is alleged that he kept quiet on non transfer for about a decade and on rejection for more than three years as it were no consideration was paid for it. It was also noted that as per his explanation he owned 5000 shares of MIL. Therefore, as per company reply 5000 shares of PRCL/Navin Fluorine should have been due to him. But as per his own admission he was satisfied with receipt of 1500 shares of Navin Fluorine but later got 2450 shares as bonus shares. Even then the total is less than 5000 shares.

Thus, it is alleged that his explanations are inconsistent and seem after thought and Chetan Shah along with the Noticee has fraudulently siphoned off the 1500 shares which they were not entitled to as he failed to submit any proof for payment of consideration and the Noticee could not provide any document w.r.t. the transactions. Further, its also alleged that the Noticee failed to maintain proper records especially regarding the shares of issued NFIL against shares of MIL, the certificate were repeatedly printed without any authorization from investors In view of the above sequence of events such as certificates printed by the Noticee without following norms solely to enable Chetan Shah to dematerialize the shares, inability of Chetan Shah to provide proof of consideration, and lack of explanation of the Noticee in the matter, it is alleged that the Noticee and Chetan Shah had entered into a fraudulent conspiracy to siphon off shares as described above. Further, it is also alleged that the Noticee and Chetan Shah also made attempt to siphon off the other 2450 shares but reversed the same due to disagreements between them and also because SEBI investigation has also started in December 2015. It is also alleged that the Noticee has failed to maintain high standards of integrity, not acted with due diligence and has not fulfilled its obligations in a prompt, ethical and professional manner.

332. Valuation of Share in attempted Misappropriation in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 2450 shares of Navin Fluorine International Ltd. belonging to UTI attempted to misappropriated by Chetan M. Shah vide back office entry on 15/05/2012 | Value= Rs. 997150 (Price @ NSE Rs. 407.00) | Value= Rs. 3507675(Price @ NSE Rs. 2,338.45) |

**Fraudulent transactions in the matter of Lalit Chandra Doshi (Folio Number-26012322; Code NFNF- NFIL)**

333. SEBI observe from the back office software module of the Noticee, in the Folio No. -31000092 (UTI) (Screen shot- Annexure-SP32) that there is transfer of 13 shares of NFIL

(4+4+5; Certificate Nos. 156267, 156268, 156269) through "Rectification Entry" (inward nos. 800020, 800021 and 800022) to folio no. - 26012322 (Lalit Chandra Doshi, Joint Holder Manjula Doshi having residential address at Vardhman, 1 Anjni Society, Nehru Nagar, Raiya Road, Rajkot) on 30/04/2010 (Screen shot- Annexure-SP33).

334. The same number of 13 shares of NFIL with same certificate numbers (viz. Certificate Nos. 156267, 156268, 156269) was reverted back on 11/05/2010 as "rectification" entry (inward no. - 800023) from folio no. - 26012322 (Lalit Chandra Doshi) to the Folio No. - 31000092 (UTI).

The physical share certificate print reconciliation/control register (**Annexure–OD74**) shows that the certificate No156267, 156268, 156269 were printed on April 30, 2010.

335. SEBI further, observed from the Folio No. - 31000092 (UTI) that one share of NFIL with certificate number 156266 (Distinctive no. - 1106843) transferred to folio no. - 26012322 (Lalit Chandra Doshi) on 30/04/2010 through "Rectification Entry" (inward no. - 800019).

The physical share certificate print reconciliation/control register (**Annexure-OD74**) shows that the certificate No156266 was printed on April 30, 2010.

336. On 13/05/2010 the one share of NFIL on share certificate no 156266 having distinctive no. - 1106843 (as received earlier from Folio No. - 31000092) got re-printed through the folio no. - 26012322 (Lalit Chandra Doshi) as certificate no 156289 vide "Merge entry" (viz. consolidation of old certificate into new ones) (inward no. - 1517635).

The physical share certificate print reconciliation/control register (**Annexure-OD74**) shows that the certificate No156289 was printed on May 18, 2010.

337. Valuation of Share Misappropriated and attempt to misappropriate on replacement cost basis in this matter.

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 1 | 1 shares of Navin Fluorine International Ltd. given to Lalit Doshi by the Noticee through misappropriationfrom the shares of UTI vide back office rectification entry on 30/04/2010 | Value= Rs. 330.80 (Price @ BSE Rs. 330.80) | Value= Rs. 2338.45(Price @ NSE Rs. 2,338.45) |
| 2 | 13 shares of Navin Fluorine International Ltd. misappropriatedby the Noticee by transfer from the shares of UTI vide back office rectification entry on 30/04/2010 and the reversed back on 15/05/2010 | Value= Rs. 4300.4 (Price @ BSE Rs. 330.80) | Value= Rs. 30399.85 (Price @ NSE Rs. 2,338.45) |

338. It is alleged that due to the irregularity committed by the Noticee the one share of NFIL on new certificate no 156289 (Distinctive no. - 1106843) was dematerialized by folio no. - 26012322 (Lalit Chandra Doshi; PAN-ABJPD7432P) on 10/08/2010 (as per depository data on 11-Aug-2010) in demat account no. - IN300974-11564408.

339. SEBI observed that in Folio 26012478 (**Screen shot- Annexure-SP34**) of Shri Govind Raj Rao 14 shares of NFIL (Certificate No. 9000001; distinctive no 890416 to 890429) were rematerialized on 13/07/2010 (Transaction no. 500043; Inward no. 4024743). The entries in his demat account are as below:

| DP ID | Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|---|---|
| IN300757 | 10703472 | GOVIND RAJ RAO | AGAPR1557P | INE048G01018 | NAVIN FLUORINE INTERNATIONAL Ltd. EQ | 22-Apr-2010 | 8360745 | By Inter Depository transfer CDS / 1100001000012414 | 0 | 4 |
| | | | | | | 22-Apr-2010 | 21816490 | By CM ICCL DIRECT DELIVERY ACCOUNT, ROLLING MKT LOT / 1011014 | 0 | 10 |
| | | | | | | 29-Jun-2010 | 1145363 | To Rematerialisation | 14 | 0 |

It is alleged that G.R Rao has bought the shares and rematerialized the same.

340. In Folio no. - 26012478 of Govind Raj Rao 14 shares of NFIL on share certificate No. 9000001 (distinctive no 890416 to 890429) was reprinted as certificate no 156300 on 13/07/2010 (inward no. - 1541446). SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD74**) that the certificate No156299 and 156301 were printed on July 03, 2010 and July 26, 2010 respectively but the entry for certificate no 156300 is not recorded.

341. On 15/02/2011 from the Folio 26012478 of Govind Raj Rao total 14 shares of NFIL (5+4+4+1: Certificate nos. 156301 to 156304) were transferred to folio 26012958 (Lalit Doshi) by way of rectification entry (Transaction no. 800003; Inward no. 800015).

342. On 15/02/2011 from the Folio 26012478 of Govind Raj Rao total 14 shares of NFIL (Certificate nos. 156301 to 156304) were transferred to folio no 26012958 (Lalit Doshi) by way of rectification entry. But the distinctive nos. on certificate no 156300 (printed on 13/07/2010) and the 4 certificates as transferred to Lalit Doshi is same, it means new certificates were printed in lieu of 156300 by split entry but there is no record of the same in system. SEBI oserved from the physical share certificate print reconciliation/control register (Annexure-OD74) shows that the certificates No. 156301 to 156304 were printed on July 26, 2010.

343. G.R Rao was summoned to explain the above mentioned transactions vide Summons no. - MIRSD2/LS/2016/10903 dated 12/04/2016 but it is alleged that he failed to co-operate.

344. SEBI observed that NFIL vide letter dated April 07, 2016 (**Annexure-CRNF1)** based on the documents recovered from the office of the Noticee has submitted that Lalit Doshi along with his family members Manjula Doshi, Sandip Doshi and Mitesh Doshi held 14 shares in MIL. However, as per Rehabilitation/demerger scheme he did not receive shares of PRCIL. After repeated requests he was given 14 shares after purchasing the same from open market by Mr. G.R.Rao. It was also stated that before transfer of 14

shares bought from market and rematerialized by G.R Rao, 14 shares were transferred out of UTI lot but after few days 13 were reversed. NFIL further, stated that the transfer of 14 (13+1) shares to Lalit Doshi, reversing of 13 shares has been done by "rectification entry" by the Noticee and did not come to the company for approval. SEBI observed that 1 certificate re-printed in the folio of Lalit Doshi also did not come to NFIL. However, remat register w.r.t. remat of 14 shares by G.R Rao came to the company for approval but the transfer register for transferring 14 shares from G.R Rao to Lalit Doshi did not come to them as it was through "rectification entry". NFIL received split register for re-print of 14 shares in the folio of G.R Rao but they did not receive any other document in this regard. The documents recovered by NFIL from the office of the Noticee indicate series of correspondences with Lalit Doshi for claiming the shares due to him. It is alleged that the 14 shares due to him in demerger scheme were transferred to him in his demat account but because he has already closed the demat account in the meanwhile it were not credited to him. It is also alleged that there is no proper record in the systems/folio of Lalit Doshi w.r.t. the shares not delivered to him and how it was disposed off or accounted for. The documents submitted by NFIL are placed at (Part-II) page no. 75 to 166 of the reply dated April 07, 2016 (**Annexure-CRNF1**).

345. SEBI sought various data from Lalit Doshi vide summons dated April 12, 2016(Annexure SLD1). Reminder was sent on May 9, 2016(Annexure SLD2). Lalit Doshi vide his reply dated May 11, 2016 (**Annexure-LIR12**) has stated that he got shares of NFIL by corporate action of Mafatlal Industries Limited. He also stated that he has not asked for any re-print of certificate. He has also stated that his initial claim was denied by the Noticee and given his shares after 2 years of correspondence. He denied knowing or having any kind of dealing/relationship with Indira, Govind Raj Rao and Prashant Karkera. However, it is alleged that the reply is only partial as he has not provide any back documents for his assertions nor provided bank/demat account details, bank account statement etc. He also did not explain the exact number of shares due to him and received

by him especially about the 1 share transferred to him from UTI and not reversed. It is also alleged that the Noticee and G.R Rao has failed to cooperate with investigation or reply to SEBI summons w.r.t. the above transactions.

346. It is alleged that shares originally belonging Lalit Doshi were allotted to someone else either fraudulently or by mistake and when he demanded the shares, he was allotted the shares from the shares belonging to UTI but later to avoid detection the same was reversed and G.R Rao purchased shares from market and transferred to Lalit Doshi. In veiw of the foregoing it is alleged that there is complete lack of due diligence in maintaining records and the share certificates were re-printed, transferred and re-transferred in an indiscriminate manner without any supporting documents. There is no record in the systems of the Noticee regarding the original shares of Lalit Doshi. It was also observed from the documents submitted by the company that Lalit Doshi was in correspondence with the Noticee since 2003 and his claims were being denied and his claim was admitted & settled only after he approached Ministry of Corporate affairs. The entire process took more than 7 years thus it is alleged that the investor grievance handling at the Noticee was not proper. While, the Noticee is required to resolve grievances within one month, in this case it took almost seven years.Further, it is alleged that G.R Rao was aware of all these surreptitious dealings and also attempted to misappropriate shares of UTI. Further, it is alleged that Lalit Doshi also failed to fully comply with SEBI summons.

**Fraudulent transactions in the matter of Virbala Shah (involving Folio Number-26012287&31003243; Code NFNF- NFIL)**

347. SEBI observed from the Folio No. - 31003243 (UTI) (**Screen shot- Annexure-SP35**) that there is transfer of 30 shares of NFIL (certificate no 156264; distinctive no 1126807 to 1126836) as rectification entry on 20/04/2010 to folio no. - 26012287 (Virbala Shah).

348. SEBI also observed that on 15/05/2010 there is record of dematerialization in folio no. - 26012287 (Virbala Shah) for 30 shares of NFIL (certificate no 156264; distinctive no

1126807 to 1126836) in demat account no. - IN300343-10484728 which were received from the Folio No. - 31003243 (UTI) as rectification entry on 20/04/2010.

From the demat account statement SEBI observed that she did not transfer or sale the shares till March 22, 2016. Various data/information/documents were sought from Virbala. She replied vide letter dated April 20, 2016. She stated that she applied for 30 shares and it was allotted to her but not credited to her account. It is alleged that she contacted the Noticee they bought share from open market and delivered to her.

349. NFIL vide reply dated April 07, 2016(Annexure-CRNF1) based on documents obtained from the office of the Noticee submitted that at the time of rights issue of the company in 2004 erroneous credit was given to one Sanjeev L. Upadhyay in place of Virbala Shah. While, the Noticee instead of compensating Virbala by buying the shares from open market transferred her shares out of lot of shares returned by UTI. NFIL stated that transfer register was not sent to the company as the shares were transfer by the Noticee through "rectification entry". SEBI observed from the reply of NFIL and documents obtained by them from the office of the Noticee (i.e. page 488 to 511 of Compilation Part-III of letter dated April 07, 2016); **Annexure-CRNF1**, that she applied (copy of Application letter for Right Issue at page of 493 &494 of **Annexure-CRNF1**) for Rights issue but shares were not credited to her and then she kept corresponding with the Noticee since 2004 (at page of 497, 499,501, 504 of **Annexure-CRNF1**) along with all proof of her claim. SEBI also observed that the Noticee (through Indira) also wrote (at page of 489 of **Annexure-CRNF1**) to Sanjeev Upadhyay for recovery of shares wrongly credited to him. However, later through Rectification Form (at page of 488 of**Annexure-CRNF1**) approved by Indira herself, the shares belonging to UTI were transferred to Virbala to satisfy her claims. The share certificate No. - 156264 transferred to Virbala was in the name of UTI and transferred by endorsement in the name of Virbala (at page of 510-511of **Annexure-CRNF1**). It is alleged that Virbala could not have got shares from UTI in Rights issue but later the shares transferred to her against her claim was out of shares belonging to UTI

(and disclaimed by them as per the statement of the company) which were kept in their custody by the Noticee and officials of the Noticee viz. Indira. Thus it is alleged that not only the Noticee has fraudulently transferred shares belonging to one entity to another entity but they have also not maintained the books in proper manner to reflect the correct picture of disclaimed shares kept in their custody. Further, the Noticee should have also followed proper procedure to transfer the shares by duly sending transfer register to the company for approval.the Noticee also found to be not dealing with investor complaints in an appropriate manner as the genuine investors had to do repeated correspondence for years to get their own shares.

350. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 30 shares of Navin Fluorine International Ltd. belonging to Virbala Shah error in processing by the Noticee and transferred to Sanjeev Upadhyay in 2004 | Exact date not available | Value= Rs. 70153.5(Price @ NSE Rs. 2,338.45) |
| 2 | 30 shares of Navin Fluorine International Ltd. given to Virbala Shah to meet her claim through misappropriation by the Noticee and Indira from the shares of UTI on 20/04/2010 | Value= Rs. 10249.5 (Price @ NSE Rs. 341.65) | Value= Rs. 70153.5(Price @ NSE Rs. 2,338.45) |

**Non Maintenance of records and failure to do proper due diligence in certain matters:**

351. While investigating the investigation team came across many suspicious transactions but based on the available evidence the fraud could not be established. It is alleged that there is clear lack in maintenance of proper documents and carrying out due diligence on part of the Noticee while processing these transactions:

भारतीय प्रतिभूति और विनिमय बोर्ड Securities and Exchange Board of India Mumbai Designated Authority

| Sr. No. | Transferor Folio No | Certificate Reprint Details | Transfer Details | Company Reply vide letter dated April 07, 2016 | Remarks |
|---|---|---|---|---|---|
| 1 | 31028054 of UTI (Screen Shot placed at Annexure-SP36) | As per system, Certificate no 156321 for 100 shares (Distinctive no 2442278 to 2442377) printed on 12/10/2010 in place of old certificate no 152600. As per physical share certificate print reconciliation/control register (Annexure-OD74) certificate No 156321 printed on October 19, 2010. | Transfer of the 100 shares on certificate no. - 156321 (Distinctive no 2442278 to 2442377) as "Rectification entry" (Inward No. - 800013, transaction no. - 800001) to Folio No. - 26012771 (Malani Mukesh Sundar) on 12/11/2010 | Mukesh has purchased the shares of MIL but lodged it very late.the Noticee has transferred the shares to Mukesh through "Rectification mechanism" and signed the shares certificates without making any reference to the Company. The documents submitted by the company (page 11-29 of compilation Part-II of reply dated April 07, 2016; Placed as Annexure-CRNF1). | The mismatch of dates of printing of certificates in system vis-à-vis control register indicates that improper maintenance of records by the Noticee. Such issuesshould have been referred by the Noticee to company also. |
| 2 | 31028054 of UTI | NA | Transfer of total 150 shares viz. 100 shares on certificate nos. 152607 (Distinctive no 2442978 to 2443077) and 50 shares on certificate no. - 152608 (Distinctive no 2443078 to 2443127) to Folio No. - 26001828 (Neha Jain; Screen Shot at Annexure-SP37) as "rectification entry" (Inward no -800004, transaction no. - 800002) on 03/02/2004 | Reply similar to above. Documents submitted by the company (page 30-36 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1). | As per the statement of G.R Rao dated February 15, 2016(Annexure--SR11), there is no signature record for the folio no 31003243 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available withthe Noticee. The certificates transferred to Neha and dematerialized by her appears to be of old series which proves |
| 3 | 31003243 of UTI (Screen Shot placed at Annex | NA | Transfer of 200 shares (Certificate no. - 139355; Distinctive no. - 1125907 to 1126006 and Certificate no. - 139356; Distinctive no. - 1126007 to 1126106) to Folio No. - 26001828 of Neha Jain through | | |

| Sr. No. | Transferor Folio No | Certificate Reprint Details | Transfer Details | Company Reply vide letter dated April 07, 2016 | Remarks |
|---|---|---|---|---|---|
| | ure-SP35) | | "rectification entry" on 03/02/2004. | | that such certificates were actually kept by the Noticee without any records in the system. |
| 4 | 31000092 of UTI (Screen Shot placed at Annexure-SP32) | NA | Transfer of 265 shares(Certificate no. - 139228; Distinctive no. - 1115543 to 1115642, Certificate no. - 139229; Distinctive no. - 1115643 to 1115742 and Certificate no. - 155236; Distinctive no. - 1115743 to 1115807) to Folio No. - 26001828 of Neha Jain (Screen Shot placed at Annexure-SP37) through "Name Deletion" entryon 16/03/2004 | | |
| 5 | 31000092 of UTI | NA | Transferred 315 shares (Certificate no. - 139106; Distinctive no. - 1103343 to 1103442, Certificate no. - 139107; Distinctive no. - 1103443 to 1103542, Certificate no. - 139109; Distinctive no. - 1103643 to 1103742 and Certificate no. - 155427; Distinctive no. - 1103543 to 1103557) to the Folio No. - 26004438 of Anish Bhatt (Screen Shot placed at Annexure-SP38) through "transfer" entry on 16/03/2005 | Reply similar to above. Documents submitted by the company (page 37-64 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1). The earliest available correspondence from Anish Bhatt to SHCIL is of 18/12/2003. SHCIL also had correspondence withthe Noticee at the same time. First available correspondence withthe Noticee on 16/02/2004. | The certificates transferred to Anish and dematerialized by him appears to be of old series. It was noted from the correspondence between SHCIL andthe Noticee that initiallythe Noticee tried to pass the matter to SHCIL by stating that the share certificates are in the custody of SHCIL but when SHCIL demanded dispatch details etc. they stated that the shares certificates were in their custody.the Noticee took extremely long time (more than one year) to resolve the complaint. |
| 6 | 31003243 of UTI | NA | Transfer of 635 shares to folio no. - 26004438 (Anish Bhatt) on 16/03/2005 | | |

| Sr. No. | Transferor Folio No | Certificate Reprint Details | Transfer Details | Company Reply vide letter dated April 07, 2016 | Remarks |
|---|---|---|---|---|---|
| 7 | 31000 092 of UTI | NA | Transferred 100 shares on Certificate no. - 139137 (Distinctive no. - 1106443 to 1106542) (inward no. - 21253) to folio no. - 26009992 (Pawan Kumar Jain) on 01/10/2007 which was dematerialized in demat account no. - IN300206-10393867 on 05/11/2007 | Reply similar to as above. Documents submitted by the company (page of 166 to 199 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1). The earliest available correspondence from Pawan Kumar Jain to Mafatlal Industries Limited is of July 16, 2007 which was forwarded tothe Noticee on July 21, 2007 | The certificates transferred to Pawan and dematerialized by him appears to be of old series and in the name of UTI later transferred by endorsement in the name of Pawan which proves that such certificates were actually kept by the Noticee without any records in the system. Pawan received the shares after long correspondences with the RTA of Mafatlalthe Noticee took long time (around six months) to resolve the complaint |
| 8 | 31000 092 of UTI | NA | Transferred 100 shares on certificate no. - 139111 (Distinctive no. - 1103843 to 1103942) to 26009744 (Murari Lal Aggarwal) on 18/06/2007 which he dematerialized in demat account no. - 12033503-00107375 on 17/09/2008 | Reply similar to as above. Documents submitted by the company (page of 200 to 205 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1). | From the reply of the company and documents obtained by them from the office of the Noticee, it appears that Murari got it transferred in his name after obtaining order from Consumer Forum. The certificates transferred to Murrari and dematerialized by him appears to be of old series and in the name of UTI later transferred by endorsement in the name of Murari which proves that such certificates were actually kept by the Noticee without any records in the system. |

| Sr. No. | Transferor Folio No | Certificate Reprint Details | Transfer Details | Company Reply vide letter dated April 07, 2016 | Remarks |
|---|---|---|---|---|---|
| 9 | 31000 092 of UTI | The share certificate print reconciliation/control register (Annexure-OD80) shows that the certificate No155883 was printed on August 18, 2006 though the page is torn/mutilated. | Transferred total 935 shares(Certificate no. - 139116; Distinctive no. - 1104343 to 1104442, Certificate no. - 139117; Distinctive no. - 1104443 to 1104542, Certificate no. - 139118; Distinctive no. - 1104543 to 1104642, Certificate no. - 139119; Distinctive no. - 1104643 to 1104742, Certificate no. - 139120; Distinctive no. - 1104743 to 1104842, Certificate no. - 139121; Distinctive no. - 1104843 to 1104942, Certificate no. - 139122; Distinctive no. - 1104943 to 1105042, Certificate no. - 139123; Distinctive no. - 1105043 to 1105142, Certificate no. - 139124; Distinctive no. - 1105143 to 1105242 and Certificate no. - 155883; Distinctive no. - 1105243 to 1105277) to folio no. - 26008573 (Ashok Kumar Naraindas) through Rectification Entry on 16/08/2006 which he dematerialized in demat account no. - IN300476-42652016 on 11/09/2006. | Reply similar to above Documents submitted by the company (page of 206 to 226 of compilation Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1). | The share certificate transferred to Ashok Naraidas was in the name of UTI and transferred by endorsement in the name Ashok Naraidas. This proves that the records of the certificate were not maintained properly and certificate had to be reprinted. |
| 10 | 31000 092 of UTI | The share certificate print reconciliation/control register (Annexure-OD76) shows that the certificate No168365& 168366 were | Transferred 150 shares (100*1+ 50*1: Certificate no. - 168365; Distinctive no. - 1115443 to 1115542 and Certificate no. - 168366; Distinctive no. - 1103743 to 1103792) through "Rectification Entry" (inward no. - 800018) to 26013126 (Shyam Narain) on | Reply similar to above. Documents submitted by the company (page of 227 to 288 of compilation Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1). | The Noticee has obtained PAN of the transferee for registering the shares in his name as per SEBI circular no. - MRD/DoP/Cir-05/2009 dated May 20, 2009. The share certificate transferred to Shyam Narain was in the name |

| Sr. No. | Trans feror Folio No | Certificate Reprint Details | Transfer Details | Company Reply vide letter dated April 07, 2016 | Remarks |
|---|---|---|---|---|---|
| | | printed on April 15, 2011. | 31/05/2011 which he dematerialized in demat account no. - IN302679-31457058 on 21/10/2011. | | of UTI and transferred by endorsement in the name Shyam Narain but the certificate number is of new series and there are no records w.r.t. when, why such certificate was re-printed. |
| 11 | 31000 092 of UTI | The share certificate print reconciliation/control register (Annexure-OD75) shows that the certificate No 155428 was printed on March 22, 2005. | Transfer of 85 shares (certificate no. - 155428; Distinctive no. - 1103558 to 1103642) through Rectification Entry (inward no. - 800017) on 01/03/2006 to Folio no. - 26007626 (Neha Jain) which dematerialized the shares on 25/03/2006 in demat account no. - IN300476-42126617 | Reply similar to above. Documents submitted by the company (page of 289 to 292 of compilation Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1). | The share certificate transferred to Neha Jain was in the name of UTI and transferred by endorsement. Which proves that such certificates were actually kept by the Noticee without any records in the system. |
| 12 | 31000 092 of UTI | NA | Transferred 400 shares (Certificate no. - 139112; Distinctive no. - 1103943 to 1104042, Certificate no. - 139113; Distinctive no. - 1104043 to 1104142, Certificate no. - 139114; Distinctive no. - 1104143 to 1104242 and Certificate no. - 139115; Distinctive no. - 1104243 to 1104342) through rectification entry (inward no. - 800014) on 01/03/2006 to folio no. - 26007627 (Rajesh Sohanraj Punmiya) who dematerialized the shares on 22/03/2006 in demat account no. - IN300829-10622117 | Reply similar to above. Documents submitted by the company (page of 293 to 381 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1). | The share certificate transferred to Rajesh was in the name of UTI and transferred by endorsement in the name Rajesh. Which proves that such certificates were actually kept by the Noticee without any records in the system. |
| 13 | 31000 092 of UTI | NA | Transfer of 140 shares (100*1+10*4: Certificate no. - 139138; Distinctive no. - 1106543 to 1106642, | Reply similar to above. Documents submitted by the company (page of 382 to 431 of compilation | The TDs w.r.t. the transfer was of year 1999 while the same was received and |

| Sr. No. | Transferor Folio No | Certificate Reprint Details | Transfer Details | Company Reply vide letter dated April 07, 2016 | Remarks |
|---|---|---|---|---|---|
| | | | Certificate no. - 156064; Distinctive no. - 1106643 to 1106652, Certificate no. - 156065; Distinctive no. - 1106653 to 1106662, Certificate no. - 156066; Distinctive no. - 1106663 to 1106672 and Certificate no. - 156067; Distinctive no. - 1106673 to 1106682) through "Name Deletion Entry" (inward no. - 830655) on 16/11/2007to folio no. - 37000115 (Praveen Kumar Dhall) which he dematerialized on 18/02/2013 in demat account no. - IN300118-10153943 | Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1). | processed by the Noticee in the year 2006 without revalidation from RoC. The share certificate transferred to Praveen was in the name of UTI and transferred by endorsement. Which proves that such certificates were actually kept by the Noticee without any records in the system. The shares has been transferred and "Name Deletion" entry is passed. Apparently Praveen was not a surviving join holder of shares with UTI for which name deletion entry should have been passed |
| 14 | 31000092 of UTI | NA | Transfer 100 shares (Certificate no. - 139140; Distinctive no. - 1106743 to 1106842) through "name deletion entry" (inward no. - 830682) on 16/11/2007 to folio no. - 26010577 (Gayatri Gupta) which she dematerialized on 16/11/2007 in demat account no. - IN302269-10464323 | Similar to above. Documents submitted by the company (page of 432 to 487 of compilation Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1). | The share certificate transferred to Gayatri was in the name of UTI and transferred by endorsement in the name Gayatri. Which proves that such certificates were actually kept by the Noticee without any records in the system. The shares has been transferred and "Name Deletion" entry is passed. Apparently Gayatri was not a surviving join holder of shares with UTI for which name deletion entry should have been passed. |

From the above it appears that the entities may be genuinely entitled to the said shares. In view of the above it is alleged that the Noticee has failed to maintain proper records and carry out transactions in prescribed manner as

- Not transferred the shares through approval from shares transfer committee.
- There is no record even w.r.t. which shares of PRCL were allotted to UTI as against shares of MIL and not lodged for transfer by the entities.
- There is no record w.r.t. what happened to original shares certificates of Navin Fluorine allotted to UTI and why new share certificates were printed.
- The certificates were issued and signed without even making any reference to the company.
- The transfer was carried through "Rectification entry" which as per own statement of G.R Rao dated January 28, 2016 (**Annexure-SR15**) is used in only rare cases.
- In case of Anish Bhatt though the company stated that the transfer was effected by normal transfer route but no copy of approved "transfer register" was found in the documents submitted (as recovered from the Noticee records) by the company.
- In some of the cases transferred through "Name Deletion" entry which is used only for transmission cases. Apparently UTI has not diseased and the individuals could not be the heirs of UTI.
- In some cases the transfer deeds w.r.t. the transfer was many years old while the same was received and processed by the Noticee without revalidation from RoC.

The Noticee is expected to resolve grievances of investors within one month. It also observed that the Noticee has not taken prompt steps to redress the grievances of investors rather they got the shares from them only after long and repeated correspondences.

**Non compliance with summons**

352. G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Navin Fluorine International Ltd, butthe Noticee and GR Rao failed to comply.

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| | | | Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

353. The summary of violations and Applicable Regulatory provisions are as below:

| Sr No | Name of the Noticee | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Failure to do due diligence, non-maintenance of proper records, non redressal of investor grievance promptly, Falsification of records, facilitating fraudulent and unauthorized transfers, Noncompliance with summons, Settling/ attempting to settleclaim of investors through misappropriation | Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4(1) & (2)(p)of PFUTP Regulations, 2003, Clauses (1),(2), (3),(5),(6),(16), (17),(18),(20),(25),(28),(30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(e)&(f) and Regulation 6(g) of RTA Regulations and Regulation 14 (3) (b)& (c) of RTA Regulations, SEBI Circular No. RTI Circular No. 1 (2000-2001)Dated May 09, 2001 |

**G. Company Name: Apple Finance Ltd. (herein after referred to as 'AFL') (Shareproback office Code-AFAF)**

The following discrepancies and fraudulent transactions were observed:

**Fraudulent transactions in the matter of Raju L. Khanchandani (Folio Number-R14439, AFAF - Apple Finance Ltd)**

354. SEBI observed from the back office system of the Noticee in the Folio Number- R14439 (Screen Shot placed at **Annexure–SP39**) of AFL, the Folio Name is shown as Raju Landge. SEBI, further observed that the folio holds 70 shares of AFL (Certification No 72770; Distinctive Nos5491356 to 5491395, Certification No174632; Distinctive No.s10459122 to 10459136, Certification No 275114; Distinctive No.s15458747 to 15458761) but there is no other entry in the Back Office Software Module of the Noticee. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how and when the said shares were acquired by Raju Landge.

SEBI observed from the statement of G.R Rao dated February 15, 2016(**Annexure-SR11**) that there is no signature record for the folio no R14439 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. Thus, it is alleged that the Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

**Fraudulent transactions in the matter of R.S.Sawant (Folio Number- R18516, AFAF - AFL)**

355. SEBI observed from back office system of the Noticee in the Folio Number-R18516 (Screen Shot placed at **Annexure–SP40**) of AFL, the Folio Name is shown as Raju Landge. SEBI further, observed that the folio holds 100 shares of AFL (Certification No 129941; Distinctive Nos8614212 to 8614261, Certification No 230423; Distinctive Nos13613837 to 13613886) but there is no other entry in the Back Office Software Module of the Noticee. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how and when the said shares were acquired by Raju Landge.

SEBI observed from the statement of G.R Rao dated February 15, 2016(**Annexure-SR11**) that there is no signature record for the folio no R18516 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available withthe Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that the Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

**Fraudulent transactions in the matter of Rajesh Jhaveri (Folio Number- R19545, AFAF - AFL)**

356. SEBI observed from back office system of the Noticee in the Folio Number-R19545 (Screen Shot placed at **Annexure–SP41**) of AFL (Code-AFAF), the Folio Name is shown as Raju Landge. The folio holds 100 shares (Certification No 130970; Distinctive

Nos8665662 to 8665711, Certification No 231452; Distinctive Nos13665287 to 13665336) but there is no other entry in the Back Office Software Module of the Noticee. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how and when the said shares were acquired by Raju Landge.

SEBI observed from the statement of G.R Rao dated February 15, 2016 (**Annexure-SR11**) that there is no signature record for the folio no R19545 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee,.It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

357. An explanation for the above three transfers/change in name of shareholders and documents like communications with the Noticee, minutes of the "share transfer committee" for approval of transfers etc. were summoned by SEBI vide summons dated March 28, 2016 (**Annexure-SAF1**) from AFL and in reply thereof AFL vide their reply dated April 20, 2016 (**Annexure-CRAF1**) stated that as per information received from the Noticee the 70 shares of the company under folio no. - R14439 belonged to Raju L. Khanchandani, 100 shares under folio no. - R18516 belonged to R.S. Sawant and 100 shares under folio no. - R19545 belonged to Rajesh Jhaveri. They further, stated that the aforesaid 270 shares were fraudulently transferred by the Noticee to Raju Landge sometime during the year 2000 without advising the company and without authorization

of the concerned bonafide shareholders Further, vide letter dated May 16, 2016 they submitted that as a process they have never authorized the Noticee to transfer the shares from one shareholder to another without approval from the company,the Noticee is not required to take permission for dematerialization but required to take approval for rematerialization,the Noticee officials are not authorized to sign new share certificate issued but on case specific authorization of the company can sign on endorsement pursuant to transfer/transmission. The person authorized for such signing were G.R Rao, Indira, Dayanand Jathan, Loknath Poojary, Madhukar Kotian and RC Amin.

358. It is alleged that Raju Landge being driver of Indira and Prashant Karkera could not have acquired such shares. Raju vide his letter dated October 01, 2016 stated that he was the driver of Prashant Karkera and Indira. He further, stated that Indira used to operate his bank account no 001810100075247 and he has no knowledge of the transactions. Further, Prashant Karkera vide his statement dated September 27, 2016 (**Annexure-SR1**) has accepted that Indira has opened his bank account for her share related work. In view of the above such as similar transactions in other scrips, similar misuse of Raju Landge's name as front entity by Indira, the folio being "No card case" etc, deliberate non compliance by entities includingthe Noticee to provide information/documents, reply of the company and the admissions of Prashant Karkera, it is alleged that the folio along with the shares contained in it were illegally siphoned off by Indira and the Noticee has facilitated the fraud.

359. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 270 shares (70 of R14439, 100 each of R18516 and R19545) of AFLmisappropriated by Indira through Raju Landge during 2000 | Value = Rs1487.7 (Average Close Price @ BSE during 2000-01 Rs. 5.51) | Value= Rs. 845.1(Price @ BSE Rs. 3.13) |

**H. Company Name : Aptech Ltd. (the Noticee back office Code-ATAT &APAP)**

Aptech vide their letter dated April 05, 2016(**Annexure-CRAT1**) in reply to SEBI summons dated March 22, 2016(**Annexure-SAT1**) submitted that the Noticee is not authorized to transfer shares from one investor to another without informing or taking approval from the company. They stated that as per agreement between them the Noticee will received requests for transfer/transmission/ consolidation and process the same. In case of transfer after processing the same they prepare transfer register and submit the same to Shareholders Grievance Committee of the company. After approval from the company, the Noticee will authenticate the shares certificate in the name of transferee by endorsing on the back of the share certificate. They stated that the Noticee is not required to take approval for dematerialization or rematerialization of shares. Further, the Noticee was not authorized to sign new certificates or duplicate certificates. Aptech Ltd. vide another letter dated April 15, 2016(**Annexure-CRAT2**) in reply to Summons dated March 28, 2016 (**Annexure-SAT2**) submitted that Aptech Limited (the Noticee back office code-ATAT) (herein after referred to "this Aptech") was incorporated in the name of Aptech Online Limited on January 25, 2000. The name was changed from Aptech Online Limited to Aptech Training Limited on July 18, 2001. Further, Hexaware Technologies Limited (Present HexawareSharepro back office Code HXHX) got its name changed from Aptech Limited ("earlier Aptech" i.e.Sharepro back office Code -APAP) to Hexaware Technologies Limited on April 02, 2002. Again the name of Aptech Training Limited was changed to Aptech Limited ("this Aptech") on October 04, 2002.They further stated that in February 2002, 1,81 ,47,437 equity shares of Rs. 10/- each were allotted as fully paid up to the shareholders in "this Aptech" in accordance with the scheme of demerger. The scheme in respect of demerger of training division of the "earlier Aptech" (Now Hexaware) into "this Aptech" was approved by Bombay High Court vide its order dated November 09, 2001. Pursuant to the said scheme, for every five equity shares held in "earlier Aptech" on the record date of February 08, 2002, the shareholders were allotted three equity shares of Rs. 10/- each in "this Aptech".

The following discrepancies and fraudulent transactions were observed:

**Fraudulent transactions in the matter of Raju Khanchandani (Folio Number- 02163187, APAP - Aptech Ltd.)**

360. SEBI observed from back office system of the Noticee in the Folio Number- 02163187 (Screen Shot placed at **Annexure-SP42**) of Aptech Ltd. (Code-APAP), the Folio Name is shown as Raju Landge. Dividend records on various shares for issue date 15/05/1997 to 30/09/1999 was being shown in the name of Raju Khanchandani. The folio records indicates sale of 14 shares in 1999-2000. SEBI observed that the folio is currently shown in the name of Raju Landge and shows nil holding andthere is no other entry in the Back Office Software Modulethe Noticee. It is alleged that the Noticee failed to comply with SEBI summons to provide explanation how same folio was at one time in the name of Raju Khanchandani and at another time in the name of Raju Landge, a different entity and also failed to submit documents to verify the authenticity of the transactions including sale of 14 share (5*2+1*4: certificate no. - 240242, certificate no 501423, certificate no 501424, certificate no 501425, certificate no. - 240243, certificate no. - 240244, )

SEBI observed that Aptech Ltd. (APAP) has come into being as demerger (10:1) from AFL(AFAF) where the corresponding folio for this folio in APAP was R14439 (10:1 demerger then 1:1 Bonus twice). Hence, for 70 shares of AFAF, this folio had become of 14 shares of APAP (since 14 shares had already been sold). In view of the non-cooperation by the Noticee and because the records are very old, it is not clear whether the 14 shares were sold by Raju Landge or Raju Khanchandani. However, it is alleged that similar to other cases, the folio has been misappropriated by Raju Landge and the Noticee has facilitated the fraud.

**Fraudulent transactions in the matter of R.S. Sawant (Folio Number- 01788892, APAP - Aptech Ltd.)**

361. SEBI observed from back office system of the Noticee in the Folio Number- 01788892 (Screen Shot placed at **Annexure-SP43**) of Aptech Ltd. (Code-APAP), that the Folio Name is shown as Raju Landge. SEBI further observed that dividend records on various shares for issue date 15/05/1997 to 30/09/1999 were being shown in the name of R. S. Sawant. Dividend records from issue date 17/05/2000 is shown in the name of Raju Landge. The folio currently has nil holding. There is no other entry in the Back Office Software Module of the Noticee. SEBI observed that Aptech Ltd. (APAP) has come into being as demerger (10:1) from AFLwhere the corresponding folio for this folio in Aptech Ltd. was R18516 (10:1 demerger then 1:1 Bonus twice). Hence, for 100 shares of AFL, this folio had become of 40 shares of APAP). It is alleged that the Noticee failed to comply with SEBI summons to provide explanation how same folio was at one time in the name of R. S. Sawant and at another time in the name of Raju Landge, a different entity and documents to verify the authenticity of the transactions including sale of 40 share.

**Fraudulent transactions in the matter of Rajesh Jhaveri (Folio Number- 01788922, APAP - Aptech Ltd)**

362. SEBI observed from back office system of the Noticee in the Folio Number- 01788922 (Screen Shot placed at **Annexure-SP44**) of Aptech Ltd. (Code-APAP), the Folio Name is shown as Raju Landge. Dividend records on various shares for issue date 15/05/1997 to 30/09/1999 is being shown in the name of Rajesh Jhaveri. Dividend records from issue date 17/05/2000 is shown in the name of Raju Landge. The folio currently has nil holding. SEBI further, observed that there is no other entry in the Back Office Software Module of the Noticee. It was noted that Aptech Ltd. has come into being as demerger (10:1) from AFL where the corresponding folio for this folio in Aptech Ltd. was R19545 (10:1 demerger then 1:1 Bonus twice). Hence, for 100 shares of AFL, this folio had become of 40 shares of APAP). It is alleged that the Noticee failed to comply with SEBI summons to provide explanation how same folio was at one time in the name of Rajesh Jhaveri and at another

time in the name of Raju Landge, a different entity and documents to verify the authenticity of the transactions including sale of 40 shares.

363. The value at replacement cost not calculated for the folios of Aptech Ltd. as it has now became Hexaware. Therefore, corresponding shares siphoned off (along with bonus, split etc) will be reflected in the folios of Hexaware.

**Fraudulent transactions in the matter of Raju Landge (Folio Number- 01788892, ATAT - Aptech Ltd.)**

364. SEBI observed from back office system of the Noticee in the Folio Number 01788892 (Screen Shot placed at **Annexure–SP45**) of Aptech Limited, the Folio Name shown as Raju Landge. The folio holds 24 shares (Certification No 18635; Distinctive Nos. 571612 to 571635) but there is no other entry in the Back Office Software Module of the Noticee except dividend records in the name of Raju Landge from 25/07/2004 to 18/05/2015. It is alleged that the Noticee failed to comply with SEBI summons to provide explanations and documents to verify the authenticity of the transactions.

The company vide letter dated April 15, 2016(**Annexure-CRAT2**) submitted that 24 shares of the company were allotted to Raju Landge against 40 shares of Hexaware (Earlier Aptech; code APAP) held by him as per the scheme of demerger.

**Fraudulent transactions in the matter of Raju Landge (Folio Number- 01788922, ATAT - Aptech Ltd)**

365. SEBI observed from back office system of the Noticee in the Folio Number-01788922 (Screen Shot placed at **Annexure–SP46**) of Aptech Limited (Code-ATAT), the Folio Name shown as Raju Landge. The folio holds 24 shares (Certification No 18638; Distinctive Nos571684 to 571707) but there is no other entry in the Back Office Software Module of the Noticee except dividend records in the name of Raju Landge from 25/07/2004 onward.

The company vide letter dated April 15, 2016(**Annexure-CRAT2**) submitted that 24 shares of the company were allotted to Raju Landge against 40 shares of Hexaware (Earlier Aptech) held by him as per the scheme of demerger.

366. It is alleged that Raju Landge being driver of Indira and Prashant Karkera could not have acquired such shares. Raju vide his letter dated October 01, 2016(**Annexure-LIR3**) stated that he was the driver of Prashant Karkera and Indira. He further stated that Indira used to operate his bank account no 001810100075247 and he has no knowledge of the transactions. Further, Prashant Karkera vide his statement dated September 27, 2016(**Annexure-SR1**) has accepted that Indira has opened his bank account for her share related work. In light of the above information such as

- similar transactions in other shares,
- similar misuse of Raju Landge's name as front entity by Indira,
- the folios of APAP being emerged as demerger from Apple Finance Limited (AFAF) which was "No card case" and which was illegally modified by back end modification etc,
- folios of ATAT allotted in demerger scheme on the basis of holding in APAP which itself were misappeared folios
- deliberate non compliance by entities includingthe Noticee to provide information/documents,
- reply of the company and
- the admissions of Prashant Karkera,

It is alleged that these folios along with the shares contained in it were illegally siphoned off by the Noticee management viz. Indira.

367. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 48 shares (24 each of 0178892 and 1788922) of Aptech Limited (Code-ATAT) misappropriatedby Indira through Raju Landge | Exact date not available | Value= Rs. 7893.6(Price @ NSE Rs. 164.45) |

**Fraudulent transactions in the matter of UTI "India Fund Unit Scheme 1986" (Folio Number- 02752000, ATAT - Aptech Ltd)**

368. SEBI observed from back office system of the Noticee in the Folio No. - 02752000 of Aptech Limited (Code-ATAT)(**Screenshot- Annexure-SP47**), the Back Office Software Module of the Noticee that dividend records of issue date 25/07/2004 on 10980 shares is in the name of UTI "India Fund Unit Scheme 1986" but the folio currently is in the name of Suresh Unavane with "nil" shares. SEBI also observed that through Updation No. - 6470 on 03/11/2006 there was change of name of the folio (through change in address field) from Satyam Brush Industries to Suresh Unavane. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of UTI "India Fund Unit Scheme 1986", at another time in the name of Satyam Brush Industries and yet another time in the name of Suresh Unavane, a different entity.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Raothat the name of the folio no. - 02752000 was changed from UTI "India Fund Unit Scheme 1986" to Satyam Brush Industries on 03/11/2006 and then from Satyam Brush Industries to Suresh Unavane on 08/12/2006 by User "edp" login Terminal id "SUNIT"(Annexure-SR12).

SEBI observed from statement of G.R Raodated February 15, 2016(**Annexure-SR11**), there is no signature record for the folio no 02752000 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee

and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that the Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases. It is alleged that if Mr. Suresh Unavane would have got the shares through a genuine transfer a new folio would have been allotted to him after transfer through proper "Transfer Entry" and there would not have been need to misappropriate the folio through back end modification in violation of Secretarial Standards or established practice atthe Noticee as stated by G.R Rao vide statement dated January 28, 2016 (Annexure-SR15).

369. Aptech Ltd. vide letter dated April 15, 2016(**Annexure-CRAT2**) alleged thatthe Noticee has transferred the shares in an unauthorized manner without obtaining approval of the company and without submitting any transfer register to the transfer committee of the company. Aptech Ltd. further, stated that they have sought the supporting documents of the said transaction from the Noticee but they have stated that the same is not traceable. In view of the above they have already filed a complaint with Economic Offence Wing.

370. SEBI observed from back office records of the Noticee w.r.t. the Folio No. - 02752000 (Screen Shot placed at **Annexure-SP47**) of Aptech Limited (Code-ATAT) that on 23/02/2007 Suresh Unavane dematerialized the 10980 shares on Certificate No. - 45077 (Distinctive Nos. 1452467 to 1463446) in his demat account no IN300513-13271158. The details of the transactions in his demat account are as below:

| DP ID/ Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|---|
| IN3005 13132 71158 | SURESH UNAWA NE | AAXP U3881 C | INE2 66F0 1018 | APTECH LIMITED EQ | 26-Feb-2007 | 60342 5 | By Dematerialisation | 0 | 10,980 |
| | | | | | 02-Mar-2007 | 23765 767 | To CM IDFC SECURITIES LIMITED, NORMAL / 2007041 | 2,000 | 0 |
| | | | | | 16-Mar-2007 | 24227 582 | To PRASHANT KARKERA (PAN-AANPK8238K) IN300513-12752672 | 5,000 | 0 |
| | | | | | 16-Aug-2007 | 30218 915 | To CM SHAREKHAN LIMITED, NORMAL / 2007155 | 480 | 0 |
| | | | | | 25-Sep-2007 | 32343 470 | To CM SHAREKHAN LIMITED, NORMAL / 2007183 | 500 | 0 |
| | | | | | 10-Dec-2007 | 38194 516 | To CM SHAREKHAN LIMITED, NORMAL / 2007236 | 500 | 0 |
| | | | | | 04-Jul-2011 | 10000 00443 5605 | To PRASHANT KARKERA (PAN-AANPK8238K) IN300513-12752672 | 2,500 | 0 |

371. Extract of ledger statement of Suresh as provided by broker Share Khan (including retail business of erstwhile SSKI/IDFC now handled by Share Khan) vide email dated May 03, 2016(**Annexure-OD49**) is as below:

| DocDt | DocRef | ChqNo | Narr | DrAmt | CrAmt | RunBal | |
|---|---|---|---|---|---|---|---|
| 06/03/2007 | SJV/NR/ 20070411 | | Bill for trade dates 02/03/2007 To 02/03/2007 Settlement - NSENR2007041 | 0 | 452310.06 | -452310.54 | Sale of 2000 shares of Aptech |
| 07/03/2007 | BP/200 703/4212 | 1016433 | For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-03-07 | 452310 | 0 | -0.54 | |
| 21/08/2007 | SJV/NR/ 20071551 | | Bill for trade dates 16/08/2007 To 16/08/2007 Settlement - NSENR2007155 | 0 | 145851.4 | -151210.33 | Sale of 480 shares of Aptech |
| 22/08/2007 | BP/2007 08/18072 | 1490283 | For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-08-22 | 150000 | 0 | -1210.33 | |
| 27/09/2007 | SJV/NR/ 20071831 | | Bill for trade dates 25/09/2007 To 25/09/2007 Settlement - NSENR2007183 | 0 | 183366.01 | -184576.34 | Sale of 500 shares of Aptech |
| 01/10/2007 | BP/2007 10/994 | 1653671 | For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-10-01 | 184000 | 0 | -576.34 | |
| 12/12/2007 | SJV/NR/ 20072361 | | Bill for trade dates 10/12/2007 To 10/12/2007 Settlement - NSENR2007236 | 0 | 206957.65 | -207533.99 | Sale of 500 shares of Aptech |
| 13/12/2007 | BP/20071 2/24693 | 2113349 | For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-12-13 | 205000 | 0 | -2533.99 | |

372. The analysis of fund flow in the bank accounts is as below:

| Date | Transferor Name | TransferorBank a/c No | Chq.No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 07/03/2007 | Sharekhan | | 1016433 | 452,310.00 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 444) |
| 12/03/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761639 | 400,000.00 | Prashant Karkera | ICICI Bank 623801115552 | (Annexure-BRICIC; Page No. - 27) |
| 13/03/2007 | Prashant Karkera | ICICI Bank 623801115552 | 807055 | 300,000.00 | G.R Rao | Bank of Baroda 05880100006349 | (Annexure-BRSTMT; Page No. - 835) |
| 14/03/2007 | Prashant Karkera | ICICI Bank 623801115552 | 807056 | 100.000.00 | Indira | | As reflected in bank account of Prashant Karkera (Annexure-BRICIC; Page No. - 27) |
| 26/03/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761641 | 50,000.00 | Prashant Karkera | ICICI Bank 623801115552 | (Annexure-BRICIC; Page No. - 27) |
| | | | | | | | |
| 22/08/2007 | Sharekhan | | 1490283 | 150,000.00 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 443) |
| 22/08/2007 | Suresh Unawane | ICICI Bank 623801517792 | 850803 | 50,000.00 | Prashant Karkera | | |
| 22/08/2007 | Suresh Unawane | ICICI Bank 623801517792 | 850804 | 100,000.00 | Prashant Karkera | ICICI Bank 623801115552 | (Annexure-BRICIC; Page No. - 25) |
| | | | | | | | |
| 01/10/2007 | Sharekhan | | 1653671 | 184,000.00 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 443) |
| 01/10/2007 | Suresh Unawane | ICICI Bank 623801517792 | 850805 | 34,000.00 | Prashant Karkera | | |
| 01/10/2007 | Suresh Unawane | ICICI Bank 623801517792 | 850806 | 150,000.00 | Prashant Karkera | ICICI Bank 623801115552 | (Annexure-BRICIC; Page No. - 25) |
| | | | | | | | |
| 13/12/2007 | Sharekhan | | 2113349 | 205,000.00 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 443) |
| 13/12/2007 | Suresh Unawane | ICICI Bank 623801517792 | 850808 | 180,000.00 | Prashant Karkera | ICICI Bank 623801115552 | (Annexure-BRICIC; Page No. - 24) |
| 13/12/2007 | Suresh Unawane | ICICI Bank 623801517792 | 850807 | 25,000.00 | Prashant Karkera | | As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 443) |
| | | | | | | | |

SEBI observed from the fund flow that the sale proceeds of the fraudulently transferred shares are being received by husband of Indira viz. Prashant Karkera, G.R Rao and Indira herself.

373. It was noted that out of 7500 shares of Aptech received from Suresh, Prashant Karkera is still holding 5000 shares and sold 2500 along with other 200 shares in his account. Details of sale are as below:

| Trade Date | Scrip Name | Sell Qty | Sell Rate | Sell Value | Settlement No. |
|---|---|---|---|---|---|
| 10-Jan-12 | Aptech Training Ltd | 1,700 | 90.70 | 1,54,190.00 | Nsenr2012007 |
| 11-Jan-12 | Aptech Training Ltd | 1,000 | 98.80 | 98,800.00 | Nsenr2012008 |

374. SEBI also observed that Suresh Unavane received Rs. 452310/- into his ICICI Bank Account No. - 623801517792 from Broker Sharekhan Limited on March 07, 2007 w.r.t. sale proceeds of the 2000 shares of Aptech Limited. SEBI observed that out of the said amount Rs. 400000/- were transferred to the ICICI Bank account no. - 623801115552 of Prashant Karkera on March 12, 2007 vide cheque no. - 761639. Immediately on receipt of the said amount Prashant Karkera transferred Rs. 300000/- to G.R Rao vide cheque no. - 807055 and Rs. 100000/- to Indira vide cheque no. - 807056 on March 13, 2007 and March 14, 2007 respectively. G.R Rao received cheque no. 807055 in his bank account no. 05880100006349 held with Bank of Baroda. All documents w.r.t. the above transactions are placed at **Annexure-BRFA5.** In the statement of G.R Rao before investigating authority dated December 04, 2015 (**Annexure-SR10**), he stated that Prashant Karkera is not formally known to him and he has met him just once in some AGM. While he has no relationship whatsoever otherwise. Further, G.R Rao stated that he has no financial relation or dealings with Prashant Karkera. It is alleged that G.R Rao made deliberate false statement before IA in order to mislead the investigation since the bank records show that he had financial dealings with Prashant Karkera and in fact was the recipient of the ill-gotten money earned by Prashant Karkera through fraud perpetrated by them (Indira & Prashant Karkera). G.R Rao was asked to explain the deposit of Rs. 300,000/- in his bank account by cheque no. - 807055 vide SEBI summons no. - MIRSD2/LS/2016/10903 dated April 12, 2016. Which was again delivered to him through Arthur Road Jail authorities on Nov 06, 2016. It is alleged that he failed to reply the same. Further, SEBI also observed that as per his statement dated March 23, 2016 (**Annexure-SR12**), G.R Rao submitted that he or any of his family members has no

business relationship with Indira or any of her family members however, it is alleged that it is clearly a false statement as seen from the above sequence of events.

On the basis of direct siphoning and subsequent sharing of the illegal gains out of the sale of the said shares between Indira, Prashant Karkera and G.R Rao it is alleged that they were hand in glove in the whole conspiracy of the illegal siphoning of the shares. It is alleged that as far back in 2007, G.R Rao and Indira/Prashant Karkera were sharing the illegal gains out of the siphoned off shares. Further, Suresh Unavane vide his statement dated September 20, 2016 (**Annexure-SR3**) has submitted that he is servant of Prashant Karkera/Indira and his demat/bank accounts were opened and operated by Indira/Prashant Karkera. Prashant Karkera also vide his statement dated September 27, 2016 (**Annexure-SR1**) admitted the above and also stated that all the shares & money in the accounts of Suresh Unavane belongs to them. He admitted carrying out above transactions in Suresh's account and submitted that he has not paid any considerations for acquiring the said shares. Further, Prashant Karkera in his initial part of the statement dated September 27, 2016 stated that he knows G.R Rao only as boss of Indira and he has never met him before 2015 when he met him in an AGM of L&T Finance Limited. He also stated that he has no financial or business dealings with him. Later, when he was asked about the transaction of transfer of Rs. 300000/ to G.R Rao out of sale proceeds of siphoned off shares of Aptech Limited as mentioned above, he stated that he might have given signed cheque to Indira and he is not aware of the nature & purpose of the transactions. In view of the above admissions and contradictions in the statements it is alleged that they were not only sharing the illegal gains of the transactions but were also trying to mislead investigation. In veiw of the sequence of events it is alleged that the pattern of fraudulent transactions at the Noticee is not simply a case of fraud perpetrated by an employee of the Noticee viz. Indira but rather a scheme whereby the managing director of the Noticee viz. G.R Rao himself apparently orchestrated the fraudulent scheme in connivance with Indira/Prashant Karkera for the purpose of illegal enrichment.

375. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 10980 shares of Aptech Limited (Code-ATAT)belonging UTI "India Fund Unit Scheme 1986"misappropriated by Indira/Prashant Karkera/Govind Raj Rao through Suresh Unavane on system modification entry dated 08/12//2006 | Value= Rs. 1649745 (Price @ NSE Rs. 150.25) | Value= Rs. 1805661(Price @ NSE Rs. 164.45) |

**Fraudulent transactions in the matter of The Oriental Insurance Co. (Folio Number-02749980, ATAT - Aptech Ltd)**

376. In the folio no Folio 02749980 (Screen Shot placed at **Annexure-SP48**), from the Back Office Software Module of the Noticee SEBI observed that in the dividend records the shares of Aptech Limited were in name of "The Oriental Insurance Co." on 25/7/2004. However, SEBI observed that currently the folio with "nil" holding is shown in the name of Pradeep M Rathod. There is transaction of Change of address on 17/07/2006 vide updation no. - 6459 whereby address of Oriental Insurance changed to Mumbai address. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of The Oriental Insurance Co. and at another time in the name of Pradeep Rathod, a different entity.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016(Annexure-SR12) of G.R Rao that the Joint Holder name of Pradeep M Rathod in the folio no. – 02749980 was added on 12/01/2006 by User "edp" login Terminal "SUNIT". Further, SEBI also observed that the name was

changed from The Oriental Insurance Co Ltd. (Joint Holder Pradeep Rathod) to Pradeep M Rathod on 19/01/2006 by User "edp" login Terminal id "ANIL". It is alleged that name Pradeep Rathod as Joint holder was introduced then the whole folio was assigned to Pradeep Rathod by making changes in electronic records for the purpose of siphoning of shares.

SEBI observed from the statement of G.R Rao dated February 15, 2016(**Annexure-SR11**) that there is no signature record for the folio no 02749980 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that the Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

The company vide letter dated April 15, 2016 submitted that the Noticee has transferred the shares to Pradeep Rathod in an unauthorized manner without obtaining approval of the company and without submitting any transfer register to the transfer committee of the company. They further stated that they have sought the supporting documents of the said transaction from the Noticee but they have stated that the same is not traceable. In view of the above they have already filed a complaint with Economic Offence Wing.

377. Valuation of Share Misappropriated on replacement cost basis in this matter



| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 4152 shares of Aptech Limited (Code-ATAT)belonging to The Oriental Insurance Co. misappropriated by Pradeep Rathod on 19/01/2006 | Value= Rs. 547441.2(Price @ NSE Rs. 131.85) | Value= Rs. 682796.4(Price @ NSE Rs. 164.45) |

378. SEBI observed that folio 02749980 (Aptech Limited, Code- ATAT) held 4152 shares on 25/7/2004. Share certificate no. 45042 (distinctive no. - 1444551 to 1448702) holding 4152 shares dematerialized on 01/02/2006 in the demat account no. - IN300888-14605604 of Pradeep Rathod. (Transaction No. 708975; Inward No. 1539762). The extract of demat account transactions are as below:

| DP ID/ Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|---|
| IN3008 881460 5604 | PRAD EEP M RATH OD | AAD PR58 38A | INE2 66F0 1018 | APTEC H LIMITE D EQ | 01-Feb-2006 | 15397 62 | By Dematerialisation | 0 | 4,152 |
| | | | | | 08-Jun-2006 | 10621 821 | To SVS SECURITIES PVT LTD. / 10000072 | 4,000 | 0 |
| | | | | | 10-Oct-2006 | 10382 384 | By SVS SECURITIES PVT LTD. / 10000072 | 0 | 4,000 |
| | | | | | 13-Oct-2006 | 10909 380 | To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607138 | 4,000 | 0 |
| | | | | | 17-Oct-2006 | 10917 642 | To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607140 | 152 | 0 |

379. Extract of ledger statement of Pradeep as provide by Broker SVS Securities vide email dated June 01, 2016 (**Annexure-OD105**) is as below:

| Date | Ref No | Narration | Debit | Credit | |
|---|---|---|---|---|---|
| 16/10/2006 | 120110 | Y13806 BSE-Y2006138BILL POSTING GR.Y2006138 | | 5,79,605.93 | Sale of 4000 shares of Aptech Limited |
| 16/10/2006 | 16149 | BC32ICICI-5381304258 BILL NO.: BC32/ 61016 | 5,65,674.78 | | Paid to client |
| 18/10/2006 | 160109 | Y14006 BSE-Y2006140BILL POSTING GR.Y2006140 | | 23269.69 | Sale of 152 shares of Aptech Limited |

| Date | Ref No | Narration | Debit | Credit | |
|---|---|---|---|---|---|
| 20/10/2006 | 16843 | BC32ICICI-5381304720 BILL NO.: BC32/ 61020 | 21,888.6 | | Paid to client |

380. In reply to SEBI summons Pradeep Rathod submitted reply through his advocates Legal Juris vide letter dated June 27, 2016 (Annexure-LIR8). SEBI observed that he submitted that he has bought the shares from certain individuals on the written assurance of Indira subject to the condition that the sum of the shares will be paid to the respective shareholders after transfer of shares in his name, getting it dematerialized and selling the same in open market after deducting certain sum from the sale proceeds. He further stated that he purchased 4152 shares of Aptech Limited from one Raju Landge. A certificate dated December 15, 2005 (**Annexure-OD81**) was issue by the Noticee (signed by Indira) stating that Raju Landge is the holder of 4152 shares of Aptech Limited on the share certificate no. - 14820 (Distinctive Nos. 1444551 to 1448702) and Raju Landge also issued NoC (witnessed by Indira) (**Annexure-OD82**) whereby he stated that he had no objection to transfer of 4152 shares on certificate no. - 45042 to Pradeep Rathod. It was noted that the signature of Raju on the said NoC is vastly different from his signature on letter dated October 01, 2016 submitted to SEBI. Pradeep Rathod further, stated that the said share certificate was sent for transfer in his favour and then same was also dematerialized in his demat account. He then sold the said 4000 shares on October 12, 2006& 152 shares on October 16, 2006 in market for Rs. 602875.62/-. It was submitted by Pradeep Rathod that he paid Rs. 5,82,572/- to Raju Landge vide cheque nos. 648109 and 950903 for Rs. 2,00, 000 and Rs. 3,82,572 respectively from his bank account no. 51010536110 held with State Bank of Bikaner and Jaipur (**Annexure-BRSTMT; Page No. - 230-275**). SEBI observed that Raju Landge received the said Rs. 2,00,000 on September 11, 2006 and Rs. 3,82,572 on October 19, 2006 in his bank account no. 001810100075247 held with Bharat Co-op Bank (**Annexure-BRBCBL; Page No. - 186**). SEBI further, observed that out of the Rs. 2,00,000 received by Raju on September 11, 2006, Rs. 1,00,000 was transferred to Indira on 13/09/2006 (deposited in her bank account001810100014802; Annexure-BRBCBL-Page No. - 222) and Rs. 50,000 to

Prashant Karkera (deposited in his bank account001810100060069; Annexure-BRBCBL-Page No. - 251) while the rest Rs. 50,000 was withdrawn in cash. Similarly, out of the Rs. 3,85,272 received by Shri Raju Landge on 19/10/2006, the same day Raju transferred Rs. 95,000 to Indira, Nagesh, Narayan and withdrew Rs. 95,000 in cash. Raju vide his letter dated October 01, 2016 (**Annexure-LIR3**) has admitted that his accounts were operated by Indira/Prashant Karkera. Prashant Karkera vide his statement dated September 27, 2016(**Annexure-SR1**) has corroborated the statement of Raju. It was noted from the documents submitted by Pradeep Rathod that the share certificate for 4152 shares transferred to Pradeep as per TD dated December 30, 2005(**Annexure-OD83**) and submitted for dematerialization was having certificate number 45042 (Distinctive Nos. 1444551 to 1448702). It was also noted that the certificate no 45042 was issued in the name of Pradeep Rathod on January 06, 2006 and as per documents he submitted it to the Noticee for transfer on January 02, 2006 (**Annexure-OD94**). SEBI observed that the certificate was lodged for transfer with the Noticee even before the date of issue itself which is clearly a logical impossibility therefore it is alleged that Pradeep Rathod's reply is false.

SEBI further observed that the share certificate that was transferred to him from Raju Landge was the one which was printed in his own name and the same was submitted for dematerialization by Pradeep Rathod. Raju Landge also gave NoC to transfer certificate no. - 45042 and signed transfer deed dated December 30, 2005 for transfer of certificate no. - 45042 while in reality the certificate was already printed in the name of Pradeep. The said transfer deed was also witnessed by Indira. SEBI also observed that the shares were sold by Pradeep and said amount for purported consideration was paid by Pradeep to Raju Landge almost after 10 months. SEBI alleged that no sane person will agree to sell shares on such terms & conditions and that to without any agreement unless it's for just sharing of loot money. Therefore, it's alleged that the Pradeep's submissions are false and misleading and the documents are clearly forged and he was fully hand in glove

with Indira in the conspiracy of fraudulent transfer of shares. It is alleged that the Noticee, and Indira has not cooperated with the Investigation at all. It is also alleged that Pradeep's inconsistent explanations are just "after thoughts" and attempt to hide the truth of fraudulent transfers and his connivance with Indira for the said fraudulent transactions. SEBI also alleged that Pradeep was very well aware about the suspicious/ fraudulent nature of the transactions from very beginning that's the reason he obtained indemnity bond from Indira (**Annexure-OD69**). SEBI alleged that Indira had used the above circuitous transactions for "layering" and creating "smoke screen" for fraudulent transactions so that audit trail be blurred and any future investigation/inspection to detect the same become difficult. Prashant Karkera in his statement and Raju Landge in his letter dated October 1, 2016 (**Annexure-LIR3**) has admitted that the transactions were at the behest of Indira.

**I. Company Name: Hexaware Technologies Limited (the Noticee Back Office Code-HXHX) (herein after referred to as 'Hexaware')**

381. In response to SEBI summons dated March 28, 2016 and May 06, 2016(**Annexure-SHX1**), the company Hexaware vide their letter dated June 07, 2016 (**Annexure-CRHX2**) submitted their reply. Hexaware stated that their response is based on the data obtained from the Noticee as no documents in connection with the SEBI queries are available with them. Further, it is alleged that the Noticee has not maintained any documents in support of the transactions and responses are based on data obtained from their systems for which screenshots were obtained. The following discrepancies and fraudulent transactions were observed:

**Fraudulent transactions in the matter of "The Oriental Insurance Co."(Folio Number- 02749980, HXHX- Hexaware Technologies Limited)**

382. SEBI observed that in the Folio No. - 02749980 (Screen Shot placed at **Annexure-SP49**), Back Office Software Module of the Noticee shows dividend in name of The Oriental Insurance Co. from issue dates from Jun 2004 to Nov 2005.The folio currently holds "nil"

shares and is shown in name of Pradeep M Rathod. The Folio held 13840 shares of Hexaware in Nov 2005. There is transaction of change of address on 17/07/2006 (update no. - 4529) whereby address of Oriental Insurance changed to Mumbai address. It is alleged that the Noticee failed to comply with SEBI summons to explain the transactions and to provide any documents to verify the authenticity of the transactions.

SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12), that in 2005 the folio no 02749980 with 2768 shares was in the name of The Oriental Insurance Co. In the Annual return for 2006 the folio is omitted in holding file but in transaction file it was reported that Pradeep Rathod has dematerialized 13840 shares from the said folio. The Noticee could not provide annual return data for the year prior to 2005. (Screen Shot of Annual Return data placed at **Annexure-ARSP24**)

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 (Annexure-SR12) of G.R Rao that the Joint Holder name of Pradeep M Rathod in the folio no. - 02749980 was added on 12/01/2006 by User "edp" login Terminal "SUNIT". Further, SEBI also observed that the name was changed from The Oriental Insurance Co Ltd. (Joint Holder Pradeep Rathod) to Pradeep M Rathod on 19/01/2006 by User "edp" login Terminal id "ANIL". It is alleged that name Pradeep Rathod as Joint holder was introduced then the whole folio was assigned to Pradeep Rathod by making changes in electronic records for the purpose of siphoning of shares.

383. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 13840 shares (27680 Post 1:1 Bonus on 24/02/2011) of Hexaware belonging to The Oriental Insurance Co. misappropriated by Pradeep Rathod on 19/01/2006 | Value= Rs. 17,75,672(Price @ NSE Rs. 128.30) | Value= Rs. 51,30,488(Price @ NSE Rs. 185.35) |

384. Folio No. 02749980 there is record for dematerialization of 13840 shares of Hexaware (Certificate no. 36423; distinctive no 3777466 to 3791305) on 01/02/2006 (Transaction No. 712020; Inward No. 1539761) in demat account no. - IN300888-14605604 of Pradeep Rathod. The extract of demat account transactions are as below:

| DP ID/ Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Open | Debit | Credit | Close |
|---|---|---|---|---|---|---|---|---|---|---|---|
| IN300888146056044 | PRADEEP M RATHOD | AADPR5838A | INE093A01033 | HEXAWARE TECHNOLOGIES LIMITED EQ NEW FV RS.2/- | 01-Feb-2006 | 1539761 | By Dematerialisation | 0 | 0 | 13,840 | 13,840 |
| | | | | | 22-Feb-2006 | 10214475 | To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0506226 | 13,840 | 3,000 | 0 | 10,840 |
| | | | | | 02-Mar-2006 | 10243360 | To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0506231 | 10,840 | 6,000 | 0 | 4,840 |
| | | | | | 24-May-2006 | 10576402 | To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607037 | 4,840 | 4,840 | 0 | 0 |

385. Extract of ledger statement of Pradeep as provided by broker SVS Sec vide email dated June 01, 2016 (**Annexure-OD105**) and August 17, 2016(**Annexure-OD106**) is as below:

| Date | Ref No | Narration | Debit | Credit | |
|---|---|---|---|---|---|
| 23-Feb-06 | | Y22605 BSEY2005226 | 310579.76 | | Sale of 3000 Hexaware @ 402480 and Buy of 30200 Him Futr Com @ 711348.75 |
| 02-Mar-06 | | Y23105 BSEY2005231 | | 815297.49 | Sale of 6000 shares of Hexaware |
| 03-Mar-06 | | BC32ICICI5381 | 776796.15 | | Paid to client |
| 06-Mar-06 | | BC32ICICI5381 | 90,249.88 | | Paid to client |
| 25/05/2006 | 230143 | Y03706 BSE -Y2006037BILL POSTING GR.Y2006037 | | 6,25,658.21 | Sale of 4840 shares of Hexaware |
| 25/05/2006 | 4872 | BC32ICICI-5381286256 BILL NO.: BC32/ 60525 | 3,00,000.00 | | Paid to client |

386. The analysis of fund flow in the bank accounts of the entities is as below:

| Date | Transferor Name | TransferorBank a/c No | Chq.No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 06/03/2006 | SVS Securities | ICICI Bank | 42783 | 7,76,796.15 | Pradeep Rathod | Union Bank of India 316002010070270 | As per SVS Securities email dated Aug 17, 2016 and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page No. - 172) |
| 06/03/2006 | SVS Securities | ICICI Bank | | 90,249.88 | Pradeep Rathod | | As seen from submission of SVS Securities vide email dated Aug 17, 2016 |
| 27/05/2006 | SVS Securities | ICICI Bank | 286256 | 300,000.00 | Pradeep Rathod | Union Bank of India 316002010070270 | As per SVS Securities email dated Jun 01, 2016 and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page No. - 171) |
| 07/03/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 138105 | 7,91,520.00 | Raju Landge | Bharat Co-op Bank 001810100075247 | As per Bharat Co-op Bank email dated January 18, 2016 (Annexure-BRBCBL; Page No. - 186) and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page No. - 172) |
| 09/03/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 276838 | 300,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statement of Raju (Annexure-BRBCBL; Page No. - 186) and Indira (Annexure-BRBCBL; Page No. - 223) |
| 09/03/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 320077 | 50,000.00 | Narayan Devadiga | Bharat Co-op Bank 001810100074187 | As reflected in account statement of Raju (Annexure-BRBCBL; Page No. - 186) and Narayan (Annexure-BRBCBL; Page No. - 190) |
| 09/03/2006 | Narayan Devadiga | Bharat Co-op Bank 001810100074187 | 826273 | 50,000.00 | Indira | | Cash withdrawal by Indira at Bhandup Village Road Branch as per Bharat Co-op Bank email dated Nov 01, 2016 (Annexure-BRBCBL; Page No. - 287-290) |
| 09/03/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 320076 | 75,000.00 | Suresh Unawane | Bharat Co-op Bank 001810100074345 | As reflected in account statement of Raju (Annexure-BRBCBL; Page No. - 186) and Suresh (Annexure-BRBCBL; Page No. - 260) |
| 09/03/2006 | Suresh Unawane | Bharat Co-op Bank 001810100074345 | 430394 | 75,000.00 | Indira | | Cash withdrawal by Indira at Bhandup Village Road Branch as per Bharat Co-op Bank email dated November 01, 2016 (Annexure-BRBCBL; Page No. - 287-290) |
| 28/03/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 320078 | 370,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statement of Raju (Annexure-BRBCBL; Page No. - 186) and Indira (Annexure-BRBCBL; Page No. - 223) |
| 12/04/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 138115 | 5,00,000.00 | Raju Landge | Bharat Co-op Bank 001810100075247 | As per Bharat Co-op Bank email dated January 18, 2016 (Annexure-BRBCBL; Page No. - 423-430) and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page No. - 172) |
| 13/04/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 320079 | 75,000.00 | Indira | | Cash withdrawal by Indira at Fort Branch as per Bharat Co-op Bank email dated November 01, 2016 (Annexure-BRBCBL; Page No. - 287-290) |
| 15/04/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 320080 | 400,000.00 | Indira | Bharat Co-op Bank 001810100087482 | As reflected in account statement of Raju (Annexure-BRBCBL; Page No. - 186) and Indira (Annexure-BRBCBL; Page No. - 2008) |
| 05/06/2006 | Pradeep Rathod | Union Bank of India 316002010070270 | 155713 | 1,10,324.00 | Raju Landge | Bharat Co-op Bank 001810100075247 | As seen from account statements of Pradeep (Annexure-BRMISC; Page No. - 171) and Raju (Annexure-BRBCBL; Page No. - 186) |

| Date | Transferor Name | TransferorBank a/c No | Chq.No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| 07/06/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 288895 | 60,000.00 | | | Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page No. - 186) |
| 23/02/2006 | Pradeep Rathod | SBBJ 51010536110 | 638750 | 3,78,300.00 | Raju Landge | Bharat Co-op Bank 001810100075247 | As per Bharat Co-op Bank email dated January 18, 2016 (Annexure-BRBCBL; Page No. - 423-430) and State Bank of Bikaner and Jaipur letter dated October 07, 2016 (Annexure-BRSTMT; Page No. - 267) |
| 24/02/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 288893 | 25,000.00 | | | Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page No. - 186) |
| 24/02/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 276840 | 50,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statements of Raju (Annexure-BRBCBL; Page No. - 186) and Indira(Annexure-BRBCBL; Page No. - 223) |
| 24/02/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 288892 | 100,000.00 | Indira | Bharat Co-op Bank 001810100087482 | As reflected in account statements of Raju (Annexure-BRBCBL; Page No. - 186) and Indira(Annexure-BRBCBL; Page No. - 208) |
| 25/02/2006 | Raju Landge | Bharat Co-op Bank 001810100075247 | 288894 | 200,000.00 | Prashant Karkera | KNS Bank SB/4662 | As reflected in account statements of Raju (Annexure-BRBCBL; Page No. - 186) |

On the basis of the above analysis it is alleged that the proceeds of the shares misappropriated by Pradeep are ultimately going to Indira and her related entities.

387. In reply to SEBI summons dated April 12, 2016 (**Annexure-SPR**) Pradeep Rathod submitted reply through his advocates Legal Juris vide letter dated June 27, 2016(Annexure-LIR8). He stated that he has bought the shares from certain individuals on the written assurance of Indira subject to the condition that the sum of the shares will be paid to the respective shareholders after transfer of shares in his name, getting it dematerialized and selling the same in open market after deducting certain sum from the sale proceeds. Pradeep Rathod further stated that he purchased 13840 shares of Hexaware from one Raju Landge. A certificate dated December 15, 2005 (**Annexure-OD84**) was issue by the Noticee (signed by Indira) stating that Raju Landge is the holder of 13840 shares of Hexaware on the share certificate no. - 456125 (Distinctive Nos. 3777466 to 3791305) and Raju Landge also issued NoC (witnessed by Indira) (**Annexure-OD82**) whereby he stated that he had no objection to transfer of shares on

certificate no. - 36423 to Pradeep Rathod. SEBI observed that the signature on this NoC is vastly different from the signature of Raju on his letter dated October 01, 2016 to SEBI. Pradeep further stated that the said share certificate was sent for transfer in his favour and then same was also dematerialized in his demat account. He then sold 3000 shares on Feb 21, 2006, 6000 shares on Feb 28, 2006 & 4840 shares on May 23, 2006 in market for Rs. 18,42,810.70/- and later paid Rs. 17,80,144/- to Raju Landge vide total 4 cheques which were debited from his bank accounts on March 07, 2006, April 12, 2006, June 05, 2006 & February 23, 2006. It was noted from the documents submitted by Pradeep Rathod that the share certificate for 13840 shares transferred to Pradeep as per TD dated December 30, 2005 and submitted for dematerialization was having certificate number 36423 (Distinctive Nos. 3777466 to 3791305) (**Annexure-OD85**). SEBI also observed that the certificate no. 36423 was issued in the name of Pradeep Rathod on January 03, 2006 and as per documents submitted by him, he submitted it to the Noticee for transfer on January 02, 2006(**Annexure-OD86**) which, SEBI alleged that, is clearly a logical impossibility and also alleged that Pradeep Rathod's reply is false.

SEBI also observed that the share certificate that was transferred to Pradeep Rathod from Raju Landge was the one which was printed in his own name and the same was submitted for dematerialization by Pradeep Rathod. Further, SEBI observed that the certificate was lodged for transfer with the Noticee even before the date of issue itself. Raju Landge also gave NoC to transfer certificate no. - 36423 and signed transfer deed dated December 30, 2005 for transfer of certificate no. - 36423 while the certificate was already printed in the name of Pradeep. SEBI observed that the shares were sold by Pradeep and said amount for purported consideration was paid by Pradeep to Raju Landge after months of getting the shares transferred in his name. SEBI observed that no sane person will agreed to sell shares on such terms & conditions and that to without any agreement unless it's just sharing of loot money. Thus, it is alleged that the Pradeep's submissions are false and misleading and the documents are alleged to be forged and he was fully hand in

glove with Indira in the conspiracy of fraudulent transfer of shares. It is also alleged that the Noticee, Raju and Indira has not cooperated with the Investigation at all. Therefore, it is alleged that Pradeep's inconsistent explanations are just "after thoughts" and attempt to hide the truth of fraudulent transfers and his connivance with Indira for the said fraudulent transactions. It is also alleged that Pradeep was very well aware about the suspicious/ fraudulent nature of the transactions from very beginning that's the reason he obtained indemnity bond from Indira. It is also alleged that Indira had used the above circuitous transactions for "layering" and creating "smoke screen" for fraudulent transactions so that audit trail be blurred and any future investigation/inspection to detect the same become difficult.

388. SEBI observed that Hexaware vide their reply dated June 07, 2016(**Annexure-CRHX2**) had confirmed to the finding of investigation. Hexaware, further stated that w.r.t. transaction of change in name from Oriental Insurance to Pradeep Rathod neither physical copy of request for change of name nor any entry in the back office of the Noticee is available in the records of the Noticee nor any documents in connection with this request is available with them. Hexaware also stated that there is no communication received from the Noticee, no entry in the register of transfer and register of deletion received by the company relating to transfer of shares/change in name from Oriental Insurance to Pradeep Rathod. Further, they could not even trace the documents related to request for dematerialization.

389. Thus it is alleged that the shares of Oriental Insurance were siphoned off by Pradeep Rathod in connivance with officials of the Noticee (esp. Indira) who illegally transferred the shares in the name of Pradeep Rathod as mere modification entry in the electronic records without any supporting documents and even without taking any approval from the company.

**Fraudulent transactions in the matter of Mr. R.S.Sawant (Folio Number- 01788892, HXHX- Hexaware Technologies Limited)**

390. SEBI observed that in the Folio No. –01788892(Code-HXHX- Hexaware Technologies Limited){Screenshot placed at **Annexure-SP50**}, the Folio Name is shown as Raju Landge. The folio holds 160 shares (share certificate No. 14819; distinctive no. 1468671 to 1468750, share certificate no. 58985; distinctive no. 289519055 to 289519134) but there is no other entry in the Back Office Software Module of the Noticee except dividend in the name of Raju Landge from issue dates 10/06/2004 to 20/11/2015. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions.

391. SEBI observed that Hexaware vide their reply dated June 07, 2016(**Annexure-CRHX2**) stated that as per the replies of the Noticee, folio no. - 01788892 was originally held by Mr. R.S.Sawant for 20 shares (before demerger of Hexaware from Aptech). They provide screenshot from the Noticee back office whereby name of Mr. R.S.Sawant is shown as against folio no. - 01788892 (Aptech Limited) as on September 30, 1999. SEBI observed that on May 17, 2000, the name of Mr. Raju Landge was shown in the folio no. - 01788892 (Aptech Limited). As on June 10, 2004, SEBI observed from the back office of the Noticee that after demerger of Hexaware from Aptech, Raju Landge held 16 shares in the folio no. - 01788892 (Hexaware) but they have no documents or particulars to substantiate the above transactions. SEBI observed that in the year 2005 pursuant to split of shares from face value of Rs. 10 to Rs. 2, Raju Landge held 80 shares in the folio no. - 01788892 (Hexaware) as on November 12, 2005. Further, in the year 2011 company issued bonus shares in the ratio 1:1 and accordingly the shares became 160. They further stated that there is no data or entry available with the Noticee office relating to transfer of shares/change in name of shareholder from Mr. R.S. Sawant to Mr. Raju Landge and as the matter is old the company also could not locate any such record in their records.

392. It is alleged that shares belonging to R.S.Sawant are illegally siphoned by Mr. Raju Landge in connivance with officials of the Noticee who facilitated the transfer without passing any entry in back office records. Further, it is also alleged that the Noticee has failed to maintain proper records w.r.t. the transactions.

**Fraudulent transactions in the matter of Mr. Rajesh Jhaveri (Folio Number-01788922, HXHX- Hexaware Technologies Limited)**

393. SEBI observed that in the Folio No. - 01788922 (Screen Print placed at **Annexure-SP51**), the Folio Name: shows Raju Landge holding 160 shares of Hexaware Technologies Limited (certificate no 14822; distinctive 1468911 to 1468990, certificate no 58988; distinctive no 289519295 to 289519374) but there is no other entry in the Back Office Software Module of the Noticee except dividend records in the name of Raju Landge from issue date 10/06/2004 to 20/11/2015. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions in this regard.

Hexaware vide their reply dated June 07, 2016 (**Annexure-CRHX2**) explained that the original shareholder of shares w.r.t. folio no. - 01788922 (Aptech Limited) was Mr. Rajesh Jhaveri and the shares were transferred fraudulently to Mr. Raju Landge exactly in the same manner as described above for folio no. - 01788892 of Mr. R.S.Sawant. The relevant screenshot of the folios provide by the company are part of their reply.

394. It is alleged that in this matter the shares belonging to one original shareholder Mr. Rajesh Jhaveri were illegally siphoned by Mr. Raju Landge in connivance with officials of the Noticee who facilitated the transfer without passing any entry in front office records. Further, the Noticee has failed to maintain proper records w.r.t. the transactions.

It was observed that these folios are same which corresponds to the similar folios in Code-AFAF & APAP. Therefore the conclusion remains the same.

395. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 320 shares (160 each from folio no 01788892 and 01788922) of Hexaware Technologies Limited misappropriated by Indira through Raju Landge | Exact date not available | Value= Rs. 59312(Price @ NSE Rs. 185.35) |

Note: It may be noted that in the said two similar folios of APAP there were 40 shares each then there was demerger of HXHX and ATAT from APAP. For 40 shares of APAP the shares became 24 each for ATAT (5:3 Demerger) and 16 each for APAP later HXHX (5:2 Demerger). The 16 each of HXHX later became 80 each with 10:2 split on 28-04-2005 and became 160 each on issue of 1:1 Bonus on 24-02-2011.

**Fraudulent transactions in the matter of UTI "India Fund Unit Scheme 1986" (Folio Number- 02752000, HXHX- Hexaware Technologies Limited)**

396. SEBI observed that in the Folio No. - 02752000 (Screen Shot placed at **Annexure-SP52**) (Code-HXHX- Hexaware Technologies Limited), the Back Office Software Module of the Noticee shows dividend was being issued to UTI "India Fund Unit Scheme 1986" on 36600 shares of Hexaware from issue date 10/06/2004 to 12/11/2005. Dividend records pertaining to issue date 03/8/2006 are shown in the name of Satyam Brush Industries on 27100 shares. In between through Updation No. - 4548 on 03/11/2006 there was change of name of the folio (through change in address field) from Satyam Brush Industries to Suresh Unavane. Dividend from issue date 19/4/2007 to 20/11/2015 shows in the name of Suresh Unavane on 17100 shares. Suresh Unavane is apparently still holding 17100 shares in the folio. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of UTI "India Fund Unit Scheme 1986", at another time

in the name of Satyam Brush Industries and at another time in the name of Suresh Unavane and Pradeep M. Rathod, a different entity.

An explanation for the above transfers and documents like communications with the Noticee. minutes of the "share transfer committee" for approval of transfer etc. were sought summoned by SEBI and in reply there of Hexaware vide their reply dated June 07, 2016 stated that there is no data or records or documents available with the Noticee office relating to transfer of shares/change in name of shareholder from UTI to Satyam Brush Industries /Suresh Unavane. There is no entry of transfer in the back office software of the Noticee. Further, Hexaware also submitted that there was no communication received from the Noticee, no entry in register of transfer and register of deletion received by the company relating to transfer of share/change in name of shareholder w.r.t. folio no. - 02752000.

397. In the Folio No. - 02752000 (Code-HXHX- Hexaware Technologies Limited) on 03/07/2006 new certificates were printed against old share certificate by splitting the share certificate. The details of the share certificate printing transaction are as below:

| Inward No | Original Certificate No. | New Certificate No. | Dist No From | Dist No To | Creation Date | No of Shares |
|---|---|---|---|---|---|---|
| 447 | 36451 | 49427 | 3801206 | 3810705 | 03/07/2006 | 9500 |
| | | 49428 | 3810706 | 3815705 | 03/07/2006 | 5000 |
| | | 49429 | 3815706 | 3820705 | 03/07/2006 | 5000 |
| | | 49430 | 3820706 | 3825705 | 03/07/2006 | 5000 |
| | | 49431 | 3825706 | 3830705 | 03/07/2006 | 5000 |
| | | 49432 | 3830706 | 3835705 | 03/07/2006 | 5000 |
| | | 49433 | 3835706 | 3837805 | 03/07/2006 | 2100 |

SEBI observed from the share certificate print reconciliation/control register (**Annexure–OD87**) that the certificate No. 49426 and 49650 were printed on June 19, 2006 and November 03, 2006 respectively while entry for certificate no. - 49427 to 49433 is missing.

SEBI sought details from the company regarding whether the said new printed certificates were received by the company for signature, if yes, provide the copy of communication received by the company, copy of communication sent by the company after signature

(including PoD), copy new share certificate etc. In their replied vide letter dated June 07, 20016 (**Annexure-CRHX2**) the company Hexaware stated that the said certificates were not received by the company for signature nor any communication were received by the company fromthe Noticee regarding the said certificates. They also stated that there are no records available with the Noticee relating to issuance of new share certificates. Further, as per the details obtained from the systems of the Noticee, share certificate no. - 49427 was submitted by Mr. Pradeep Rathod for dematerialization vide DRN No. - 566897 and certificate no. - 49430 & 49431 was submitted by Mr. Suresh Unavane vide DRN no. - 594973.

398. Folio No. - 02752000 (Code-HXHX- Hexaware Technologies Limited) dematerialized 9500 shares (Distinctive no 3801206 to 3810705) on 25/07/2006 in demat account no. - IN300513-11049708 of Pradeep Rathod. The extract of demat account transactions are as below:

| DP ID/ Client ID | First Holder Name | First Holder Pan | ISIN | Scrip Name | Date | Order No | Description | Debit | Credit |
|---|---|---|---|---|---|---|---|---|---|
| IN300513110497 08 | PRADEEP M RATHOD | AADPR5838A | INE093A01033 | HEXAWARE TECHNOLOGIES LIMITED EQ NEW FV RS.2/- | 25-Jul-2006 | 566897 | By Dematerialisation | 0 | 9,500 |
| | | | | | 21-Nov-2006 | 19883931 | To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607164 | 9,500 | 0 |

The DRF dated 14.07.2006 provided by NSDL vide email dated January 05, 2017(**Annexure-OD88)**, shows that the share certificate no. - 49427 was dematerialized.

399. Extract of ledger statement of Pradeep as provided by broker SVS Sec vide email dated June 01, 2016 (**Annexure-OD105**) is as below:\

| Date | Ref No | Narration | Debit | Credit | |
|---|---|---|---|---|---|
| 22/11/2006 | 200108 | Y16406 BSE-Y2006164BILL POSTING GR.Y2006164 | | 17,37,680.79 | Sale of 9500 shares of Hexaware |
| 22/11/2006 | 19893 | BC32ICICI-5381 | 1678854.25 | | Paid to client |

400. Analysis of fund flow in the bank account of the entities is as below:

| Date | Transferor Name | TransferorBank a/c No | Chq .No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| 23/11/2006 | SVS Securities | | 306585 | 1678854.25 | PRADEEP RATHOD | SBBJ 51010536110 | As per SVS Securities email dated Jun 01, 2016 and State Bank of Bikaner and Jaipur letter dated Oct 07, 2016 (Annexure-BRSTMT; Page no. - 259) |
| 08/08/2006 | PRADEEP RATHOD | Union Bank of India 316002010070270 | 155717 | 3,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 | As per Bharat Co-op Bank email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397), and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page no. - 171) |
| 09/08/2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | | 3,00,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Indira (Annexure-BRBCBL; Page no. - 222) |
| 21-11-2006 | PRADEEP RATHOD | Union Bank of India 316002010070270 | 166009 | 1,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 | As per Bharat Co-op Bank email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397) and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page no. - 170) |
| 24/11/2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | 155643 | 1,00,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Indira (consolidated credit for amount received from Suresh and Anil; Annexure-BRBCBL- Page no. - 222) |
| 30-11-2006 | PRADEEP RATHOD | Union Bank of India 316002010070270 | 166010 | 2,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 | As per Bharat Co-op Bank email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397) and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page no. - 170) |
| 08/12/2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | | 2,00,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Indira (consolidated credit for amount received from Suresh and Anil; Annexure-BRBCBL; Page no. - 221) |
| 23/10/2006 | PRADEEP RATHOD | SBBJ 51010536110 | 950906 | 2,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 | As per Bharat Co-op Bank email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397) and SBBJ letter dated Oct 07, 2016 (Annexure-BRSTMT; Page no. - 261) |
| 28/10/2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | 155645 | 25,000.00 | | | Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page no. - 180) |
| 28/10/2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | 155644 | 150,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Indira (Annexure-BRBCBL; Page no. - 222) |
| 11/11/2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | | 25,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Indira (Annexure-BRBCBL; Page no. - 222) |
| 24/11/2006 | PRADEEP RATHOD | SBBJ 51010536110 | 950908 | 7,00,000.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 | As per Bharat Co-op Bank email dated January 15, 2016 (Annexure-BRBCBL; Page |

| Date | Transferor Name | TransferorBank a/c No | Chq .No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| | | | | | | | no. - 397) and SBBJ letter dated Oct 07, 2016 (Annexure-BRSTMT; Page no. - 259) |
| 27/11 /2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | | 600,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Indira (Annexure-BRBCBL; Page no. - 222) |
| 27/11 /2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | 214 286 | 90,000.00 | | | Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page no. - 180) |
| 28/11 /2006 | PRADEEP RATHOD | SBBJ 51010536110 | 950 914 | 1,95,510.00 | Anil Jathan | Bharat Co-op Bank 001810100008368 | As per Bharat Co-op Bank email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397) and SBBJ letter dated Oct 07, 2016 (Annexure-BRSTMT; Page no. - 259) |
| 30/11 /2006 | Anil Jathan | Bharat Co-op Bank 001810100008368 | | 215,000.00 | Indira | Bharat Co-op Bank 001810100014802 | As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Indira (Annexure-BRBCBL; Page no. - 221) |

401. In reply to SEBI summons Pradeep Rathod submitted reply through his advocates Legal Juris vide letter dated June 27, 2016(**Annexure-LIR8**). Pradeep Rathod stated that he has bought the shares from certain individuals on the written assurance of Indira subject to the condition that the sum of the shares will be paid to the respective shareholders after transfer of shares in his name, getting it dematerialized and selling the same in open market after deducting certain sum from the sale proceeds. He further stated that he purchased 9500 shares of Hexaware from one Anil CJ. A certificate dated June 14, 2006 (**Annexure-OD89**) was issued by the Noticee (signed by Indira) stating that Anil CJ is the holder of 9500 shares of Hexaware on the share certificate no. - 36451 (Distinctive Nos. 3801206 to 3810705). He further, stated that the said share certificate was sent for transfer in his favour and then same was also dematerialized in his demat account. He then sold the said shares on November 20, 2006 in market for Rs. 17,37,680.79/- and later paid Rs. 16,95,510/- to Anil CJ vide total 6 cheques which was debited from his bank accounts on Aug 08, 2006, Nov 21, 2006, Nov 30, 2006,Oct 23, 2006, Nov 24, 2006, Nov 28, 2006. SEBI observed from the documents submitted by Pradeep Rathod that the share certificate for 9500 shares transferred to Pradeep as per TD dated July 3, 2006(**Annexure-OD90**) was having certificate number 36451(Distinctive Nos. 3801206

to 3810705) while the certificate number submitted for dematerialization was 49427 (issued in lieu of the 36451) (DRF form and copy of the certificate placed at **Annexure-OD91**). SEBI also observed that the certificate no 49427 was issued in the name of Pradeep Rathod on June 26, 2006 and as per documents submitted by him, he submitted it to the Noticee for transfer on July 04, 2006 (**Annexure-OD92**).

It is alleged that Pradeep has not submitted copy of share certificate no. 36451 while the Noticee, Anil and Indira has not cooperated with the Investigation at all. If certificate no. - 36451 was transferred to Pradeep with due process then there would not have been any need for printing another certificate no 49427 in the name of Pradeep Rathod. It is alleged that the Noticee /Indira had got the Share certificates re-printed and kept for attempting forgery and later printed in the name of the person who agreed for helping them in the forgery in this case i.e. Pradeep Rathod. SEBI observed that If Pradeep was genuine buyer he should have got the same shares transferred in his name as normal process after getting it from a seller. It is alleged that these multiple transactions are just created to blur the audit trail. SEBI also observed that the shares were sold by Pradeep and the said amount for purported consideration was paid by Pradeep to Anil CJ after months of getting the shares transferred in his name. SEBI observed that no sane person will agree to sell shares on such terms & conditions and that too without any agreement unless it is just sharing of loot money. Thus, it is alleged that the Pradeep's submissions are false and misleading and the documents are alleged to be forged and he was fully hand in glove with Indira in the conspiracy of fraudulent transfer of shares. Therefore, it is also alleged that Pradeep's inconsistent explanations are just "after thoughts" and attempt to hide the truth of fraudulent transfers and his connivance with Indira for the said fraudulent transactions. SEBI alleged that he was very well aware about the suspicious/ fraudulent nature of the transactions from very beginning that's the reason he obtained indemnity bond from Indira(**AnnexureOD69**). It is alleged that Indira had used the above circuitous transactions for "layering" and creating "smoke screen" for fraudulent transactions so that

audit trail be blurred and any future investigation/inspection to detect the same become difficult.

402. It is alleged that Suresh Unavane, as stated earlier, fraudulently siphoned off shares belonging to UTI held in Folio No. - 02752000 (Code-HXHX- Hexaware Technologies Limited). He dematerialized 10000 shares (Distinctive no 3820706 to 3825705 and Distinctive no. 3825706 to 3830705) in his demat account no. - IN300513-13271158 on 09/01/2007. The extract of demat account transactions in the scrip of Hexaware Technologies Limited EQ New FV Rs.2/- (INE093A01033) are as below:

| DP ID/ Client ID | First Holder Name | First Holder Pan | Date | Order No | Description | Opening Balance | Debit | Credit | Closing Bal |
|---|---|---|---|---|---|---|---|---|---|
| IN300513 13271158 | SURESH UNAWANE | AAXPU3881C | 09-Jan-2007 | 594973 | By Dematerialisation | 0 | 0 | 10,000 | 10,000 |
| | | | 12-Jan-2007 | 21981124 | To CM IDFC SECURITIES LIMITED, NORMAL / 2007009 | 10,000 | 2,500 | 0 | 7,500 |
| | | | 25-Jan-2007 | 22527100 | To Prashant Karkera IN30051312967502 | 7,500 | 2,500 | 0 | 5,000 |
| | | | 25-Jan-2007 | 22527101 | To Prashant Karkera IN30051312752672 | 5,000 | 2,500 | 0 | 2,500 |
| | | | 16-Apr-2007 | 25132427 | To CM SHAREKHAN LIMITED, NORMAL / 2007070 | 2,500 | 1,000 | 0 | 1,500 |
| | | | 13-Jun-2007 | 27381570 | To CM SHAREKHAN LIMITED, NORMAL / 2007110 | 1,500 | 1,000 | 0 | 500 |
| | | | 05-Mar-2011 | 1000095920 | By HEXAWARE BONUS 1 FOR 1 | 500 | 0 | 500 | 1,000 |
| | | | 25-Sep-2012 | 1000001381 9548 | To Prashant Karkera IN30051312752672 | 1,000 | 1,000 | 0 | 0 |

403. Extract of ledger statement of Suresh as provided by broker Share Khan vide email dated May 03, 2016(**Annexure-OD49**) is as below:

| CompNm | DocDt | DocRef | ChqNo | Narr | DrAmt | CrAmt | RunBal | |
|---|---|---|---|---|---|---|---|---|
| NSE Cash | 16/01/2007 | SJV/NR/ 20070091 | | Bill for trade dates 12/01/2007 To 12/01/2007 Settlement - NSENR2007009 | 0 | 464716.48 | -464716.48 | Sale of 2500 shares of Hexaware |
| NSE Cash | 18/01/2007 | BP/2007 01/14590 | 890775 | For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-01-18 | 464716 | 0 | -0.48 | Paid to client |
| NSE Cash | 18/04/2007 | SJV/NR/ 20070701 | | Bill for trade dates 16/04/2007 To 16/04/2007 Settlement - NSENR2007070 | 0 | 181278.28 | -180908.99 | Sale of 1000 shares of Hexaware |
| NSE Cash | 19/04/2007 | BP/2007 04/13764 | 1106525 | For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-04-19 | 175000 | 0 | -5908.99 | Paid to client |
| NSE Cash | 15/06/2007 | SJV/NR /20071101 | | Bill for trade dates 13/06/2007 To 13/06/2007 Settlement - NSENR2007110 | 0 | 164785.82 | -170358.93 | Sale of 1000 shares of Hexaware |
| NSE Cash | 18/06/2007 | BP/20070 6/16589 | 1252473 | For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-06-18 | 165000 | 0 | -5358.93 | Paid to client |

404. Analysis of the fund flow in the bank account of the entities is as below:

| Date | Transferor Name | TransferorBank a/c No | Chq. No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 18/01/2007 | Sharekhan | | 890775 | 464,716.00 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 19/01/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761632 | 45,000.00 | Prashant Karkera | | Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 19/01/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761633 | 200,000.00 | Prashant Karkera | ICICI Bank 623801115552 | (Annexure-BRICIC; Page no. - 27) |
| 20/01/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761634 | 45,000.00 | Prashant Karkera | | Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 25/01/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761635 | 40,000.00 | Prashant Karkera | | Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 02/02/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761637 | 35,000.00 | Prashant Karkera | | Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 14/02/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761638 | 45,000.00 | Prashant Karkera | | Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| | | | | | | | |
| 19/04/2007 | Sharekhan | | 1106525 | 175,000.00 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 20/04/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761643 | 47,000.00 | Prashant Karkera | | Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 23/04/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761644 | 45,000.00 | Prashant Karkera | | Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 23/04/2007 | Suresh Unawane | ICICI Bank 623801517792 | 761645 | 85,000.00 | Prashant Karkera | ICICI Bank 623801115552 | (Annexure-BRICIC; Page no. - 26) |
| | | | | | | | |

| Date | Transferor Name | TransferorBank a/c No | Chq. No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| 18/06/2007 | Sharekhan | | 1252473 | 165,000.00 | Suresh Unawane | ICICI Bank 623801517792 | As reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 20/06/2007 | Suresh Unawane | ICICI Bank 623801517792 | 850801 | 25,000.00 | Prashant Karkera | | Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444) |
| 20/06/2007 | Suresh Unawane | ICICI Bank 623801517792 | 850802 | 140,000.00 | Prashant Karkera | ICICI Bank 623801115552 | (Annexure-BRICIC; Page no. - 26) |
| | | | | | | | |

It is alleged that the proceeds of the sale are actually going to Prashant Karkera. Suresh Unavane vide his statement dated September 20, 2016 (**Annexure-SR3**) submitted that Prashant Karkera & Indira were carrying out transactions in his accounts and all money & shares belong to them. Prashant Karkera vide his statement dated September 27, 2016 admitted the facts stated by Suresh and also admitted carrying out above transactions in the account of Suresh. He also stated that he has not paid any consideration for the acquisition of the said shares. Further the bonus shares in the matter has also came through Indira. It is alleged that shares has been siphoned off by Indira& Prashant Karkera through the use of their proxy Suresh Unavane.

405. SEBI observed that in the Folio No. - 02752000 (Code-HXHX- Hexaware Technologies Limited) there is record for dematerializing of 17100 shares (certificate no 70726; Distinctive no. - 290661220 to 290678319) on 15/04/2011through Rectification Entry in transfer "tab/window" but no record for demat account details where the same has been dematerialized. There was no such certificate or distinctive nos. as mentioned above in this folio which were dematerialized by rectification entry on 15/04/2011. Thus, it is alleged that the shares were acquired from some other source before dematerializing in this folio.

406. SEBI observed that in reply to SEBI queries, Hexaware vide their letter dated June 07, 2016 (**Annexure-CRHX2**) stated that share certificate no. - 70726 for 17100 shares were issued to Suresh Unavane as bonus shares in respect of 17100 shares held in this folio. Further, vide their reply dated April 22, 2016 hexaware has stated that they have

authorized officials of the Noticee to sign share certificates w.r.t. bonus issue of 2011. The certified copy of the board resolution for the same was also provide by them as part of their reply. Thus it is alleged that the share certificate w.r.t. 17100 shares dematerialized by Suresh is the bonus shares illegally issued to him by the Noticee. It is also alleged that the certificate would have been signed by the Noticee officials because of which it did not come to company. Further, it is alleged that the Noticee has not maintained proper records for the transactions esp. substantive transactions like addition of shares in a folio due to bonus issue and demat account details in which shares were dematerialized.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of Mr. G.R.Rao(**Annexure-SR12**) that the name of the folio no. - 02752000 was changed from UTI "India Fund Unit Scheme 1986" to Suresh Unavane on 29/06/2006 then from Suresh Unavane to Pradeep Rathod on 03/07/2006 then from Pradeep Rathod to Satyam Brush Industries on 03/11/2006 and then from Satyam Brush Industries to Suresh Unavane on 08/12/2006 by User "edp" login Terminal id "SUNIT". It is alleged that same folio has been changed indiscriminately from one name to another name multiple times by making changes in electronic record.

SEBI observed from the Annual Return data submitted by G.R Raovide statement dated March 23, 2016 (Annexure-SR12), that in 2005 the folio no. 02752000 with 7320 shares was in the name of UTI "India Fund Unit Scheme 1986. In 2006 the folio with 36600 shares was in the name of Pradeep Rathod. The same folio was reported in the name of Suresh Unavane with 17,100 shares in the transaction file of Annual return for the year 2007, 2008 and 2009 but in transaction file of 2007 it was reported that Suresh Unavane has dematerialized 9500 shares in the same folio. SEBI also observed that in all the above years there was no entry in transaction file of the year w.r.t. the said folio except mentioned above. (Screen Shot of Annual Return data placed at **Annexure-ARSP25**). Thus, it is alleged that proper records have not been maintained by the Noticee.

407. In addition to the demat transactions in the scrip of Hexaware in the demat account of Suresh, Pradeep and Prashant Karkera as mentioned earlier the following suspicious demat transactions were observed in the demat account of Nagesh Karkera:

| DP_ID/ CLIENT _ID | FIRST_H OLDER_ NAME | DAT E | DESCRIPTIO N | OPEN BAL | DEBI T | CRED IT | CLOS BAL | Remarks |
|---|---|---|---|---|---|---|---|---|
| IN30011 811396 782 | Nagesh Karkera | 16/04 /2011 | By Bonus Issue | 0 | 0 | 23305 | 23305 | Sold in market through broker Alankit Assignment |
| IN30011 811396 782 | Nagesh Karkera | 15/04 /2013 | To Nagesh KarkeraIN300 513 20939266 | 15000 | 15000 | 0 | 0 | Balance transferred to another account |
| IN30051 3 | Nagesh Karkera | 15/04 /2013 | By Nagesh Karkera IN300118 11396782 | 0 | 0 | 15000 | 15000 | From this account again sold in the market through broker Sharekhan |

Prashant Karkera vide his statement dated September 27, 2016(**Annexure-SR1**) submitted that the buy and sell transactions in the above account of his brother Nagesh Karkera were carried out by him. He stated that he has basically sold the shares (and some day trading) received through Indira as in other matters and the bonus shares are w.r.t. the said shares only. SEBI observed that Nagesh vide his letter dated October 01, 2016 stated that all transactions in his demat/bank account are being carried out by Indira and Prashant Karkera has also admitted that Indira & he was carrying out demat/bank transactions in the accounts of Nagesh. Prashant Karkera further stated that all money/shares in the bank/demat account of Nagesh actually belongs to him and Indira. To ascertain the source of 23305 shares deposited in the demat account of Nagesh while he had no shares in his account as on the date of bonus, NSDL was asked to provide various data/information/documents vide email dated December 02, 2016. NSDL replied vide email dated December 08, 2016 (**Annexure-OD63**) that they had executed credit corporate actions for bonus option cases on April 16, 2011 on the instruction of Hexaware/its R&T Agent. They also submitted the copy of communication received from

Hexaware and RTA-Sharepro. Clarification about the above allotment was also sought from the company Hexaware which replied vide email dated November 15, 2016 (**Annexure-CRHX3**) that some of the physical shareholders bonus shares after being allotted to them were by rectification entry shown as dematerialized on 15/04/2011 and some of the suspicious entries found by the company are as follows:

| Sr. No | Folio No. | Name of Shareholder | Holding as on 25/02/2011 (Record Date) | Holding as on 11/03/2011 (Allotment Date) | Holding as on15/04/ 2011 |
|---|---|---|---|---|---|
| 1 | 02753537 | Canara Bank Trustee Canbank Mutual Fund | 2285 | 4570 | 2285 |
| 2 | 02753847 | Canara Bank Trustee Canbank Mutual Fund | 3920 | 7840 | 3920 |
| 3 | 02752000 | Suresh Unawane | 17100 | 34200 | 17100 |
| **Total** | | | **23305** | **46610** | **23305** |

Hexaware also submitted that that exact number of shares i.e. 23305 in number are appearing in the name of Nagesh Narayan Karkera (who appears to be connected person) having folio number IN300118 11396782 as on22/04/2011.

In this regard,SEBI alllegd that the shares allotted to Nagesh in bonus option are also siphoned off from some genuine investors and as per explanation by the company part of the same is from folio number 02753537 (2285 shares) & 02753847 (3920 shares). SEBI also observed that there is record of dematerialization of 17100 shares from misappropriated folio 02752000 but the demat account details are not mentioned. Hexaware vide their earlier reply dated June 07, 2016 has submitted that 17100 bonus shares from the folio has been allotted to Suresh Unavane. It is alleged that the Noticee has through falsification of records and misrepresentation to the company & NSDL got the 17100 bonus shares credited to the demat account of Nagesh Karkera though the physical folio as on the date was in the name of Suresh Unavane (through earlier fraudulent falsification of records).

408. In view of the foregoing in the matter of folio 02752000 (UTI India Fund Unit Scheme 1986), it is alleged that the entities Pradeep Rathod, Suresh Unavane and Nagesh

Karkera have fraudulently misappropriated the shares. It is also alleged that if there had been genuine transfer of shares there would not have been any need of re-print as old certificates would have come to the transferees. Further, it is also alleged that if they had received the shares through a genuine transfer, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to them and their signatures would have been attached to these new folios. There would not have been any need of modification in records through back end system modification entities. It is also alleged that the Noticee has not only failed to maintain proper record of the transactions but also deliberately falsified the records to facilitate the fraud. It is also alleged that the Noticee has changed the folio from the name of one investor to another sequentially in violation of Secretarial Standards and their own policy & practice as explained by G.R Rao vide statement dated January 28, 2016 (Annexure-SR15). It is also alleged that the Noticee also allotted shares in demat form as bonus option to entities though the physical shares never belonged to them. It is alleged that all these falsification of records and failure to maintain records was carried out as Indira was the client manager and vice president at Sharepro. It is also alleged that the Indira, Prashant Karkera, Anil Jathan, Pradeep Rathod are the direct beneficiaries of the fraud. While Suresh and Nagesh are admittedly name lenders to Indira/Prashant Karkera. It is also alleged that the Noticee has facilitated the fraud.

409. Valuation of Shares misappropriated on replacement cost basis in this matter

| Sr. No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 9500 shares (19000 Post 1:1 Bonus on 24-02-2011) of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Pradeep Rathod by printing entry dated 03/07/2006 | Value= Rs. 1272050(Price @ NSE Rs. 133.90) | Value= Rs. 3521650(Price @ NSE Rs. 185.35) |

| Sr. No | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 2 | 10000 shares (20000 Post 1:1 Bonus on 24-02-2011) of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Indira/Prashant Karkera through Suresh Unavane by printing entry dated 03/07/2006 and demat on 09/01/2007 | Value= Rs. 1339000(Price @ NSE Rs. 133.90) | Value= Rs. 3707000(Price @ NSE Rs. 185.35) |
| 3 | 17100 shares of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Indira/Prashant Karkera through Suresh Unavane on 29/06/2006 and still held in the folio | Value= Rs. 2250360 (Price @ NSE Rs. 131.60) | Value= Rs. 3169485 (Price @ NSE Rs. 185.35) |
| 4 | 17100 Bonus shares of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Indira/Prashant Karkera through Nagesh Karkera by printing entry dated 03/07/2006 and demat on 15/04/2011 | Value= Rs. 2289690(Price @ NSE Rs. 133.90) | Value= Rs. 3169485 (Price @ NSE Rs. 185.35) |
| 5 | 2285 Bonus shares of Hexaware Technologies Limited misappropriated by Indira/Prashant Karkera through allotment to Nagesh Karkera from Folio No. - 02753537 (Canara Bank Trustee Canbank Mutual Fund) on 15/04/2011 | Value= Rs. 305961.5 (Price @ NSE Rs. 133.90) | Value= Rs. 423524.75 (Price @ NSE Rs. 185.35) |
| 6 | 3920 Bonus shares of Hexaware Technologies Limited misappropriated by Indira/Prashant Karkera through allotment to Nagesh Karkera from Folio No. - 02753847 (Canara Bank Trustee Canbank Mutual Fund) on 15/04/2011 | Value= Rs. 524888 (Price @ NSE Rs. 133.90) | Value= Rs. 726572 (Price @ NSE Rs. 185.35) |

**Non compliance with summons**

410. It is alleged that G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Apple Finance Ltd, Aptech Ltd, and Hexaware Technologies Limited:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/07 /2016 | MIRSD2/DB/SD/ SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07 /2016 | MIRSD2/DB/SD/ SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07 /2016 | MIRSD2/DB/SD/ SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06 /2016 | MIRSD2/DB/SD/ 17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04 /2016 | MIRSD2/LS/2016 /12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04 /2016 | MIRSD2/LS/2016 /10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03 /2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03 /2016 | MIRSD2/DB/OW/ 2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03 /2016 | MIRSD2/OW/P/2 016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03 /2016 | MIRSD2/DB/SD/ SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02 /2016 | MIRSD2/OW/201 6/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02 /2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 12/02 /2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12 /2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12 /2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

However, it is allegd that the Noticee and G.R Rao failed to co-operate with investigation and did not comply with the Summons.

411. Summary of violations w.r.t. Apple Finance Limited, Aptech Limited and Hexaware Technologies Limited (the Noticee Back office codes AFAF, APAP, ATAT and HXHX) and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons | Section 11C (2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI(RegistraRs. to an Issue and Share Transfer Agents) Regulations, 1993{"RTA" Regulations"}, Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations. SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001 |

**J. Company Name: Larsen and Toubro Limited (the Noticee Back Office Code-LNLN) (herein after referred to as 'L&T')**

**Fraudulent transactions in the matter of Pangal Anant Nayak (Folio Number-P37593, LNLN- Larsen and Toubro Limited)**

412. SEBI observed from back office systems of the Noticee thatthe Folio No. - P37593 (Screen Shot placed at **Annexure-SP53**) is shown in name of Ratnakar Loku Poojary

with current holding as "nil" shares of L&T. SEBI also observed that the dividends records from Aug 2002 and Aug 2003 are shown in name of Pangal Anant Nayak of Mangalore. All other dividends shown in name of Ratnakar Loku Poojary. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Pangal Anant Nayak and at another time in the name of Ratnakar Loku Poojary, a different entity.

SEBI observed from the Annual Return data submitted by G.R Raovide statement dated March 23, 2016 (**Annexure-SR12**), that in 2005 the folio no P37593 with 435 shares was in the name of Pangal Anant Nayak while in Annual return for 2006 the folio has been omitted altogether. However, SEBI observed that in transaction file for the year 2006, it was reported that Ratnakar Loku Poojary has dematerialized 435 shares from the said folio. SEBI also observed that there are no entries in the transaction file of 2005. (Screen Shot of Annual Return data placed at **Annexure-ARSP26**)

413. In reply to SEBI summons dated March 28, 2016 (**Annexure-SLN1**), L&T vide their letter dated April 07, 2016(**Annexure-CRLN1**) submitted that from their records they did not find any entry for transfer of the shares from Mr. Pangal Nayak to Mr. Ratnakar Poojary. L&T further, stated that this is apparently case of change of name in the same folio and there are no records with the company either requesting or approving the said name change and it is alleged that the said name change has been done at the level of the Noticee without informing the company. L&T vide their letter dated April 04, 2016(**Annexure-CRLN2**) has informed that for normal transfer the Noticee process the application of shareholders and send the "transfer register" to the company for approval. The company places the matter before Share Transfer Committee of Executives of the share transfer. L&T further stated that authority to sign new share certificates is not given tothe Noticee.

414. SEBI further observed that in the Folio No. - P37593 (Code-LNLN- Larsen and Toubro Limited) 435 shares (Certificate No. 165832; Dist No. from 9883143 to 9883577) were

dematerialized in demat account no IN300239-11671917 on 16/08/2006 vide inward no. 404725.

415. The extract of demat account transactions subsequent to the above mentioned demat are as below:

| DPID/ CLIENT ID | FIRST HOLDER NAME | DATE | DESCRIPTION | OPENING BAL | DEBIT | CREDIT | CLOSING BAL |
|---|---|---|---|---|---|---|---|
| IN3002391 1671917 | Ratnakar Loku Poojary | 16/08/2006 | By Dematerialisation | 0 | 0 | 435 | 435 |
| IN3002391 1671917 | Ratnakar Loku Poojary | 23/08/2006 | To Govind Raj Rao IN30075710703472 | 435 | 150 | 0 | 285 |
| IN3002391 1671917 | Ratnakar Loku Poojary | 10/10/2006 | By L & T BONUS 1-1 | 285 | 0 | 285 | 570 |
| IN3002391 1671917 | Ratnakar Loku Poojary | 26/03/2008 | To Govind Raj Rao IN30075710703472 | 570 | 22 | 0 | 548 |
| IN3002391 1671917 | Ratnakar Loku Poojary | 02/05/2008 | To P.S.JAYASHREE[AAFPJ3283P]1301740000036772 | 548 | 100 | 0 | 448 |
| IN3002391 1671917 | Ratnakar Loku Poojary | 02/05/2008 | To MARIA ELENA CASYAB [ACOPC7922M]1204470000180035 | 448 | 50 | 0 | 398 |
| IN3002391 1671917 | Ratnakar Loku Poojary | 26/08/2008 | To Govind Raj Rao IN30075710703472 | 398 | 47 | 0 | 351 |
| IN3002391 1671917 | Ratnakar Loku Poojary | 01/10/2008 | To SUNANDA DAYANAND JATHANIN30023912635786 | 351 | 351 | 0 | 0 |
| IN3002391 2635786 | Sunanda Dayanand Jathan (ABSPJ9617R) | 01-Oct-2008 | By RATNAKAR LOKU POOJARY IN30023911671917 | 0.0 | 0.0 | 351 | 351 |
| IN3002391 2635786 | Sunanda Dayanand Jathan (ABSPJ9617R) | 14-Oct-2008 | By LARSEN AND TOUBRO Ltd. BONUS | 351 | 0.0 | 351 | 702 |
| IN3002391 2635786 | Sunanda Dayanand Jathan (ABSPJ9617R) | 19-Nov-2008 | To GOVIND RAJ RAO IN30075710703472 | 702 | 100 | 0.0 | 602 |
| IN3002391 2635786 | Sunanda Dayanand Jathan (ABSPJ9617R) | 02-Feb-2009 | To GOVIND RAJ RAOIN300757 10703472 | 602 | 80 | 0.0 | 522 |
| IN3002391 2635786 | Sunanda Dayanand Jathan (ABSPJ9617R) | 25-Mar-2009 | To GOVIND RAJ RAOIN300757 10703472 | 522 | 522 | 0.0 | 0.0 |

SEBI also observed from NSDL email dated November 29, 2016 (**Annexure-OD44**) that the same shares certificate number and distinctive numbers are mentioned on the DRF w.r.t. demat of 435 shares by Ratnakar Poojary on 16/08/2006 as seen in the Noticee

system. Further, NSDL has informed that Depository Participant was unable to locate DRF/RRF w.r.t. the transactions of G.R.Rao.

416. Ratnakar Loku Poojary was asked to submit various information/documents vide Summons MIRSD2/LS/2016/10988dated 12/04/2016 and summon no MIRSD2/DB/SD/SSIL/13514/2016 dated May 09, 2016. Ratnakar Loku Poojary replied vide letter dated May 19, 2016(**Annexure-LIR6**). He has stated that G.R Raois his neighbor at his native place and he has requested him for holding some shares of L&T Limited. The shares were given in physical form and dematerialized in his demat account. He further stated that the said 435 shares were transferred back to Mr. G.R.Rao's demat account "DPID30075710703472 " as he was not able to handle this activity on his instruction. Ratnakar Loku Poojary further, admitted that he has neither received nor paid any consideration to anyone. As observed from the above table that Ratnakar Loku Poojary has submitted false information as he has not only transferred to G.R.Rao's demat account but to other entities as well and he has not provide any information/documents w.r.t. the same. Thus, it is alleged that Ratnakar Loku Poojary was acting as front for G.R Raoby getting shares belonging to other investor fraudulently transferred in his name, demating the same and transferring the same to G.R Raoand other entities. Further, he has received 285 as bonus shares on October 10, 2006 i.e. during the period when he hold the said siphoned off shares but he has not stated anything about the same.

417. From the bank account statement of Ratnakar Poojary SEBI observed that there are dividends received from shares of L&T Limited. The details are as below:

| Date | Transferor Name | TransferorBank a/c No | Chq.No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 29/08/2006 | L&T Dividend | | | 9,570.00 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-305) |

| Date | Transferor Name | TransferorBank a/c No | Chq.No. | Amount | Transferee Name | TransfereeBank a/c No | Remark |
|---|---|---|---|---|---|---|---|
| 16/09/2006 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | 965840 | 10,000.00 | | | Withdrawn in cash (Annexure-BRSTMT; Page-305) |
| | | | | | | | |
| 07/04/2007 | L&T Dividend | | | 6270 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-305) |
| 07/04/2007 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | 869605 | 7000 | | | Withdrawn in cash (Annexure-BRSTMT; Page-305) |
| | | | | | | | |
| 25/07/2007 | L&T | | | 1140 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-303) |
| 28/08/2007 | L&T | | | 1140 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-303) |
| 04/09/2007 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | 869610 | 1800 | | | Withdrawn in cash (Annexure-BRSTMT; Page-303) |
| | | | | | | | |
| 02/09/2008 | L&T Dividend | | | 5970 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-299) |
| 05/09/2008 | Ratnakar Loku Poojary | Indian Overseas Bank 033001000015641 | 196948 | 5900 | | | Withdrawn in cash (Annexure-BRSTMT; Page-299) |
| | | | | | | | |

In view of the above it is alleged that Ratnakar Loku Poojary has received the dividend on the shares which did not belong to him and he has withdrawn the amount in cash to avoid audit trail w.r.t. the sharing the same with other entities involved in the matter.

418. In reply to SEBI summons, Sunanda Jathan vide letter dated June 30, 2016 (**Annexure-LIR5**) submitted that Ratnakar Poojary is her cousin and her husband Dayanand Jathan is employee of the Noticee while she does not know Pangal Anant Nayak. She submitted that to compensate for any kind of damage/mistake, in the business transactions of the Noticee, few shares of Larson & Toubro Ltd. were purchased by G.R Rao and kept in the

account of Ratnakar Poojary. Later, when difficulties were felt in co-ordinating with Mr. Poojary a new account in her name was opened on the instruction of G.R Rao and all shares were transferred by Ratnakar to her account. She further, stated that she has neither paid nor received any monetary benefit for the said transactions. She also stated that to compensate effected parties for mistakes while processing the transfer/demat requests shares were transferred from Ratnakar/her account to the account of G.R Raowho ultimately compensated to the effected parties. She also submitted a copy of office note dated October 31, 2008 approved by G.R Raowhereby it was decided to transfer shares to one entity viz. Shobhana S. Kini (**Annexure-OD93**). It is alleged that it was Dayanand Jathan (Dayanand Jathan) who was carrying on such kind of illegal transactions in the account of her wife in co-ordination with G.R Rao otherwise a office note of the Noticee cannot come in the possession of wife of an employee. Moreover, it is that the said office note clearly indicates that Dayanand would be acting at the behest of G R Rao in the matter. As seen from the course of events, Dayanand carried out the instructions of G.R Rao through his wife, Sunanda Jathan. It is also alleged that the submissions of Sunanda are also misleading in the sense that she stated that the shares were purchased by G.R Raoand kept in their account while actually the shares were fraudulently siphoned off shares. It is alleged that if the shares were purchased by G.R Raohe could have well kept in his account and there would not have been any need of help from Dayanand/Sunanda and Ratnakar Poojary to create a smoke screen for the fraudulent transactions of G.R.Rao.

419. The demat transactions in the demat account of G.R Raoand physical transactions in the Folio No. - 76500878 (LNLN; as per the back office record of the Noticee ) in the name of G.R Raoare as below:

## Demat transactions

| DP ID/ Client ID | First Holder Name | Date | Description | Opening bal | Debit | Credit | Closing bal |
|---|---|---|---|---|---|---|---|
| IN30 0757 1070 3472 | Govind Raj Rao | 8/23/2006 | By Ratnakar Loku Poojary IN300239 11671917 | 10 | 0 | 150 | 160 |
| IN30 0757 1070 3472 | Govind Raj Rao | 9/14/2006 | To Rematerialisation | 160 | 145 | 0 | 15 |
| IN30 0757 1070 3472 | Govind Raj Rao | 10/10/2006 | By L & T Bonus 1-1 | 15 | 0 | 15 | 30 |
| IN30 0757 1070 3472 | Govind Raj Rao | 3/26/2008 | By Ratnakar Loku Poojary IN300239 11671917 | 30 | 0 | 22 | 52 |
| IN30 0757 1070 3472 | Govind Raj Rao | 8/26/2008 | By Ratnakar Loku Poojary IN300239 11671917 | 52 | 0 | 47 | 99 |
| IN30 0757 1070 3472 | Govind Raj Rao | 10/14/2008 | By Larsen And Toubro Ltd. Bonus | 99 | 0 | 99 | 198 |
| IN30 0757 1070 3472 | Govind Raj Rao | 10/27/2008 | By BOISL Direct Delivery Account 1100001 000012414 | 198 | 0 | 125 | 323 |
| IN30 0757 1070 3472 | Govind Raj Rao | 10/27/2008 | By CM Var Shares And Stocks Pl, Rolling Mkt Lot / 0809142 | 323 | 0 | 5 | 328 |
| IN30 0757 1070 3472 | Govind Raj Rao | 11/07/2008 | To Anant Bhimsen JoshiIN300888 14564980 | 328 | 130 | 0 | 198 |
| IN30 0757 1070 3472 | Govind Raj Rao | 11/19/2008 | By Sunanda Dayanand Jathan IN300239 12635786 | 198 | 0 | 100 | 298 |
| IN30 0757 1070 3472 | Govind Raj Rao | 12/24/2008 | To Shobhana KiniIN300513 16966206 | 298 | 100 | 0 | 198 |

| DP ID/ Client ID | First Holder Name | Date | Description | Opening bal | Debit | Credit | Closing bal |
|---|---|---|---|---|---|---|---|
| IN30 0757 1070 3472 | Govind Raj Rao | 02/02/2009 | By Sunanda Dayanand Jathan IN300239 12635786 | 198 | 0 | 80 | 278 |
| IN30 0757 1070 3472 | Govind Raj Rao | 3/25/2009 | By Sunanda Dayanand Jathan IN300239 12635786 | 278 | 0 | 522 | 800 |
| IN30 0757 1070 3472 | Govind Raj Rao | 6/17/2009 | To Manohar Lala Bhatia [AAVPB5633R] 12044700 00737436 | 800 | 160 | 0 | 640 |
| IN30 0757 1070 3472 | Govind Raj Rao | 6/17/2009 | To SanjayBhatia [AAVPB5632Q] 13041400 03413721 | 640 | 100 | 0 | 540 |
| IN30 0757 1070 3472 | Govind Raj Rao | 6/17/2009 | To Framroze K. BatliboiIN300749 10915755 | 540 | 64 | 0 | 476 |
| IN30 0757 1070 3472 | Govind Raj Rao | 6/21/2010 | To Dinesh Vrijlal LakhaniIN301151 22008380 | 476 | 476 | 0 | 0 |
| IN30 0757 1070 3472 | Govind Raj Rao | 8/16/2010 | By Dematerialisation | 0 | 0 | 112 | 112 |
| IN30 0757 1070 3472 | Govind Raj Rao | 8/24/2010 | To Dinesh Vrijlal LakhaniIN301151 22008380 | 112 | 110 | 0 | 2 |
| IN30 0757 1070 3472 | Govind Raj Rao | 1/13/2011 | By CM ICCL Direct Delivery Account, Rolling Mkt Lot / 1011201 | 2 | 0 | 40 | 42 |
| IN30 0757 1070 3472 | Govind Raj Rao | 02/04/2011 | To Rematerialisation | 42 | 40 | 0 | 2 |
| IN30 0757 1070 3472 | Govind Raj Rao | 11/23/2012 | By Dinesh Vrijlal LakhaniIN301151 22008380 | 2 | 0 | 586 | 588 |

| DP ID/ Client ID | First Holder Name | Date | Description | Opening bal | Debit | Credit | Closing bal |
|---|---|---|---|---|---|---|---|
| IN30 0757 1070 3472 | Govind Raj Rao | 7/17/2013 | By Bonus Allotment | 588 | 0 | 294 | 882 |
| IN30 0757 1070 3472 | Govind Raj Rao | 12/03/2014 | To Kamlesh Ramanlal Shah [AAGPS8126H] 12041300 00004262 | 882 | 150 | 0 | 732 |
| IN30 0757 1070 3472 | Govind Raj Rao | 8/14/2015 | To Mahesh Kumar Modani IN30133021268770 | 732 | 150 | 0 | 582 |

**Physical Transactions**

| TRAN_ NO | TRN_ DATE | APP_ DATE | SEL_ FOLIO | SEL_ NAME | BUY_ FOLIO | BUY_NAME | CERT_ NO | DIST_ FR | DIST_ TO | SHAR ES | TRN_TYPE |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 500097 | 22/09/ 2006 | 21/09/ 2006 | NSDL LN01 | NSDL | 7650 0878 | Govind Raj Rao | 9000001 | 2504 059 | 2504 203 | 145 | Remat |
| 800008 | 30/09/ 2006 | 29/09/ 2006 | 7650 0878 | Govind Raj Rao | 7044 1870 | Sharadaben Ambubhai Patel | 185794 | 2504 179 | 2504 203 | 25 | Rectification |
| 2849 | 01/08/ 2007 | 06/08/ 2007 | 7650 0878 | Govind Raj Rao | 7655 5079 | Malathi R Pai | 309600 | 2504 099 | 2504 120 | 22 | Transfer |
| 800056 | 07/08/ 2008 | 07/08/ 2008 | 7650 0878 | Govind Raj Rao | G46 494 | Ganesh Krishnaji Apte | 185793 | 2504 154 | 2504 178 | 25 | Rectification |
| 800034 | 13/03/ 2009 | 12/03/ 2009 | 7650 0878 | Govind Raj Rao | M09 846 | Monkombu Sambasivan Swaminathan | 185791 | 2504 059 | 2504 098 | 40 | Rectification |
| 800034 | 13/03/ 2009 | 12/03/ 2009 | 7650 0878 | Govind Raj Rao | M09 846 | Monkombu Sambasivan Swaminathan | 415018 | 2504 121 | 2504 143 | 23 | Rectification |
| 800034 | 13/03/ 2009 | 12/03/ 2009 | 7650 0878 | Govind Raj Rao | M09 846 | Monkombu Sambasivan Swaminathan | 415019 | 2504 144 | 2504 153 | 10 | Rectification |

SEBI observed from the demat transactions of G.R Raothat he has received the shares from Ratnakar & Sunanda and later in turn transferred the same to various entities. SEBI observed that after rematerialization of 145 shares from the lot of shares received from Ratnakar, G.R Rao transferred the shares to different entities as rectification entries. It was also noted that the certificate number of the shares transferred to these entities are

different than the certificate on which shares were rematerialized. It is allegedthat new certificates were printed before the said transfers. The re-printing details are as below:

| Inw_no | Orig certif icate no | New certif icate no | Dist no from | Dist no to | Folio no | Creation date | No of shares |
|---|---|---|---|---|---|---|---|
| 731 | 9000001 | | 2504059 | 2504203 | 76500878 | 30/09/2006 | 145 |
| 731 | | 185791 | 2504059 | 2504098 | 76500878 | 30/09/2006 | 40 |
| 731 | | 185792 | 2504099 | 2504153 | 76500878 | 30/09/2006 | 55 |
| 731 | | 185793 | 2504154 | 2504178 | 76500878 | 30/09/2006 | 25 |
| 731 | | 185794 | 2504179 | 2504203 | 76500878 | 30/09/2006 | 25 |
| 1169 | 185792 | | 2504099 | 2504153 | 76500878 | 27/07/2007 | 55 |
| 1169 | | 309600 | 2504099 | 2504120 | 76500878 | 27/07/2007 | 22 |
| 1169 | | 309601 | 2504121 | 2504153 | 76500878 | 27/07/2007 | 33 |
| 2019 | 309601 | | 2504121 | 2504153 | 76500878 | 24/02/2009 | 33 |
| 2019 | | 415018 | 2504121 | 2504143 | 76500878 | 24/02/2009 | 23 |
| 2019 | | 415019 | 2504144 | 2504153 | 76500878 | 24/02/2009 | 10 |

It is alleged that the shares certificates were repeatedly re-printed before transfers to obscure the audit trail.

420. It was alleged that G.R Rao has siphoned off below mentioned dividends w.r.t. shares misappropriated from Pangal Nayak through Ratnakar Poojary and Sunanda Jathan:

(i) It is noted that Larsen and Toubro declared dividends as follows:

| Sr. No. | Ex Dividend Date as per Company Website | Dividend % | Face Value in Rs. | Dividend per Share |
|---|---|---|---|---|
| 1 | 28/03/2007 | 550 | 2 | 11 |
| 2 | 17/07/2007 | 100 | 2 | 2 |
| 3 | 14/08/2007 | 100 | 2 | 2 |
| 4 | 20/08/2008 | 750 | 2 | 15 |
| 5 | 18/08/2009 | 525 | 2 | 10.5 |

(ii) The following table shows holding of shares of Larsen and Toubro Limited w.r.t. siphoned shares of Pangal Nayak as reflected in his demat account IN30075710703472 as on different dates.

| Date | Description | Opening bal of demat account | De bit | Credit | Closing bal of demat account | Balance of Shares borne out of 435 Shares misappropriated through Ratnakar |
|---|---|---|---|---|---|---|
| 23/08/2006 | Received From Ratnakar Loku Poojary | 10 | 0 | 150 | 160 | 150 |
| 14/09/2006 | Rematerialised | 160 | 145 | 0 | 15 | 5 |
| 10/10/2006 | Received Due To 1:1 Bonus | 15 | 0 | 15 | 30 | 10 |
| 26/03/2008 | Received From Ratnakar Loku Poojary | 30 | 0 | 22 | 52 | 32 |
| 26/08/2008 | Received From Ratnakar Loku Poojary | 52 | 0 | 47 | 99 | 79 |
| 14/10/2008 | Received Due To 1:1 Bonus | 99 | 0 | 99 | 198 | 158 |
| 19/11/2008 | Received From Sunanda Dayanand Jathan | 198 | 0 | 100 | 298 | 258 |
| 24/12/2008 | Transferred To Shobhana Kini | 298 | 100 | 0 | 198 | 158 |
| 02/02/2009 | Received From Sunanda Dayanand Jathan | 198 | 0 | 80 | 278 | 238 |
| 25/03/2009 | Received From Sunanda Dayanand Jathan | 278 | 0 | 522 | 800 | 760 |
| 17/06/2009 | Transferred To Manohar Lala Bhatia | 800 | 160 | 0 | 640 | 600 |
| 17/06/2009 | Transferred To SanjayBhatia | 640 | 100 | 0 | 540 | 500 |
| 17/06/2009 | Transferred To Framroze K. Batliboi | 540 | 64 | 0 | 476 | 436 |
| 21/06/2010 | Transferred To Dinesh Vrijlal Lakhani | 476 | 476 | 0 | 0 | 0 |

(iii) Calculation of dividend siphoned by G.R Rao with respect to above shares is given below:

| Sr. No. | Ex Dividend Date as per Company Website | Total Demat Holding | Demat shares borne out of 435 shares siphoned off | Total Dividend received by GR Rao as reflected in his bank account (in Rs.) | Dividend Pertaining to 435 shares initially siphoned off (in Rs.) |
|---|---|---|---|---|---|
| 1 | 28/03/2007 | 30 | 10 | 330 | 110 |
| 2 | 17/07/2007 | 30 | 10 | 60 | 20 |
| 3 | 14/08/2007 | 30 | 10 | 60 | 20 |
| 4 | 20/08/2008 | 52 | 32 | 780 | 480 |
| 5 | 18/08/2009 | 476 | 436 | 4998 | 4578 |

Thus it is alleged that, G.R Rao siphoned off total dividend of Rs. 5208 received with respect to his demat holding of shares misappropriated by Ratnakar/Sunanda and

transferred to GR Rao. Above dividends were encashed by GR Rao in his Bank of Baroda account no. 05880100006349 (**Annexure-BRSTMT; Page-828-861**).

(iv) Further, the physical shareholding of G.R Rao and dividend on the same as per the Noticee system are as below:

| FOLIO | WARRANT_NO | DIV_DECL_SR_NO | HOLDER_NAME | CATEGORY 1_SHARES | NET_AMOUNT | MICR | ISSUE_DATE | PAID_DATE | PAID_SERIAL_NO | PAID_BOOK_NO | IS_IT_WARRANT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 7650 0878 | 139 845 | 81 | Govind Raj Rao | 240 | 2640 | 13458 | 30/03/2007 | 4/13/0007 | 8944 | 31 | WR |
| 7650 0878 | 133 784 | 101 | Govind Raj Rao | 240 | 480 | 64141 | 25/07/2007 | 9/1/0007 | 1588 | 32 | WR |
| 7650 0878 | 141 164 | 121 | Govind Raj Rao | 218 | 436 | 62404 | 28/08/2007 | 13/09/2007 | 24 | 1693 | WR |
| 7650 0878 | 213 875 | 141 | Govind Raj Rao | 193 | 2895 | 106763 | 02/09/2008 | 25/09/2008 | 1344 | | WR |
| 7650 0878 | 262 852 | 161 | Govind Raj Rao | 56 | 588 | 110670 | 01/09/2009 | 04/09/2009 | 3228 | 0 | WR |
| 7650 0878 | 243 134 | 181 | Govind Raj Rao | 56 | 700 | 207451 | 30/08/2010 | 03/09/2010 | | | WR |
| 7650 0878 | 268 637 | 201 | Govind Raj Rao | 56 | 812 | 183979 | 30/08/2011 | 03/09/2011 | 119081 | | WR |
| 7650 0878 | 286 922 | 221 | Govind Raj Rao | 56 | 924 | 175023 | 28/08/2012 | 03/09/2012 | | | WR |
| 7650 0878 | 295 172 | 261 | Govind Raj Rao | 84 | 1035.72 | 160296 | 26/08/2013 | 29/08/2013 | | | WR |
| 7650 0878 | 272 836 | 262 | Govind Raj Rao | 84 | 1197 | 118564 | 26/08/2014 | 30/08/2014 | 1454569119 | | WR |
| 7650 0878 | 281 684 | 282 | Govind Raj Rao | 84 | 1365 | 119371 | 11/09/2015 | 17/09/2015 | 1556175390 | | WR |

(v) Therefore, the calculation of dividend by GR Rao with respect to physical shares of siphoned off shares of Pangal Nayak are given below:

| Sr. No. | Ex Dividend Date as per Company Website | Total Physical Shares Holding | Physical shares holding borne out of 435 shares siphoned off | Total Dividend received by GR Rao as reflected in his bank account (in Rs) | Dividend Pertaining to 435 shares initially siphoned off(in Rs.) |
|---|---|---|---|---|---|
| 1 | 28/03/2007 | 240 | 120 | 2640 | 1320 |
| 2 | 17/07/2007 | 240 | 120 | 480 | 240 |
| 3 | 14/08/2007 | 218 | 98 | 436 | 196 |
| 4 | 20/08/2008 | 193 | 73 | 2895 | 1095 |

(vi) Thus, it is alleged that GR Rao siphoned off total dividend of Rs. 2851 received with respect to his physical holding of shares misappropriated by Ratnakar and transferred to GR Rao. Above dividends were encashed by GR Rao in his Bank of Baroda account

no. 05880100006349 (**Annexure-BRSTMT; Page-828-861**) except for the last one. It was encashed in his Bank of Baroda account no. 05880100017660 (**Annexure-BRSTMT; Page-778-827**). Thus, G.R. Rao received dividend amounting to Rs. 8059 (Rs. 2851+Rs. 5208) on the shares he misappropriated through Ratnakar Loku Poojary and Sunanda Jathan.

Therefore, it is alleged that Noticee through G.R Rao (MD of Noticee) has not only siphoned off shares belonging to other investors but also received dividend due to them. Information/explanation regarding the above mentioned transactions were sought from Noticee through G.R Rao (MD of Noticee) vide various summons wheras Noticee failed to submit any information.

421. It is also alleged that shares belonging to Pangal Ananth Nayak were misappropriated by G.R Rao with the help of front entities like Ratnakar Poojary, Sunanda Jathan and with the help of the Noticee employee Dayanand Jathan. The said shares were later transferred by him from the account of Ratnakar or his own account to different entities for unknown consideration. It is alleged that even the shares received as bonus shares on the siphoned off shares were also misappropriated.

SEBI observed that as per the statement of G.R Raodated February 15, 2016 (**Annexure-SR11**), there is no signature record for the folio no P37593 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that the Noticee has failed to do additional due diligence and exercise of proper

skill care in such vulnerable cases. It is alleged that all these failure on part of the Noticee is to facilitate illegal transactions of its MD i.e. G.R.Rao. It is also alleged that the company also failed to exercise adequate due diligence on the activities of the Noticee.

422. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 435 shares (2610 shares Post 1:1 bonus on October 2006, 1:1 bonus on October 2008 and 1:2 Bonus on July 2013) of Larson & Toubro Ltd. belonging to Pangal Nayak misappropriated vide demat entry on 16/08/2006 by G.R.Rao, with help from Ratnakar Loku Poojary, Sunanda Jathan and Dayanand Jathan | Value= Rs. 1035996 (Price @ NSE Rs. 2,381.60) | Value= Rs. 3784500 (Price @ NSE Rs. 1,450) |

423. **Non compliance with summons**

G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Larson & Toubro Ltd. However, it is alleged that the Noticee and GR Rao failed to comply:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11 /2016 | MIRSD2/DB/LS/SSIL/ 30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee of 2011. |
| 04/11 /2016 | MIRSD2/DB/LS/SSIL/ 30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07 /2016 | MIRSD2/DB/SD/SSIL/ 18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07 /2016 | MIRSD2/DB/SD/SSIL/ 18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| | | | of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07 /2016 | MIRSD2/DB/SD/SSIL/ 18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06 /2016 | MIRSD2/DB/SD/1753 2/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04 /2016 | MIRSD2/LS/2016/125 27 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04 /2016 | MIRSD2/LS/2016/109 03 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03 /2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03 /2016 | MIRSD2/DB/OW/201 6/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03 /2016 | MIRSD2/OW/P/2016/ 6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03 /2016 | MIRSD2/DB/SD/SSIL/ 6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02 /2016 | MIRSD2/OW/2016/60 99 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02 /2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02 /2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12 /2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12 /2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

424. Summary of violations and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons | Section 11C(2)and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) & (2) (p)of SEBI(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market)Regulations, 2003. {Hereinafter PFUTP Regulations, 2003}, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b) & (c) of RTA Regulations, |

**K. Company Name: Mather and Platt Pumps Ltd. Currently WILO Mather and Platt Pumps Ltd. (the Noticee Back Office Code-MUMU) now delisted**

**Fraudulent transactions in the matter of LIC Mutual Fund (Folio Number- S0006835, MUMU – Mather and Platt Pumps Ltd.) (Hereinafter referred to as 'MPPL')**

425. SEBI observed that as per back office system of the Noticee the Folio No. S0006835 (Screen Shot placed at **Annexure-SP54**) is shown in name of Satyam Brush Industries (a proprietary firm owned by Prashant Karkera, husband of Indira, VP of the Noticee ) and LIC Mutual Fund is shown as joint holder. There are no entries in other fields except details of 720 shares of Mather and Platt Pumps Ltd. (certificate no 24593; distinctive no 2819558 to 2820277) currently held. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how and when the said shares were acquired by Satyam Brush Industries and also how is it possible that Satyam Brush Industries and LIC Mutual Fund are joint holders

SEBI observed from the Annual Return data submitted by G.R Rao vide statement dated March 23, 2016 (Annexure-SR12) that in 2009 and 2010 the folio no S0006835 with 720 shares was in the name of SHCIL. (Screen Shot of Annual Return data placed at **Annexure-ARSP27**)

SEBI observed that as per the statement of G.R Raodated February 15, 2016 (**Annexure-SR11**), there is no signature record for the folio no S0006835 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee and same is also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee. SEBI observed that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is also alleged that the Noticee has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of G.R Rao(**Annexure-SR12**) that the name of the folio no. - S0006835 was changed from SHCIL to Satyam Brush Industries on 06/09/2010 by User "administrator" login Terminal id "CPRABHU". SEBI observed that if Prashant Karkera would have got the shares through a genuine transactions, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it.

426. MPPL in reply to SEBI summons dated March 28, 2016 (**Annexure-SMP1**) vide their letter dated April 27, 2016(**Annexure-CRMP1**) stated that as per the records of the company "The Stock Holding Corporation of India" jointly with "Trustee LIC Mutual Fund" were holding 720 shares of the company under the folio-S0006835 and the shares were never acquired or transferred to Satyam Brush Industries. MPPL further stated that there was a Scheme of Arrangement between Allied Centrifugal Pumps Private Limited and Mather and Platt Pumps Limited which was duly sanctioned by High Court in the year 2010. As per the said Scheme of Arrangement the shareholders whose names appear in

the register of members as on record date could opt to sell the shares in the exit offer at price of Rs. 275/- for each equity share of Rs. 10/-. Further, the Noticee being the RTA of the company had processed the entitlement to the equity shareholders of the company and it is alleged that while processing the Noticee has fraudulently altered the record of equity shares from SHCIL (Jointly with LIC) to Satyam Brush Industries in order to claim the entitlement as per the scheme. Accordingly, cheque no. - 2058 dated September 24, 2010 for Rs. 198000/- drawn on Deutsche Bank, Pune was issued in favour of Satyam Brush Industries and same was encashed by Satyam Brush Industries in its Bharat Co-op Bank account no. 001812100026498 on October 14, 2010 (Annexure-BRBCBL; Page No. - 265). The letter from Deustche Bank w.r.t. the above was provide by them (**Annexure-OD95**). They have also lodged police complaint regarding the above fraud by the Noticee.

427. In view of the above, it is alleged that the Noticee illegally altered the records in the register of members to favour Satyam Brush industries (firm owned by Prashant Karkera) to siphon off shares belonging to SHCIL/LIC. MPPL apparently did not had any record of transfer in favour of Satyam Brush as the changes has been entered in register of members in the back end illegally as discovered by investigation.

Prashant Karkera in his statement dated September 27, 2016 (**Annexure-SR1**) has stated that he is not aware of any such transactions in his account and Indira might be aware of the same. Thus, it is alleged that such failure on part of the Noticee had been deliberately orchestrated to allow benefit to Indira, Vice President and her husband Prashant Karkera.

428. It is also alleged that not only the records have been tampered with to indicate Satyam Brush Industries as the shareholder but also that subsequent events such as Satyam Brush Industries offering the 720 shares have not been reflected in the system. Further, it is alleged that records have not been kept properly and fraud has been facilitated by the Noticee and it is also alleged that the Noticee has thus clearly failed in its duty as a

share transfer agent. The company has also failed to exercise due diligence over the activities of the Noticee.

429. Valuation of Share Misappropriated in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 720 shares of WILO Mather and Platt Pumps Ltd. misappropriated by Satyam Brush (Prashant Karkera) and offered in Exit offer at Rs. 1,98,000/- | 198000/- | NA |

430. It is alleged that G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of MPPL:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 29/04/ 2016 | MIRSD2/LS/2016/ 12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/ 2016 | MIRSD2/LS/2016/ 10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/ 2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/ 2016 | MIRSD2/DB/OW/ 2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/ 2016 | MIRSD2/OW/P/20 16/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/ 2016 | MIRSD2/DB/SD/S SIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/ 2016 | MIRSD2/OW/201 6/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extensions sought vide email dated 08/03/2016. Extension Granted |
| 17/02/ 2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/ 2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/ 2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/ 2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

However, it is alleged that GR Rao and the Noticee failed to co-operate with investigation and did not comply with the Summons.

431. Summary of violations and applicable regulatory provisions are as below:

| Sr. No. | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | the Noticee | Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons | Section 11C(2) and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b )& (c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001 |

**L. Company Name: Artson Engineering Limited (the Noticee Back Office Code-ASAS) (herein after referred to as 'AEL')**

**Fraudulent transactions in the matter of Anil Jathan(Folio Number- 00390534, ASAS - Artson Engineering Limited)**

432. SEBI observed that in the Folio Number: 00390534 of AEL (Screen Print placed at **Annexure-SP55**), the Folio Name is shown as Anil Jathan but there is no other entry in the Back Office Software Module except transfer tab/window shows that 700 shares (Certificate Nos. 108730 to 108736; Distinctive No. - 8765357 to 8766056) were dematerialized on 13/04/2007. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions. The extract of demat account transaction in the demat account of Anil Jathan is as below:

| DP ID/ CLIENT ID | FIRST HOLDER NAME | ISIN | SCRIP NAME | DATE (MM-DD-YYYY) | DESCRIPTION | OPENING BAL | DEBIT | CREDIT | CLOSING BAL |
|---|---|---|---|---|---|---|---|---|---|
| IN30 1975 1002 0484 | Anil Jathan | INE133 D01015 | Artson Engg Ltd. Eq | 4/14/2007 | By Dematerialisation | 0 | 0 | 700 | 700 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| IN30 1975 1002 0484 | Anil Jathan | INE133 D01015 | Artson Engg Ltd. Eq | 7/25/2007 | To CM Ventura Securities Limited, Rolling Mkt Lot / 0708081 | 700 | 500 | 0 | 200 |
| IN30 1975 1002 0484 | Anil Jathan | INE133 D01015 | Artson Engg Ltd. Eq | 2/29/2008 | To Artson Capital Reduction | 200 | 200 | 0 | 0 |
| IN30 1975 1002 0484 | Anil Jathan | INE133 D01023 | Artson Engineering Limited Eq New Re.1/- | 2/29/2008 | By Artson Capital Reduction | 0 | 0 | 200 | 200 |
| IN30 1975 1002 0484 | Anil Jathan | INE133 D01023 | Artson Engineering Limited Eq New Re.1/- | 5/17/2010 | ToAnil Jathan IN301151 28257835 | 200 | 200 | 0 | 0 |
| IN30 1151 2825 835 | Anil Jathan | INE133 D01023 | Artson Engineering Limited Eq New Re.1/- | 5/17/2010 | By Anil Jathan IN301975 10020484 | 0 | 0 | 200 | 200 |
| IN30 1151 2825 7835 | Anil Jathan | INE133 D01023 | Artson Engineering Limited Eq New Re.1/- | 6/14/2010 | To CM Hdfc Securities Ltd., Rolling Mkt Lot / 1011053 | 200 | 150 | 0 | 50 |

SEBI observed that as per the data provided by Ventura Securities vide email dated May 28, 2016(Annexure-OD96) Anil Jathan sold 500 shares for Rs. 22430/- on July 24, 2007 and the broker made consolidated payment (along with for payment for sale of other shares) to Anil for Rs. 57,625.88/- vide cheque no 100974 on July 26, 2007 which was cleared on August 02, 2007.

433. An extract of ledger statement as provided by HDFC Sec vide email dated August 12, 2016 (**Annexure-OD102**) is as below:

| Vdt | Vno | Narration | Debit | Credit | Balance | | |
|---|---|---|---|---|---|---|---|
| 14-Jun-10 | JV/20100614/5419 | N/1011053/14-jun-2010 | | 7,746.00 | 7,746.00 | Cr | Sale of 150 Artson Eng |
| 14-Jun-10 | JV/20100614/8896 | N/2010110/14-jun-2010 | 7,149.13 | | 596.87 | Cr | Buy of 200 JM Financial |

SEBI observed from the "Signature" record of the folio no. - 00390534 taken out from the system of "Signature Verification Department" that the signature attached to the folio is not that of Anil Jathan (**Annexure-SR11**). Therefore, it is alleged that the internal checks and balances and control system of the Noticee was compromised to transfer and then demat the shares belonging to one shareholder by another entity. SEBI observed that if

Anil would have acquired the shares through genuine transactions then the records would have been properly maintained and his own signatures would have been attached to the said folio.

434. SEBI asked AEL to provide various data/information/documents from their internal records vide SEBI summons no. - MIRSD2/DB/LS/2016/9126 dated March 28, 2016 (**Annexure-SAE1**) and also summons no. MIRSD2/OW/P/2016/8656 dated March 22, 2016. It is alleged that AEL was unable to reply due to non-cooperation of the Noticee; however, company submitted audit report enclosing the Demat request of Anil Jathan along with copy of share certificate from the records of the Noticee. From the relevant pages of the report and copy of the share certificates (Nos. 00108730, 00108731, 00108732, 00108733, 00108734, 00108735, 00108736) (**Annexure-OD97**) SEBI observed that the share certificates were issued on December 19, 1994 with name of Anil Jathan on the face of the certificate. SEBI observed that the IPO of the company was in 1992 and the shares acquired in 1994 by Anil from another investor could have been possible only by way of endorsement. It is alleged that the records has not been maintained properly by the Noticee and shares has been printed & allotted to Anil without any proper record of the transactions. It is also alleged that in this matter the Noticee as well as Anil Jathan has failed to comply with SEBI summons. In view of the non-cooperation from Anil in the matter and considering his similar behavior in other cases as well as the fact that the signature records indicate a different person, adverse inference is drawn and it is alleged that Anil has misappropriated shares of some investor. It is also alleged that the Noticee has not maintained records properly and has facilitated the fraud. Further, SEBI observed that Indira was the client manager of AEL and was responsible for the day to day operations of the share transfer related activities. Thus, it is alleged that such fraudulent transactions by Anil Jathan who is also brother of Indira could not have happened without the active connivance of Indira. The company has also not exercised due diligence over the activities of the Noticee.

435. Valuation of Share Misappropriated on replacement cost basis in this matter

| Sr. No. | Shares Transferred to | Value of the Share as on date of Siphoning | Value of the Share as on October 10, 2016 |
|---|---|---|---|
| 1 | 700 shares of Artson Engineering Limited belonging to unknown investors misappropriated. by Anil Jathan by demat entry dated 13/04/2007 | Value= Rs. 29645(Price @ NSE Rs. 42.35) | Value= Rs. 38605(Price @ NSE Rs. 55.15) |

436. **Non compliance with summons**

G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of AEL:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered to the Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 12/04/ 2016 | MIRSD2/LS/2016/ 10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/ 2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/ 2016 | MIRSD2/DB/OW/2 016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/ 2016 | MIRSD2/OW/P/20 16/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/ 2016 | MIRSD2/DB/SD/S SIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/ 2016 | MIRSD2/OW/2016 /6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/ 2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/ 2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/ 2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/ 2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

However, It is alleged that GR Rao and the Noticee failed to co-operate with investigation and did not comply with the Summons.

437. Summary of violations and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons | Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b )& (c) of RTA Regulations. SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001 |

**M. Company Name: Search Chem Industries Ltd. currently UPL Limited (the Noticee Back Office Code-QAQA) (herein after referred to as 'SCIL/UPLL')**

**Transactions in the matter of Anil C Jathan (Folio Number- 0003633, QAQA – Search Chem Industries Ltd.)**

438. SEBI observed from back office system of the Noticee that the Folio No. 0003633 (Screen Shot placed at **Annexure-SP56**) is currently shown in name of Anil C Jathan jointly with Bhavani Jathan and having nil holding. There are no entries in other fields except dividend on 200 shares of SCIL in 1997. No details are there to indicate how 200 shares sold or dematerialized. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions in this regard.

439. UPLL vide letter dated April 07, 2016 (**Annexure-CRSC1**) submitted that the said 200 shares were allotted to Anil Jathan in "Employees Quota" and also submitted copy of application form for the same. They further, stated that the shares were dematerialized by Anil Jathan in 2002 and copy demat record were provided by them. In view of the above SEBI observed that the shares are genuinely belonging to Anil Jathan. However, it is alleged that the Noticee & Anil Jathan has failed to maintain proper records for the transactions in the folio in the systems records and also failed to reply to the SEBI summons in this regard.

440. **Non compliance with summons**

G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of SCIL:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of theNoticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

It is alleged that GR Rao and the Noticee failed to co-operate with investigation and did not comply with the Summons.

441. Summary of violations:

| Sr. No. | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | the Noticee | Failure to do due diligence, non-maintenance of proper | Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p) of PFUTP Regulations, 2003, Clauses |

| | | | |
|---|---|---|---|
| | | records, Non compliance with summons | (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b )& (c) of RTA Regulations |

**N. Company Name: The Great Eastern Shipping Limited (the Noticee Back Office Code-G1G1) (herein after referred to as 'TGESL/Company')**

**Transactions in the matter of Sadashiv Poojary (Folio Number- 31365473, G1G1-The Great Eastern Shipping Limited)**

442. SEBI observed that as per the back office system of the Noticee the Folio Number: 31365473 (Screen Shot placed at **Annexure-SP57**), the Folio Name is shown as Sadashiv Poojary but there is no other entry in the Back Office Software Module of the Noticee except that transfer tab/window of the module shows that 11 shares (certificate no 60796; Distinctive Nos. 35854557 to 35854567) were transferred to 31787777 (Suresh Kotian) on 06/01/2004. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions.

443. TGESL vide letter dated April 12, 2016 (**Annexure-CRGE1**) in response to SEBI summons (**Annexure-SGE1**) submitted that Sadashiv Poojary purchased 13 shares (Folio No. - 3135473) in 1998 as below:

| Seller Folio | Seller Name | Certificate No | Distinctive Nos | No of Shares | Approval Date |
|---|---|---|---|---|---|
| 31335418 | Laxman poojary Subita LM | 1267220 | 220217377-386 | 10 | 03-02-1998 |
| 30203879 | Kotian LM | 1139215 to 217 | 214251929-931 | 03 | 10-03-1998 |

TGESL have forwarded a copy of Transfer deed and minutes of "Share Transfer Committee" but stated that they could not locate "Transfer Register". They further stated that pursuant to Scheme of Arrangement (Demerger) in the year 2000 the 13 shares were reduced to 11 and new share certificate no. - 60796 (Distinctive Nos. 35854557-567) was

issued on March 21, 2000. SEBI observed that no copy of share certificate or communication/forwarding letter to the shareholder was submitted.

444. In the Folio Number 31365473 (Screen Shot placed at **Annexure-SP57**) (Code-G1G1-The Great Eastern Shipping Limited), the Folio Name is shown as Sadashiv Poojary. Further, 11 shares (certificate no 60796; Distinctive Nos. 35854557 to 35854567) were transferred to 31787777 (Suresh Kotian) on 06/01/2004.

445. TGESL further, stated that the above 11 shares were later transferred to Suresh Kotian (Folio No. - 31787777) and the same was approved by Share Transfer Committee meeting dated January 06, 2004. Copy of Transfer Deed, and minutes of the meeting was also submitted. It was observed that the company has not submitted copy of the share certificate.

446. Sadashiv Poojary vide his statement dated December 21, 2016 (Annexure-SR17) submitted that he bought the shares from Laxman Poojary who used to work in the Noticee office. He bought the shares in cash and later sold the same in cash to Suresh Kotian who also use to work in Sharepro. As these are old transactions he has no records with him for the same.

However, it is alleged that the Noticee has not only failed to maintain proper electronic records w.r.t. acquisition of shares by Sadashiv but also failed to comply with summons to provide various documents w.r.t. the transactions.

**Transactions in the matter of Suresh Kotian (Folio Number- 31787777, G1G1-The Great Eastern Shipping Limited)**

447. Folio Number 31787777 (Screen Shot placed at **Annexure-SP58**) (Code-G1G1-The Great Eastern Shipping Limited), (Suresh Kotian) received 9 shares (certificate no. - 61427; distinctive no 36022331 to 36022339) from Folio no. - 31382319 of Sudhakar Anchan on 06/01/2004.

448. TGESL vide their reply dated April 12, 2016 (Annexure-CRGE1) stated that the above 9 shares were transferred from Sudhakar Anchan (Folio No. - 31382319) to Suresh Kotian (Folio No. - 31787777) and the same was approved by Share Transfer Committee meeting dated January 06, 2004. Copy of TD, and minutes of the meeting was also submitted.

SEBI observed that the company has itself stated that they receive TD and share certificate from the Noticee on weekly basis but not submitted copy of the share certificate to SEBI. SEBI also observed that both set of transfer of shares viz. 11 & 9 to Suresh Kotian were done simultaneously and approved in the same share transfer committee meeting. Then Suresh Kotian immediately got the shares dematerialized. It is alleged that the parties to the transactions and the Noticee has also failed to submit various documentary proof for the said transactions as mentioned in the following paragraphs.

449. Various information/documents were sought by SEBI from Sudhakar Anchan w.r.t. the above transactions vide summons no. - MIRSD2/LS/2016/10991 dated April 12, 2016. Sudhakar Anchan replied vide letter dated April 22, 2016 (**Annexure-LIR14**) and June 01, 2016 (**Annexure-LIR16**) respectively through his advocate Arun Panickar. Letter dated April 22, 2016 is common reply for Suresh Kotian and Sudhakar Anchan. He stated that he does not know or have any kind of dealing or relationships or financial transactions with Suresh Kotian, Indira, G.R Rao and Prashant Karkera. Sudhakar Anchan further, stated that he transferred the shares as internal transfer in normal course as he does not have demat account. Further, he received consideration but he does not have any record for the same. Sudhakar Anchan has also stated in the letter dated April 22, 2016 that all documents w.r.t.the Noticee is seized by EOW so they are not able to reply.

Another, Summons was issued to Sudhakar Anchan through his Advocate Arun Panicker:

| Date | Name | Summon No | Remarks |
|---|---|---|---|
| 10/05/2016 | Arun Panicker | MIRSD2/DB/SD/ SSIL/13677/2016 | Advocate Arun Panicker vide letter dated April 22, 2016 informed that all records at the Noticee are |

| Date | Name | Summon No | Remarks |
|---|---|---|---|
| 10/05/2016 | Sudhakar Anchan | MIRSD2/DB/SD/ SSIL/13679/2016 | Seized by EOW because of which his client cannot reply. Vide Letter No 13677/2016 informed that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients |

SEBI observed that the information sought from Sudhakar Anchan is w.r.t. his transactions and documents viz. consideration paid to buy the shares, consideration received on sale is in his custody not the Noticee. SEBI further, observed that on what basis Sudhakar Anchan arrived at conclusion that EOW has seized all record is not informed. What effort they have made to secure other documents from the Noticee is not written. SEBI also observed that even in the absence of some of Management personnel of the Noticee (viz. G.R Raoand Indira) functioning of the Noticee as organization was continuing as on the date of the summons and even numerous companies are carrying out audit of their books (as per SEBI order dated March 22, 2016), client are transacting in share transfer related work etc. Further, though Sudhakar Anchan has transferred the shares to Suresh Kotian he has falsely denied knowing or dealing or having any financial transaction with him. EOW in their reply (vide letter No OW No 1866/EOW/UNIT-V/2016 dated July 25, 2016; placed at **Annexure-OD34**) to SEBI submitted the list of documents seized from the office of the Noticee. SEBI observed that the said list does not contain any document related to the above mentioned transactions. Thus it is alleged that Sudhakar Anchan has not complied with the SEBI summons and also attempted to mislead the investigation.

450. SEBI observed from back office system records of the Noticee, Folio Number 31787777 (Screen Shot placed at **Annexure–SP58**) (Code-G1G1-The Great Eastern Shipping Limited), (Suresh Kotian) dematerialized 9 shares (certificate no. - 61427; distinctive no 36022331 to 36022339) received from Folio no. - 31382319 of Sudhakar Anchan and 11

shares (certificate no 60796; distinctive Nos. 35854557 to 35854567) received from Folio Number: 31365473 in demat account number IN302679-32547247on 27/01/2004.

451. Various information/documents were sought by SEBI from Suresh Kotian w.r.t. the above transactions vide summons no. - MIRSD2/LS/2016/10990 dated April 12, 2016. Suresh Kotian replied vide letter dated April 22, 2016 (**Annexure-LIR14**) and June 01, 2016(**Annexure-LIR15**) respectively through his advocate Arun Panickar. Letter dated April 22, 2016 is common reply for Suresh Kotian and Sudhakar Anchan. They stated that he does not know or have any kind of dealing or relationships or financial transactions with Sudhakar Anchan, Sadashiv Poojary, Indira, G.R Rao and Prashant Karkera. They further, stated that they got the said shares as normal market mechanism and sold the share after dematerializing the same. Further, they does not have any record for the same. Suresh Kotian has also stated in the letter dated April 22, 2016 that all documents w.r.t. the Noticee is seized by EOW so they are not able to reply.

Another Summons to Suresh Kotian was issued through his Advocate Arun Panicker:

| Date | Name | Summon No | Remarks |
|---|---|---|---|
| 10/05/2016 | Arun Panicker | MIRSD2/DB/SD/ SSIL/13677/2016 | Advocate Arun Panicker vide letter dated April 22, 2016 informed that all records atthe Noticee are Seized by EOW because of which his client cannot reply. Vide Letter No 13677/2016 informed that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients |
| 10/05/2016 | Suresh Kotian | MIRSD2/DB/SD/ SSIL/13678/2016 | |

SEBI observed that the information sought from Suresh Kotian is w.r.t. his transactions and documents viz. consideration paid to buy the shares, demat transaction, consideration received on sale is in his custody and does not pertain to the Noticee. Further, on what basis he arrived at conclusion that EOW has seized all record is not informed. What effort he has made to secure other documents from the Noticee is not written. SEBI also observed that even in the absence of few Management personnel of the Noticee (viz. G.R Raoand Indira) functioning of the the Noticee as an organization was continuing as on the date of summons and even numerous companies are carrying

out audit of their books (as per SEBI order dated March 2, 2016), client are transacting in share transfer related work etc. Further though, Suresh Kotian has received the shares from Sadashiv and Suresh Kotian, it is alleged that he has falsely denied knowing or dealing or having any financial transaction with them. EOW in their reply (vide letter No OW No 1866/EOW/UNIT-V/2016 dated July 25, 2016; placed at **Annexure--OD34**) to SEBI submitted the list of documents seized from the office of the Noticee. The said list does not contain any document related to the above mentioned transactions. Thus, it is alleged that Suresh Kotian has not complied with the SEBI summons and attempted to mislead the investigation.

SEBI observed from the statement of G.R Raodated February 15, 2016 (**Annexure-SR11**) that there is no signature record for the folio no 31787777as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee nor such data subsequently available with the Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee. But the Noticee has failed to comply with summons to provide various documents w.r.t. the transactions.

**Non compliance with summons**

452. G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of TGESL, however, it is alleged that the Noticee and GR Rao failed to comply:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 12/02/ 2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/ 2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/ 2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

453. Summary of violation and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Non compliance with summons, non-cooperation with SEBI | Section 11C(2) and 11C(3) of SEBI Act, 1992, Clauses (17) and (18) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f) of RTA Regulations |

**O. Company Name: MahIndira Lifespace Developers Limited (the Noticee Back office Code-G2G2) (herein after referred to as 'MLDL')**

**Transactions in the matter of Sadashiv Poojary (Folio Number- 40481303, G2G2-MahIndira Lifespace Developers Limited)**

454. SEBI observed that in the Folio Number-40481303 (Screen Shot placed at **Annexure-SP59**) of MLDL (Code-G2G2), the Folio Name is shown as Sadashiv Poojary but there is no other entry in the Back Office Software Module of the Noticee except that transfer tab/window of the module shows that 1 share (certificate no 149521; Distinctive Nos. 3980908 to 3980908) was transferred to 41272953 (Suresh Kotian) on 16/03/2004. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions.

455. Folio Number: 41272953 (Suresh Kotian) of MLDL (Code-G2G2), dematerialized 1 shares (certificate no 149521; Distinctive Nos. 3980908 to 3980908) as the received from folio no. - 40481303 on 16/03/2004 in demat account IN302679-32547247.

The reply of Suresh Kotian is already stated in presiding paragraphs. Sadashiv vide his statement dated December 21, 2016 (Annexure-SR17) submitted that the share was w.r.t. demerger of TGESL. He sold the same in cash to Suresh Kotian who use to work in the Noticee and since these are old transactions, he has no records for the same.

456. In reply to SEBI summons, MLDL vide letter dated March 30, 2016 submitted that the there was one Scheme of Arrangement between MLDL (earlier known as GESCO Corporation Limited) with TGESL which was sanctioned by Bombay High Court vide order dated September 22, 1999. SEBI observed that as per the terms of the order and based on the allotment register, Mr. Poojary who was shareholder of GE Shipping holding 13 equity shares was allotted 1 equity share of the company by way of a circular resolution dated March 21, 2000. Further, w.r.t. transfer of shares from Sadashiv Poojary to Suresh Kotian on March 16, 2004 they stated that the officials of the company approved the transfer on March 16, 2004 as per the authority vested in them vide board resolution dated October 31, 2003. The board took the said transfer on record on meeting held on April 27, 2004. They also enclosed copy of transfer register and copy of delivery receipt as lodged by the Noticee. SEBI observed that the current allotment of shares has occurred due to transfer of shares in GE Shipping shares. But the Noticee has failed to comply with summons to provide various documents w.r.t. the transactions.

457. **Non compliance with summons**

G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of MahIndira Lifespace Developers Limited. It is alleged that the Noticee and GR Rao failed to comply.

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/ 2016 | MIRSD2/DB/LS/SSIL /30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered to the Noticee office on Nov 04, 2011. |
| 04/11/ 2016 | MIRSD2/DB/LS/SSIL /30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/ 2016 | MIRSD2/DB/SD/SSIL /18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/ 2016 | MIRSD2/DB/SD/SSIL /18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/ 2016 | MIRSD2/DB/SD/SSIL /18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/ 2016 | MIRSD2/DB/SD/175 32/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/ 2016 | MIRSD2/LS/2016/12 527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/ 2016 | MIRSD2/LS/2016/10 903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/ 2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/ 2016 | MIRSD2/DB/OW/201 6/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/ 2016 | MIRSD2/OW/P/2016/ 6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/ 2016 | MIRSD2/DB/SD/SSIL /6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

458. Summary of alleged violation and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | the Noticee | Non compliance with summons, non-cooperation with SEBI | Section 11C(2)and 11C(3) of SEBI Act, 1992, Clauses (17) and (18) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f) of RTA Regulations |

**P. Company Name: ISMT Limited (the Noticee Back office Code-IHIH) (herein after referred to as 'ISMTL')**

**Transactions in the matter of P.D.Pillai (Folio Number- 797018, IHIH-ISMT Limited)**

459. SEBI observed that Folio No. - 797018 (Screen Shot placed at **Annexure–SP60**) (IHIH - ISMT Limited) dividend record for issue dates 28/11/2007, 22/09/2008, 10/04/2009, and 21/09/2009 is shown in name of P D Pillai but currently the folio is in name of Munawer Hussain Salodawala with "nil" holding. Further, SEBI also observed that from this folio 400 shares were dematerialized in the demat account no. - IN301313-20831073. It is

alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of P D Pillai and at another time in the name of Munawer Hussain Salodawala, a different entity.

SEBI observed that the folio is not reported in Annual return files from 2005 to 2010. Thus it is alleged that the Noticee was filing wrong information with the regulators

460. SEBI observed that as per back office system Folio No 797018 (IHIH-ISMT Limited) the following shares were dematerialized in the demat account no. - IN301313-20831073 from the same folio (as per back end data) but there are no details in Back office Module of the Noticee :

| Certificate No | Distinctive No From | Distinctive No To | No of Shares | DRN | CONF DATE |
|---|---|---|---|---|---|
| 2217076 | 128753626 | 128753725 | 100 | 388542 | 18/10/2004 |
| 2217077 | 128753726 | 128753825 | 100 | 388542 | 18/10/2004 |
| 2217078 | 128753826 | 128753925 | 100 | 388542 | 18/10/2004 |
| 2217079 | 128753926 | 128754025 | 100 | 388542 | 18/10/2004 |

SEBI observed from the DWBIS data records that the said Demat account IN301313-20831073 as available in the Noticee records belong to Shankara Narayana Iyer R. not Munawer Hussain Salodawala.

461. In response to SEBI summons dated March 28, 2016 (**Annexure-SIS1**) ISMTL has replied vide letter dated May 14, 2016 (**Annexure-CRIS1**). The company has submitted that above matter is a case of rectification of name of first shareholder and the matter was noticed later at the time of receipt of request from Mr. Munawer Hussain Salodawala for exchange of old share certificates. Hence, the name of the same shareholder was duly corrected under the same folio. They further stated that the dividends has been paid in the correct bank account of Munavar not P.D. Pillai. It was also submitted that it was a case of only name correction/rectification hence the same was not sent to company for approval and subsequently dematerialized by Mr. Munawer.

SBI observed that it is surprising how names differ so much for being a case of "Rectification". SEBI also observed that the shares were dematerialized by a third party viz. Shankara N Iyer R. not even Mr. Munawer. ISMTL submitted further data vide letter dated July 01, 2016(**Annexure-CRIS2**). SEBI observed from the copy of documents submitted that the shares were genuinely belonging to Munawer who got the same due to some approved scheme of merger. However, name of first holder mistakenly (or otherwise) printed as P.D. Pillai. This mistake was corrected later when Munawer claimed new shares. Further, SEBI observed from the documents that shares were actually dematerialized in demat account no. - IN 300450-13651065 belonging to Munawer not in the demat account mentioned in the records of the Noticee. SEBI also observed that the dividend of the shares were issued with the dividend warrant in the name of P.D. Pillai. Various information was sought from ICICI Bank in which the dividend warrants were encashed, they vide email dated September 19, 2016(Annexure-OD98) replied that the bank account number mentioned on the warrants was of Munawer but the name printed was that of P.D.Pillai because of which the amount was transferred to error account. It is alleged that the record maintenance at the Noticee is not proper.

462. G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of ISMT. However, the Noticee and GR Rao failed to comply.

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/12/2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

463. Summary of alleged violation and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | the Noticee | Failure to do due diligence, non-maintenance of proper records, Non compliance with summons | Section 11C(2)and 11C(3) of SEBI Act, 1992, Clauses (2),(3),(16),(17),18),(20),(25),(28) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f) of RTA Regulations |

**Q. Company Name: Zensar Technologies Limited (the Noticee Back Office Code- ICIE) (herein after referred to as 'ZTL/by Name')**

**Transactions in the matter of Dipak Kumar Mitra (Folio Number- D02204, ICIE - Zensar Technologies Limited)**

464. SEBI observed that as per back office system of the Noticee, in the Folio No. - D02204 (Zensar Technologies Limited, Code- ICIE) {Screenshot placed at **Annexure-SP61**} dividend records are shown in the name of Dahyabhai Patel till Sep 2002 (Issue date 30/09/2002). Then dividend records are shown in name of Dipak Kumar Mitra from July 2003 onwards. Currently the folio with 164 shares (Certificate no. - 20887; distinctive no 2002176 to 2002200, Certificate no. - 20888; distinctive no 2002201 to 2002225, Certificate no. - 46846; distinctive no 2722413 to 2722444, Certificate no. - 147216; distinctive no 24106189 to 24106270) is in the name of Dipak Kumar Mitra. It is alleged that the Noticee failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Dahyabhai Patel and at another time in the name of Dipak Kumar Mitra, a different entity.

465. Dipak Kumar Mitra replied to SEBI summons vide his letter dated May 16, 2016 (**Annexure-LIR13**). He stated that he received shares certificate no. - 0147216 (distinctive no 24106189 to 24106270) against the said folio from ZTL on July 24, 2010. He further stated that they owned 82 shares of ICIM on Certificate no. - 20887 (distinctive no 2002176 to 2002200), Certificate no. - 20888 (distinctive no 2002201 to 2002225), Certificate no. - 46846 (distinctive no 2722413 to 2722444). These shares were owned by their parents and later transferred to them. The copy of the share certificates issued by ICIM were also provided. He further stated that perhaps the 82 shares of ZTL were allotted to them as against ownership of ICIM and he has not paid anything for the shares.

466. SEBI sought various information/documents from the company vide summons dated March 28, 2016 (**Annexure-SZT1**) w.r.t. the transactions in its shares. ZTL vide letter dated May 11, 2016 replied (based on the submissions of the Noticee to them) that Dahyabhai C. Patel was holding shares prior to 1995 under the Folio No. - D02204. In the year 1995, a request for transmission of 82 shares which were registered in the name of Gopendra Krishana Mitra (jointly with Prabhutty Mitra) under Folio No. - G00701 and these shares were transferred in the name of Dipak Mitra jointly with Hirak Kumar Mitra. However by error, the Noticee had allocated Folio No. - D02204 to these shareholders at the time of transmission in the year 1995. This error did not came to light as company did not declare any dividend till 2001. On this 82 shares, 82 more shares were allocated by way of bonus hence the total number of share became 164.

467. In view of the explanation of the investors and the company, it is difficult to allege fraud in the matter. However, the Noticee has failed to maintained records properly and has allocated same folios in two different names which also resulted in payment of dividend (issue date 30/09/2002) in the name of earlier folio holder (as per the Noticee system). Further, there is no record at the Noticee system when Dahyabhai Patel sold the shares or demated it. Allocation of same folio to different investor is not only against the secretarial standards but also against the policy and general practice of the Noticee as

explained by G.R Raohimself vide his statement dated January 28, 2016 (Annexure-SR15).

468. G.R.Rao, MD of the Noticee was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of ZTL but the Noticee and GR Rao failed to provide the information:

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered tothe Noticee office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R Raois not in charge of day to day operations of the Noticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18631/2016 | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R Raosought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R Raoon 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |
| 04/12/2015 | Hand delivered | Annexure-SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

However, it is alleged that the Noticee failed to cooperate with the investigation

469. Summary of violation and applicable regulatory provisions are as below:

| Sr No | Name of the Entity | Violations | Applicable Regulatory provisions |
|---|---|---|---|
| 1 | The Noticee | Failure to do due diligence, non-maintenance of proper records,Non compliance with summons | Section 11C(2)and 11C(3) of SEBI Act, 1992, Clauses (2) (3) (16), (17), (18), (20), (25), (28) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f) of RTA Regulations |



470. Summary of misappropriated securities

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 1 | 33750 Shares of Britannia Industries Ltd. belonging to Sujit Gupta transferred on 13/04/2015 to Balram Mukherjee | Value = Rs. 77969250 (Price @ NSE Rs. 2310.2) | Value= Rs. 113967000 (Price @ NSE Rs. 3,376.80) | Balram Mukherjee withdrew the sale proceeds in cash. However SEBI observed that the Noticee Management was hand glove in the whole fraudulent transactions. |
| 2 | 600 shares of Asian Paints Limited transferred to Sadashiv Poojary on 17/06/2015 by Balram Mukherjee and not returned by Sadashiv | Value= Rs. 426390 (Price @ NSE Rs. 710.65) | Value= Rs. 727590 (Price @ NSE Rs. 1,212.65) | Acquired out of sale proceeds of Britannia Industries Limited. Indira received Rs. 10000/- dividend on the same shares while he received Rs. 9802/- |
| 3 | 7505 shares of Asian Paints Limited transferred to Sadashiv Poojary on June-July 2015 and returned on August 07, 2015 | Value= Rs. 5879266.9 (Avg Price during June-July @ NSE Rs. 783.38) | Value= Rs. 9100938.25 (Price @ NSE Rs. 1,212.65) | |
| 4 | 15000 shares of Asian Paints transferred to Anil Jathan in June-July 2015 and returned back on August 06, 2015 | Value= Rs. 11750700 (Avg Price during June-July @ NSE Rs. 783.38) | Value= Rs. 18189750 (Price @ NSE Rs. 1,212.65) | |
| 5 | 4605 shares of Asian Paints transferred to Bhavani Jathan in June 23 & 25, 2015 and returned back on August 10, 2015 | Value= Rs. 3469222.8 (Avg Price during June 23 & 25 @ NSE Rs. 753.36) | Value= Rs. 5584253.25 (Price @ NSE Rs. 1,212.65) | |
| 6 | 13290 shares of Asian Paints transferred to Shrikant Bhalakia in July 2015 and returned back on August 06, 2015 | Value= Rs. 10943517.6 (Avg Price during July @ NSE Rs. 823.44) | Value= Rs. 16116118.5 (Price @ NSE Rs. 1,212.65) | Shrikant Bhalakia admitted that the same was done on the instruction of Indira |
| 7 | 3500 shares of Britannia Industries Limited transferred to Prashant Karkera June-July 2015 and returned back on August 06, 2015 | Value= Rs. 9682785 (Avg Price during June-July Rs. 2766.51) | Value= Rs. 11818800 (Price @ NSE Rs. 3,376.80) | |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 8 | Suresh Unawane siphoned off Debenture redemption payment amount due to Sonya Ruth Raymond on 14/01/2015 | Rs. 639751.05 | | Mr. Suresh transferred Rs. 250,000 to Mr. Raju Landge, Rs. 130,000 to Indira and withdrew Rs. 250,000 in cash. Suresh and Raju are the proxies of Indira/Prashant Karkera |
| 9 | Krishna M Ghosh siphoned off Debenture redemption payment amount due to Fairgrowth Financial Services Limited on 17/06/2014 | Rs. 724880 | | Withdrew in cash. |
| 10 | Sukhdev S Bhosale siphoned off Debenture redemption payment amount due to Centbank Financial & Custodial Services Ltd. on 30/10/2014 | Rs. 708128.2 | | Withdrawn in cash on the instruction of Rajesh Bhagat (Rajesh Bhagat) who admitted the same. Rajesh alleged that he carried out on the instruction of Indira. Fraud could not have been possible withoutthe Noticee and there is relation between Rajesh Bhagat (Rajesh Bhagat) and Indira. Both hand in glove. |
| 11 | Narayan D siphoned off Debenture redemption payment amount due to Sybil Beatrice Hughes on 05/04/2013 | Rs. 2352054.48 | | Narayan transferred the amount to Indira. Later paid back to Britannia from Indira's account. |
| 12 | Suresh Unawane siphoned off Debenture redemption payment amount due to Sujit Kumar Gupta on 05/04/2013 | Rs. 1985627.93 | | Suresh transferred to Mohit who in turn transferred to Indira. Later paid back to Britannia from Indira's account. |
| 13 | One fake Sujit Gupta siphoned off Debenture redemption payment amount due to original Sujit Kumar Gupta on December 04, 2013 | Rs. 1985627.93 | | Withdrawn in cash but the sequence shows the Noticee and Indira hand in glove. |
| 14 | 3360(33600 Post 1: 10 split on 30/07/2013) shares of Asian Paints Limited belonging to Radha & Rajiv Manucha misappropriated byJayshree B. Shah (Jayshree Shah) on 20/01/2012 | Value= Rs. 9181032 (Price @ NSE Rs. 2,732.45) | Value= Rs. 40745040 (Price @ NSE Rs. 1,212.65) | Siphoned off later reversed after one year when actual investor demanded |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 15 | 842 shares of L Ganeshan (8420 Post 1: 10 split on 30/07/2013) of Asian Paints Limited reappeared as part ofshares into Folio No. – 00001493 (Controlled by the Noticee related entities viz. Indira) | Exact date not available | Value= Rs. 10210513 (Price @ NSE Rs. 1,212.65) | Misappropriated by the Noticee |
| 16 | 1000 shares (10000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to L Ganeshan misappropriated by Shrikant Bhalakia and dematerialized through Folio No. - 00902848 on 31/03/2011 | Value= Rs. 2525800 (Price @ NSE Rs. 2,525.80) | Value= Rs. 121265000 (Price @ NSE Rs. 1,212.65) | Misappropriated by Shrikant Bhalakia in conspiracy with Indira. Out of the sale proceeds of the siphoned shares Shrikant Bhalakia transferred Rs. 10372364 to Indira related entities viz. to Nagesh K Rs. 4096693, to Narayan Devadiga Rs. 2396956, to Raju Landge Rs. 2555829 and to Suresh Unawane Rs. 1322886. Rest amount and 6470 shares of Asian Paints retained by him. |
| 17 | 733 shares (7330 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Amarjit Kaur Arora transferred to Shrikant Bhalakia vide back office entry on 08/11/2011 | Value= Rs. 2316426.6 (Price @ NSE Rs. 3,160.20) | Value= Rs. 8888724.5 (Price @ NSE Rs. 1,212.65) | |
| 18 | 960 shares (9600 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Profile System Ltd. transferred to Shrikant Bhalakia vide rectification entry on 05/12/2011 | Value= Rs. 2739888 (Price @ NSE Rs. 2,854.05) | Value= Rs. 11641440 (Price @ NSE Rs. 1,212.65) | |
| 19 | 480 shares (4800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Jardine Fleming Int'l Mgt Inc. dematerialized by Shrikant Bhalakia vide back office entry on 16/09/2010 | Value= Rs1344336 (Price @ NSE Rs2,800.70) | Value= Rs. 5820720 (Price @ NSE Rs. 1,212.65) | |
| 20 | 500 shares (5000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI transferred to Shrikant Bhalakia vide back office entry on 10/06/2011 from folio no. - 00001493 | Value= Rs. 1550425 (Price @ NSE Rs. 3,100.85) | Value= Rs. 6063250 (Price @ NSE Rs. 1,212.65) | |



| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 21 | 432 shares (4320 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Govt. of Singapore Investment Corp.misappropriated by Shrikant Bhalakia vide back office printing entry on **22/06/2010** (and demat on 20/07/2010) | Value= Rs. 1024142.4 (Price @ NSE Rs. 2,370.70) | Value= Rs. 5238648 (Price @ NSE Rs. 1,212.65) | |
| 22 | 365 shares (3650 Post 1: 10 split on 30/07/2013) of Asian Paints Limited possibly belonging to UTI misappropriated by Shrikant Bhalakia vide back office printing entry on 01/11/2010 (and demat on 22/11/2010) | Value= Rs. 987343.25 (Price @ NSE Rs. 2,705.05) | Value= Rs. 4426172.5 (Price @ NSE Rs. 1,212.65) | |
| 23 | 500 shares (5000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by Shrikant Bhalakia vide back office printing entry on 05/01/2011 (and demat on 27/01/2011) | Value= Rs. 1440250 (Price @ NSE Rs. 2,880.50) | Value= Rs. 6063250 (Price @ NSE Rs. 1,212.65) | |
| 24 | 460 shares (4600 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI transferred to Shrikant Bhalakia vide back office rectification entry on 06/08/2011 | Value= Rs. 1407094 (Price @ NSE Rs. 3,058.90 on 05/08/2011) | Value= Rs. 5578190 (Price @ NSE Rs. 1,212.65) | |
| 25 | 450 shares (4500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited transferred vide rectification entry on 12/08/2011 to Folio no. - 00001493 (controlled by the Noticee management viz. Indira) without corresponding debit in Bhalakia's account. Hence misappropriation of some unknown investor's shares by the Noticee | Value= Rs. 1453095 (Price @ NSE Rs. 3,229.10) | Value= Rs. 5456925 (Price @ NSE Rs. 1,212.65) | Misappropriated by the Noticee |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 26 | 177 shares (1770 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by the Noticee vide Remat entry dated 16/08/2011 | Value= Rs. 577037.7 (Price @ NSE Rs. 3,260.10) | Value= Rs. 2146390.5 (Price @ NSE Rs. 1,212.65) | |
| 27 | 2994 shares (29940 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Malpine Limited misappropriated by Suresh Unavane vide back office printing entry on 29/12/2008 | Value= Rs. 2604929.70 (Price @ NSE Rs. 870.05) | Value= Rs. 36306741 (Price @ NSE Rs. 1,212.65) | Suresh is proxy of Indira/Prashant Karkera. Some of the shares and Sale proceeds being transferred to Prashant Karkera |
| 28 | 230 shares (2300 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 25/08/2011 | Value= Rs750904 (Price @ NSE Rs. 3,264.80) | Value= Rs2789095 (Price @ NSE Rs. 1,212.65) | Shares belonging to Unknown investors Ganesh And Rajesh have alleged that these are also shares transferred to them by Indira without paying any consideration. While the sale proceeds were shared with her in cash |
| 29 | 310 shares (3100 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 22/09/2011 | Value= Rs961434 (Price @ NSE Rs. 3,101.40) | Value= Rs. 3759215 (Price @ NSE Rs. 1,212.65) | |
| 30 | 250 shares (2500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 28/09/2011 | Value= Rs783525 (Price @ NSE Rs. 3,134.10) | Value= Rs. 3031625 (Price @ NSE Rs. 1,212.65) | |
| 31 | 250 shares (2500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 14/10/2011 | Value= Rs. 786600 (Price @ NSE Rs. 3,146.40) | Value= Rs. 3031625 (Price @ NSE Rs. 1,212.65) | |
| 32 | 576 shares (5760 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Kirtida Desai misappropriated by Ganesh Nimbalkar vide back office print entry on 08/11/2011 | Value= Rs. 1820275.2 (Price @ NSE Rs. 3,160.20) | Value= Rs. 6984864 (Price @ NSE Rs. 1,212.65) | Ganesh acted as front for Rajesh and they were found to be related to family of Indira. 576 Shares returned after around one year. |
| 33 | 380 shares (3800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Jacinta Desa misappropriated by the Noticee management in 2011 | Exact date not available | Value= Rs. 4608070 (Price @ NSE Rs. 1,212.65) | |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 34 | 1500 shares (15000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Chandubhai J Patel misappropriated by Chandrakant Pawar vide back office demat entry on 22/11/2011 | Value= Rs. 4431525 (Price @ NSE Rs. 2,954.35) | Value= Rs. 18189750 (Price @ NSE Rs. 1,212.65) | Chandrakant acted as front for Rajesh and they were found to be related to family of Indira. |
| 35 | 180 shares (1800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Rajesh Bhargava misappropriated by Rajesh Bhagat vide back office printing entry on 09/05/2011 | Value= Rs. 493740 (Price @ NSE Rs. 2,743.00) | Value= Rs. 2182770 (Price @ NSE Rs. 1,212.65) | Rajesh found to be related to Indira's family. |
| 36 | 329 shares (3290 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Rajesh Bhargava misappropriated by Rajesh Bhagat vide back office demat entry on 21/06/2011 | Value= Rs. 971027.05 (Price @ NSE Rs. 2,951.45) | Value= Rs. 3989618.5 (Price @ NSE Rs. 1,212.65) | |
| 37 | 177 shares (1770 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by Rajesh Bhagat vide back office rectification entry on 10/6/2011 | Value= Rs. 548850.45 (Price @ NSE Rs. 3,100.85) | Value= Rs. 2146390.5 (Price @ NSE Rs. 1,212.65) | |
| 38 | 743 shares (7430 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Canara Bank/SHCIL misappropriated by Akhil Dalal vide back office printing entry on 17/09/2009 | Value= Rs. 1013786.35 (Price @ NSE Rs. 1,364.45) | Value= Rs. 9009989.5 (Price @ NSE Rs. 1,212.65) | Akhil Dalal transferred Rs. 809955 to Nagesh and Rs. 75000 to Indira out of the sale proceeds. |
| 39 | 743 shares of some investor (7430 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by the Noticee management vide back office remat entry on 18/08/2011 though there is no corresponding debit in demat account of Akhil | Value= Rs. 2390045.25 (Price @ NSE Rs. 3,216.75) | Value= Rs. 9009989.5 (Price @ NSE Rs. 1,212.65) | Another shares siphoned to restore the shares siphoned by Akhil Dalal |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 40 | 480 shares (4800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to SHCIL misappropriated by Akhil Dalal vide back office printing entry on 07/12/2009 | Value= Rs. 802104 (Price @ NSE Rs. 1,671.05) | Value= Rs. 5820720 (Price @ NSE Rs. 1,212.65) | Akhil Dalal transferred Rs. 460000 to Nagesh out of the sale proceeds. Nagesh, a proxy of Indira, ultimately withdrawn in cash or transferred to Indira |
| 41 | 50 shares (500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor (possibly UTI) misappropriated by the Noticee vide back office rectification entry on 06/08/2011 for remat | Value= Rs. 152945 (Price @ NSE Rs. 3,058.90 on 05/08/2011) | Value= Rs. 606325(Price @ NSE Rs. 1,212.65) | Another shares siphoned to restore the shares siphoned by Akhil Dalal |
| 42 | 430 shares (4300 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by the Noticee vide back office rectification entry on 17/08/2011 | Value= Rs. 1395135 (Price @ NSE Rs. 3,244.50) | Value= Rs. 5214395(Price @ NSE Rs. 1,212.65) | |
| 43 | 50 shares (500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by the Noticee managementvide back office rectification entry on 10/11/2011 for remat | Value= Rs. 155825 (Price @ NSE Rs. 3,116.50on 09/11/2011) | Value= Rs. 606325(Price @ NSE Rs. 1,212.65) | To compensate Harsh Jhaveri |
| 44 | 334 shares (3340 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by the Noticee managementvide back office transfer entry on 31/10/2012 | Value= Rs. 1292980.8 (Price @ NSE Rs. 3,871.20) | Value= Rs. 4050251(Price @ NSE Rs. 1,212.65) | To compensate Harsh Jhaveri |
| 45 | 100 shares (1000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to LIC misappropriated by Nagesh vide back end modification entry on 17/04/2010 | Value= Rs. 132550 (Price @ NSE Rs1,325.50 on 16/04/2010) | Value= Rs. 378450 (Price @ NSE Rs378.45) | |
| 46 | 100 Bonus shares (1000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 100 sharesbelonging to LIC misappropriated by Nagesh as above | NA | Value= Rs. 378450 (Price @ NSE Rs378.45) | |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 47 | 650 shares (6500 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by Nagesh vide back end modification entry on 15/04/2010 | Value= Rs. 863817.5 (Price @ NSE Rs. 1,328.95) | Value= Rs. 2459925(Price @ NSE Rs. 378.45) | |
| 48 | 650 Bonus shares (6500 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 650 shares belonging to SHCIL misappropriated by Nagesh as above | NA | Value= Rs. 2459925 (Price @ NSE Rs378.45) | |
| 49 | 533 shares (5330 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by Shrikant Bhalakia vide back office transfer entry on 15/04/2010 | Value= Rs. 708330.35 (Price @ NSE Rs. 1,328.95) | Value= Rs. 2017138.5(Price @ NSE Rs378.45) | Sale proceeds transferred to Anand Shrikant Bhalakia who in turn paid Rs. 1125000 to Nagesh Karkera. Nagesh after receiving the funds was in turn transferring to Indira, and Satyam Brush Industries. Anand also transferred Rs. 100000/- of the ill-gotten money to his mother Dina Bhalakia. Shrikant still holding 5480 Shares of Kansai Nerolac Paints Ltd |
| 50 | 666 shares (6660 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltdbelonging to LIC misappropriated by Shrikant Bhalakia vide back office transfer entry on 15/04/2010 | Value= Rs. 885080.7 (Price @ NSE Rs1,328.95) | Value= Rs. 2520477 (Price @ NSE Rs378.45) | |
| 51 | 666 Bonus shares (6660 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 666 shares belonging to LICmisappropriated by Shrikant Bhalakia as above | NA | Value= Rs. 2520477 (Price @ NSE Rs378.45) | |
| 52 | 533 Bonus shares (5330 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 533 shares belonging to SHCIL misappropriated by Shrikant Bhalakia as above | NA | Value= Rs. 2017138.5 (Price @ NSE Rs378.45) | |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 53 | 2000 shares (20000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to Amrit Lal misappropriated by Ganesh Nimbalkar vide back office Rectification entry on 25/10/2011 | Value= Rs. 1684800 (Price @ NSE Rs. 842.40) | Value= Rs. 7569000(Price @ NSE Rs. 378.45) | Ganesh acted as front for Rajesh and they were found to be related to family of Indira |
| 54 | 1586 shares (15860 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to Amrit Lal misappropriated by Ganesh Nimbalkar vide back office Rectification entry on 10/11/2011 | Value= Rs. 1376251.5 (Price @ NSE Rs. 867.75 on 09/11/2011) | Value= Rs. 6002217(Price @ NSE Rs. 378.45) | |
| 55 | 501 shares of Phillips India Limited belonging to Indian Bank Limited misappropriated by Suresh vide Buyback on 18/09/2008 | Rs. 130260 | N.A. as unlisted | Suresh is proxy of India/Prashant Karkera. He paid Rs. 49000 to Indira on 01/10/2008 and withdrew Rs. 150000 in cash |
| 56 | 400 shares of Phillips India Limited belonging to Union Bank of India Limited misappropriated by Suresh vide Buyback on 18/09/2008 | Rs. 10400 | N.A. as unlisted | |
| 57 | 330 shares of Phillips India Limited belonging to AGF Fund Inc. misappropriated by Anil vide Buyback on 18/09/2008 | Rs. 85800/- | N.A. as unlisted | On Oct 01, 2008, Anil transferred Rs. 85000 to Mohit Karkera (son of Indira) |
| 58 | 2200 shares of Phillips India Limited misappropriated by Raju Landge vide Buyback on 20/08/2009 {1100 each belonging to RavIndira Patel (PL900244) & Jyoti Patel (PL900245)} | Rs. 532400/- | N.A. as unlisted | Raju is proxy of India/Prashant Karkera. |
| 59 | 757 shares of Phillips India Limited belonging to ILF Mauritius misappropriated by Raju Landge vide Buyback on 18/09/2008 | Rs. 196820/- | N.A. as unlisted | Raju is proxy of India/Prashant Karkera. He paid Rs. 49000 to Indira on 01/10/2008 and withdrew Rs. 150000 in cash |
| 60 | 2200 shares of Phillips India Limited belonging to 'Dev R Chaudhary misappropriated by Narayan Devadiga vide Buyback on 14/12/2009 | Rs. 532400/- | N.A. as unlisted | Narayan is proxy of India/Prashant Karkera. He transferred Rs. 450000 to Prashant Karkera and Rs. 75000to Indira |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 61 | 45000 shares (Post Bonus 3:2 and split 1:10 on Ex-Split Date & Ex-Bonus Date of 08-09-2008) of JM Financial Limited belonging to Apple Holding Development Limited. misappropriated by Anil Jathan vide Demat on 12/04/2010 | Value= Rs. 1777500 (Price @ NSE Rs. 39.50) | Value= Rs. 3242250(Price @ NSE Rs. 72.05) | Sold the shares in market |
| 62 | 95000 shares (Post Bonus 3:2 and split 1:10 on Ex-Split Date & Ex-Bonus Date of 08-09-2008) of JM Financial Limited belonging to Crystal Securities Pvt. Ltd.misappropriated by Suresh Unavane vide Demat on 12/04/2010 | Exact date not available | Value= Rs. 6844750(Price @ NSE Rs. 72.05) | Suresh is proxy of India/Prashant Karkera. Still holding the shares |
| 63 | 10 shares of Navin Fluorine International Ltd. belonging to Suresh D Shah misappropriated by Suresh Unavane vide back end modification entry on 20/07/2006 | Value= Rs. 2075.5 (Price @ BSE Rs. 207.55) | Value= Rs. 2,3384.5(Price @ NSE Rs. 2,338.45) | |
| 64 | 1000 shares of Navin Fluorine International Ltd. belonging to UTI misappropriated by Pradeep Rathod vide back office rectification entry on 03/04/2006 | Value= Rs. 303000 (Price @ BSE Rs. 303.00) | Value= Rs. 2,338450(Price @ NSE Rs. 2,338.45) | Mr. Rathod paid Rs. 3,78,300 to Indira |
| 65 | 1500 shares of Navin Fluorine International Ltd. belonging to UTI misappropriated by Chetan M. Shah vide back office entry on 30/04/2012 | Value= Rs. 564900 (Price @ BSE Rs. 376.60) | Value= Rs. 3507675(Price @ NSE Rs. 2,338.45) | |
| 66 | 2450 shares of Navin Fluorine International Ltd. belonging to UTI attempted to misappropriated by Chetan M. Shah vide back office entry on 15/05/2012 | Value= Rs. 997150 (Price @ NSE Rs. 407.00) | Value= Rs. 3507675(Price @ NSE Rs. 2,338.45) | Attempt only. Still held in the folio controlled by the Noticee |
| 67 | 1 shares of Navin Fluorine International Ltd. given to Lalit Doshi by the Noticee through misappropriationfrom the shares of UTI vide back office rectification entry on 30/04/2010 | Value= Rs. 330.80 (Price @ BSE Rs. 330.80) | Value= Rs. 2338.45(Price @ NSE Rs. 2,338.45) | |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 68 | 13 shares of Navin Fluorine International Ltd. attempted misappropriated by the Noticee management by transfer from the shares of UTI vide back office rectification entry on 30/04/2010 and then reverted back on 15/05/2010 | Value= Rs. 4300.4 (Price @ BSE Rs. 330.80) | Value= Rs. 30399.85 (Price @ NSE Rs. 2,338.45) | |
| 69 | 30 shares of Navin Fluorine International Ltd. belonging to Virbala Shah error in processing by the Noticee management and transferred to Sanjeev Upadhyay in 2004 | Exact date not available | Value= Rs. 70153.5(Price @ NSE Rs. 2,338.45) | |
| 70 | 30 shares of Navin Fluorine International Ltd. given to Virbala Shahto meet her claim through misappropriation by the Noticee and Indira from the shares of UTI on 20/04/2010 | Value= Rs. 10249.5 (Price @ NSE Rs. 341.65) | Value= Rs. 70153.5 (Price @ NSE Rs. 2,338.45) | |
| 71 | 270 shares (70 of folio R14439, 100 each of folio R18516 and folio R19545) of Apple Finance Ltd. misappropriated By Indira through Raju Landge during 2000 | Value= Rs1487.7 (Average Close Price @ BSE during 2000-01 Rs. 5.51) | Value= Rs. 845.1(Price @ BSE Rs. 3.13) | |
| 72 | 48 shares (24 each of folio 0178892 and folio 1788922) of Aptech Limited (Code-ATAT) misappropriated by Indira through Raju Landge | Exact date not available | Value= Rs. 7893.6(Price @ NSE Rs. 164.45) | |
| 73 | 10980 shares of Aptech Limited (Code-ATAT) belonging UTI "India Fund Unit Scheme 1986" misappropriated by Indira/Prashant Karkera/Govind Raj Rao through Suresh Unavane on system modification entry dated 08/12//2006 | Value= Rs. 1649745 (Price @ NSE Rs. 150.25) | Value= Rs. 1805661(Price @ NSE Rs. 164.45) | Suresh is proxy of India/Prashant Karkera. He transferred 7500 shares to Prashant Karkera. Sale proceeds also transferred to Prashant Karkera. |
| 74 | 4152 shares of Aptech Limited (Code-ATAT) belonging to The Oriental Insurance Co. misappropriated by Pradeep Rathod on 19/01/2006 | Value= Rs. 547441.2(Price @ NSE Rs. 131.85) | Value= Rs. 682796.4(Price @ NSE Rs. 164.45) | Pradeep Rathod paid Rs. 200000 and Rs. 382572 to Raju Landge. |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 75 | 13840 shares (27680 Post 1:1 Bonus on 24/02/2011) of Hexaware Technologies Limited belonging to The Oriental Insurance Co. misappropriated by Pradeep Rathod on 19/01/2006 | Value= Rs. 1775672(Price @ NSE Rs. 128.30) | Value= Rs. 5130488(Price @ NSE Rs. 185.35) | Pradeep transferred Rs. 1780144 to Raju Landge who in turn transferred to Indira and other entities related to Indira or withdrawn in cash |
| 76 | 320 shares (160 each from folio no 01788892 and 01788922) of Hexaware Technologies Limited misappropriated by Indira through Raju Landge | Exact date not available | Value= Rs. 59312(Price @ NSE Rs. 185.35) | |
| 77 | 9500 shares (19000 Post 1:1 Bonus on 24-02-2011) of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Pradeep Rathod by printing entry dated 03/07/2006 | Value= Rs. 1272050 (Price @ NSE Rs. 133.90) | Value= Rs. 3521650(Price @ NSE Rs. 185.35) | Pradeep Rathod transferred Rs. 1695510 to Anil Jathan who transferred almost all the amount to Indira |
| 78 | 10000 shares (20000 Post 1:1 Bonus on 24-02-2011) of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986"misappropriated by Indira/Prashant Karkera through Suresh Unavane by printing entry dated 03/07/2006 and demat on 09/01/2007 | Value= Rs. 1339000(Price @ NSE Rs. 133.90) | Value= Rs. 3707000(Price @ NSE Rs. 185.35) | Suresh is proxy of India/Prashant Karkera. He transferred 6000 shares to Prashant Karkera. Sale proceeds also transferred to Prashant Karkera. |
| 79 | 17100 shares of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Indira/Prashant Karkera through Suresh Unavane on 29/06/2006 and still held in the folio | Value= Rs. 2250360 (Price @ NSE Rs. 131.60) | Value= Rs. 3169485 (Price @ NSE Rs. 185.35) | Suresh is proxy of India/Prashant Karkera. |
| 80 | 17100 Bonus shares of HexawareTechnologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Indira/Prashant Karkera through Nagesh Karkera by printing entry dated 03/07/2006 and demat on 15/04/2011 | Value= Rs. 2289690(Price @ NSE Rs. 133.90) | Value= Rs. 3169485 (Price @ NSE Rs. 185.35) | Nagesh is proxy of India/Prashant Karkera. |

| Sr No | Securities misappropriated by Transferred to | Value of the Securities as on date of Siphoning | Value of the Securities as on October 10, 2016 | Remarks |
|---|---|---|---|---|
| 81 | 2285 Bonus shares of Hexaware Technologies Limited misappropriated by Indira/Prashant Karkera through allotment to Nagesh Karkera from Folio No. - 02753537 (Canara Bank Trustee Canbank Mutual Fund) on 15/04/2011 | Value= Rs. 305961.5 (Price @ NSE Rs. 133.90) | Value= Rs. 423524.75 (Price @ NSE Rs. 185.35) | |
| 82 | 3920 Bonus shares of Hexaware Technologies Limited misappropriated by Indira/Prashant Karkera through allotment to Nagesh Karkera from Folio No. - 02753847 (Canara Bank Trustee Canbank Mutual Fund) on 15/04/2011 | Value= Rs. 524888 (Price @ NSE Rs. 133.90) | Value= Rs. 726572 (Price @ NSE Rs. 185.35) | |
| 83 | 435 shares (2610 shares Post 1:1 bonus on October 2006, 1:1 bonus on October 2008 and 1:2 Bonus onJuly 2013) of Larson & Toubro Ltd. belonging to Pangal Nayakmisappropriated vide demat entry on 16/08/2006 by G.R.Rao, with help from Ratnakar Loku Poojary, Sunanda Jathan and Dayanand Jathan | Value= Rs. 1035996 (Price @ NSE Rs. 2,381.60) | Value= Rs. 3784500 (Price @ NSE Rs. 1,450) | G.R Raois the ultimate beneficiary |
| 84 | 720 shares of WILO Mather and Platt Pumps Ltd. misappropriated by Satyam Brush (Prashant Karkera) and offered in Exit offer at Rs. 198000/- | 198000/- | NA | |
| 85 | 700 shares of Artson Engineering Limited belonging to unknown investor misappropriated by Anil Jathan by demat entry dated 13/04/2007 | Value = Rs. 29645 (Price @ NSE Rs. 42.35) | Value= Rs. 38605(Price @ NSE Rs. 55.15) | |

**Total Value of the Securities as on October 10, 2016 = Rs. 60,45,74,718.15/-(approx.)**

(It may be noted that in certain matters the valuation of securities could not be done due to reasons such as securities subsequently delisted, shares sold before bonus issue etc.)

471. **Lack of record maintenance at Warehouse of the Noticee**

As the Noticee was not providing any supporting documents for the transactions reflected in thethe Noticee Systems, Investigation Team visited the warehouse of the Noticee and to ascertain the state of affairs, documents w.r.t. sample of certain transaction under investigation were sought. SEBI observed that normally any record coming into the warehouse and any record given to office are recorded in the registers along with challan but it was explained by staff that Buy back documents of Phillips India Limited for the year 2008-09 which are kept in the warehouse are still not entered in any inward register. Further, it was explained that there is no outward record for any documents w.r.t. the same as no document has been called back from the Noticee office. SEBI observed that in the complete bunch of documents there was no available documents/record w.r.t. buy back of shares w.r.t. folio no. - PG030890, PL046802 (and other folios) which were being investigated. Further, no record was found at the warehouse for Folio-26013748 of NFIL w.r.t. transfer No. - 748 (inward no 28550) and Transfer No. - 749 (inward no. - 28551) dated 15/05/2012. The transfer record for just before and after the above mentioned transfers serial no. was there in the records but not for the mentioned one. Further the inward register and the heading of the bounded document which supposed to contain the said transfer documents mention the availability of the record in warehouse. There was no outward entry for the said documents. The above was also observed in case of transfer no 721 (Folio No. - 26013730, Navin Fluorine International limited). The above facts were also recorded in the statement of warehouse in-charge Mr. Arun Shinde and Mr. Subhash Yadav. The above facts were also brought to the notice of G.R Raowho admitted the same (G.R Raostatement dated February 15, 2016; **Annexure-SR11**). Investigation

could not locate even the files w.r.t. the many other transaction under investigation. In view of the above it is alleged that the records and documents are not being maintained properly. It is also alleged that either the documents in transactions under investigation are being removed in a very suspicious manner or investigation is not allowed to have hands on the same. Therefore, there is lack in exercising proper due skill, care and proper due diligence and the Noticee has not maintained high standards of integrity in the conduct of its business and has not fulfilled its obligations in a prompt, ethical and professional manner. In view of the above later various summons were issued tothe Noticee asking for detailed information/explanation, documents w.r.t. each transaction however it is alleged that the Noticee failed to comply with the said summons.

472. **NON COMPLIANCE WITH SUMMONS**

**Noticee through G.R.Rao (MD of Noticee)**

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG1 | All Summons again issued. Hand Delivered to Sharepro office on Nov 04, 2011. |
| 04/11/2016 | MIRSD2/DB/LS/SSIL/30325/16 | Annexure-SG2 | All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18534/2016 | Annexure-SG3 | Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No-17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016 |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/18503/2016 | Annexure-SG4 | Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R.Rao is not in charge of day to day operations of Sharepro and was not aware of any such transfers. The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent. |
| 04/07/2016 | MIRSD2/DB/SD/SSIL/ | Annexure-SG5 | Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016. |

| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| | 18631/2016 | | |
| 20/06/2016 | MIRSD2/DB/SD/17532/2016 | Annexure-SG6 | Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address |
| 29/04/2016 | MIRSD2/LS/2016/12527 | Annexure-SG7 | Documents and explanations w.r.t. dividend siphoned by entities |
| 12/04/2016 | MIRSD2/LS/2016/10903 | Annexure-SG8 | Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs 300,000/- in his own bank account by cheque no-807055 in the matter of Aptech Limited and other transactions in his bank accounts |
| 17/03/2016 | Hand Delivery | Annexure-SG9 | Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, MahIndira Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R.Rao sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016 |
| 10/03/2016 | MIRSD2/DB/OW/2016/7158 | Annexure-SG10 | Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016. |
| 09/03/2016 | MIRSD2/OW/P/2016/6970 | Annexure-SG11 | Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016. |
| 08/03/2016 | MIRSD2/DB/SD/SSIL/6940/2016 | Annexure-SG12 | Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited |
| 29/02/2016 | MIRSD2/OW/2016/6099 | Annexure-SG13 | Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted |
| 17/02/2016 | Hand delivery | Annexure-SG14 | Complied w.r.t. Point No-1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided. |
| 12/02/2016 | Hand Delivery to G.R.Rao on 15/02/16 | Annexure-SG15 | Regarding transactions in Asian Paints Limited |
| 07/12/2015 | Hand delivered | Annexure-SG16 | Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied. |



| Date | Summons No | Annexure No | Remarks |
|---|---|---|---|
| 04/12/2015 | Hand delivered | Annexure -SG17 | Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information |

473. In view of the above it is alleged that:

| Sr No | Name of the Entity | Nature of Violations | Applicable Regulatory provisions/Comments |
|---|---|---|---|
| | A | B | C |
| 1 | **Sharepro Services (I) Pvt. Ltd.** | 1. Committed Fraud,<br>2. Falsification of records,<br>3. Facilitating fraudulent and unauthorized transfers,<br>4. Settling/ attempting to settle claim of investors through misappropriation,<br>5. Failure to do due diligence,<br>6. Non-maintenance of proper records,<br>7. Destruction of records,<br>8. Not following due procedures,<br>9. Non redressal of investor grievance promptly,<br>10. Attempt to Mislead<br>11. Non-cooperation with SEBI Investigation,<br>12. Non-compliance with summons,<br>13. False and misleading statements to IA | 1. Section 12 A (a) (b) (c) of SEBI Act, 1992, Regulation 2 (1) (c), 3 (b) (c) (d), 4 (1) & (2) (p) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 for point no 1 to 4 (of column B).<br><br>2. Clauses (1),(2), (3), (5), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 {"RTA" Regulations"}, Regulation 9 (A) (e) & (f), Regulation 6 (g) and Regulation 14 (3) (b) & (c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001 for point no 5 to 13 (of column B).<br><br>3. Section 11C(2) and 11C (3) of SEBI Act , 1992 for point no. 11 to 13 (of column B). |

474. In view of the above with respect of Enquiry Proceedings, the Noticee is called upon to show cause as to why an appropriate recommendation should not be made against it as prescribed under provisions of Section 12 (3) of SEBI Act, 1992, Regulation 23 of the SEBI (Intermediaries) Regulations, 2008 read with Regulation 22 of "RTA Regulations" for the alleged irregularities in case of Sharepro while dealings with the share of shareholders.

475. The Noticee shall submit the reply to the Show Cause Notice supported by such documentary evidence, which they may like to adduce in support of the reply in 21 days from the date of receipt of this notice by them, failing which the matter shall be proceeded on the basis of the material/ facts available on record. Further, a soft copy of the reply may also be sent via email at prasantam@sebi.gov.in and niveshs@sebi.gov.in. In case no reply is received from the Noticee within the prescribed time mentioned above, it would be presumed that Noticee has no submissions to make and the matter shall be proceeded with on the basis of material / facts on record. A copy of PAN Card, contact details (contact person, phone number, email details, fax etc.) of the Noticee may also be submitted along with the reply. The Noticee may also indicate whether it desires a personal hearing in the matter.

**Securities and Exchange Board of India**
**4th Floor, Plot No. C-7, 'G' Block,**
**Bandra- Kurla Complex,**
**Bandra (E), Mumbai– 400 051**

476. The Noticee is advised to provide copies of its PAN and email id and also to keep the undersigned informed about the change in its correspondence address, if any, till the proceedings are completed.

**PRASANTA MAHAPATRA**
**ADJUDICATING OFFICER**

**Encl: All the relevant documents has been furnished as annexures to SCN in a Compact Disk**