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EAD-6/BM/JR/ /2012
June 12, 2012
SPAD

Aim Multitrade Company Pvt Ltd H-157, Dr Babasaheb Ambedkar Nagar, S M Road, Kokari Agar, Sion Koliwada, **Mumbai - 400037**	**Niti Mercantile Company Private Ltd** H-157, Dr Babasaheb Ambedkar Nagar, S M Road, Kokari Agar, Sion Koliwada, **Mumbai - 400037**	**Prajay Trading Company Pvt Ltd** H-157, Dr Babasaheb Ambedkar Nagar, S M Road, Kokari Agar, Sion Koliwada, **Mumbai - 400037**
Highzone Trading Company Pvt Ltd H-157, Dr Babasaheb Ambedkar Nagar, S M Road, Kokari Agar, Sion Koliwada, **Mumbai - 400037**	**Hiren Trading Company Pvt Ltd** H-157, Dr Babasaheb Ambedkar Nagar, S M Road, Kokari Agar, Sion Koliwada, **Mumbai - 400037**	**Laksh Mercantile Private Ltd** H-157, Dr Babasaheb Ambedkar Nagar, S M Road, Kokari Agar, Sion Koliwada, **Mumbai - 400037**
Maginot Trading Company Pvt Ltd 58 - Maharashtra Bhavan, 4th Flr., Bora Masjid Street, Fort, **Mumbai- 400 001**	**Montreal Trading Company P Ltd** H-157, Dr Babasaheb Ambedkar Nagar, S M Road, Kokari Agar, Sion Koliwada, **Mumbai - 400037**	**Newtree Mercantile Co P Ltd** H-157, Dr Babasaheb Ambedkar Nagar, S M Road, Kokari Agar, Sion Koliwada**,** **Mumbai - 400037**

Notice under Rule 4 (1) of SEBI (Procedure for Holding Inquiry and imposing Penalties by Adjudicating Officer) Rules, 1995 in the matter of The Bank of Rajasthan Ltd.

1. The undersigned has been appointed as Adjudicating Officer, vide Order dated January 25, 2012 (**Annexure – I**) under section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **"SEBI Act"**), to inquire into and

adjudge the alleged violations of the provisions of , SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) regulations, 2003 (hereinafter referred to as **"PFUTP"**) and SEBI Act by you as observed during the examination conducted into the affairs of Bank of Rajasthan Ltd. (hereinafter referred to as "**BoR**").

2. SEBI conducted investigations in the matter of BoR and its findings are given below.

3. As on December 31, 2009 the issued capital of BoR was 16,13,50,093 equity shares of ₹ 10 each. The following were the directors of BoR as on December 31, 2009:

Directors of BoR:

Name of directors	Designation
Sanjay Kumar Tayal	Director
K N Bhandari	Director
Megh Raj Calla	Director
P N Bhandari	Director
Ved Prakash Khurana	Director
Pran M Aggarwal	Director
Vipul Dhirajlal Mehta	Director
K G Kurian	Director
Nitin Narotamdas Goel	Director
Dharinder Kumar Tayal	Director
Salil Kapoor	Director
Shekhar Bhatnagar	Director (Nominee RBI)
A Madhavan	Director (Nominee RBI)
M. Ravindra Vikram	Additional Director
V Seshadri	Additional Director
G Padmanabhan	Managing Director and CEO

4. The promoter group of BoR led by Mr. Pavin Kumar Tayal along with some companies which were related to the Tayal group, by way of their continuous disclosure publicly announced that their stake had come down from 44.18% as on quarter ending June 2007 to 28.61% as on quarter ending December 2009. However, it was alleged, though as per disclosure, their holding seemed to have reduced, but in reality, the holding of the promoters (controlled by the Tayal group) actually increased as the holding of Yadav and Silvassa groups in BoR which was

made by and large from the funds received from the promoters and Tayal groups. The shareholding was observed to have increased from 44.71% for the quarter ended June 2007 to 60% for the quarter ended June 2008 and stood at 55.01% for the quarter ended December 2009. While the promoters conveyed the impression that they were reducing their shareholding, they did not dilute their controlling stake in BoR. On the contrary they were alleged to have actually increased their shareholding in a deceptive and fraudulent manner with the active collusion with their front entities viz: the Tayal, Yadav and Silvassa group entities. The Table below indicates the actual shareholdings of the related groups together from the quarter ended June 2007 to December 2009.

Shareholding of all groups together

Entity	***% shareholding for quarter ending***										
	Jun 2007	***Sep 2007***	***Dec 2007***	***Mar 2008***	***Jun 2008***	***Sep 2008***	***Dec 2008***	***Mar 2009***	***Jun 2009***	***Sep 2009***	***Dec 2009***
Promoters (12 entities)	44.18	43.97	42.11	37.48	37.48	37.48	37.48	33.88	30.55	28.61	28.61
Yadav (19 entities)	0.00	0.94	11.69	17.73	16.06	15.89	14.88	12.71	12.71	8.02	0.00
Silvassa (34 entities)	0.53	3.29	1.86	1.86	6.46	6.46	6.46	11.06	11.06	17.51	26.40
Total	**44.71**	**48.20**	**55.66**	**57.07**	**60.00**	**59.83**	**58.82**	**57.65**	**54.32**	**54.14**	**55.01**

5. The following entities have been categorized as Promoter group companies of BoR *(Source: letter dated 16/07/2007 submitted by BoR to BSE)* **(Annexure 2)**.

   (i) 21st Century Entertainment Pvt. Ltd.
   (ii) Ahmednagar Investments Pvt. Ltd.
   (iii) Cumballa Hill Property Developers Pvt. Ltd.
   (iv) Cyber Info Zeeboomba.com Ltd.
   (v) Cyber Infosystem & Technologies Ltd.
   (vi) Pravin Kumar Tayal
   (vii) EDC Securities Pvt. Ltd.
   (viii) Giriganga Investment Pvt. Ltd.
   (ix) Global Softech Pvt. Ltd.
   (x) Sumander Property Developers Pvt. Ltd.
   (xi) Ginger Clothing Pvt. Ltd.(*)
   (xii) Sovotex Textile Pvt. Ltd.(*)

6. **Tayal Group :**

Tayal family consists of Pravin Kumar Tayal, Sanjay Kumar Tayal, Navin Kumar Tayal and Saurabh Pravin Tayal, where Pravin , Sanjay and Navin are brothers and Saurabh is a son of Pravin Tayal. Tayal group of companies are also known as Krishna Group of companies (tayalgroup.com). From the websites of the stock exchanges, capital line (www.capitaline.com), Ministry of Corporate Affairs and on a search through 'Google' (www.google.com), the following companies were found to be the group companies of Krishna Group, which are promoted by the Tayal family, are termed as 'Tayal' Group.

(i) Bank of Rajasthan Ltd. – a listed company
(ii) Jaybharat Textile and Real Estate Limited (JTREL) - a listed Company
(iii) Eskay K 'n'IT (India) Limited - a listed Company
(iv) KSL and Industries Limited (KSLIL) - a listed Company
(v) Krishna Knitwear Technology Limited (KKT) – unlisted company
(vi) Jayshree Petrochemicals Pvt. Ltd.
(vii) Megna Developers Pvt. Ltd.
(viii) Praneta Properties Pvt. Ltd.
(ix) Praneta Reality Pvt. Ltd.
(x) K-Lifestyle and Industries Limited (previously known as Krishna Lifestyle Technologies Ltd)

7. The details of relationship of entities of Promoter group with Tayal group and of entities within Tayal group are given in **Annexure 3.**

8. **Silvassa Group:**

The following 45 companies are catagorised under **Silvassa group**:

Sr.No	Name of the entities	Sr.No	Names of the entities
1	Acrow Constructions Pvt Ltd	24	Everlon Estate Private Limited
2	Acrow Realcon Pvt Ltd	25	Everlone Machinery Private Limited
3	Ador Construction Private Limited	26	Expro Constructions Pvt Ltd
4	Allcon Estate Private Limited	27	Hanuman Cultivation Private Limited
5	Alpha (India) Properties Ltd	28	Hikal Pro-Estate Pvt Ltd
6	Anil Kumar Dubey	29	Jyoti Harvesting Pvt Ltd
7	Avera Engineering Private Limited	30	Kanishka Infrastructure Private Limited
8	Avera Machinery Private Limited	31	Omkar Cultivators Pvt Ltd
9	Avera Properties Private Limited	32	Siddhi Cultivation Private Limited
10	Avery Procon Pvt Ltd	33	Sukh-Suvidha Real Estate Ltd
11	Avon Realcon Private Limited	34	Uday Plantation Private Limited
12	Axon Realpro Private Limited	35	Ennore Procon Pvt. Ltd.

13	Axtel Properties Pvt Ltd	36	Cupid Estatecon Pvt. Ltd.
14	Badal Realty Private Ltd	37	Karan Conpro Pvt. Ltd.
15	Bodal Conpro Private Ltd	38	Calcom Realty Pvt. Ltd.
16	Capman Conpro Private Ltd	39	Shankar Commodities Pvt. Ltd.
17	Charms Holding Private Limited	40	Shreenath Harvesting Pvt. Ltd.
18	Conart Conpro Private Limited	41	Bajrang Farming Pvt. Ltd.
19	Cubex Constructions Pvt Ltd	42	Ennor Engineering Pvt. Ltd.
20	Dulron Procon Pvt Ltd	43	Carnat Estates Pvt. Ltd.
21	Elnet Conpro Private Limited	44	Amex Infrastructure Pvt. Ltd.
22	Elpro Machinery Private Limited	45	Carnes Real Estate Pvt. Ltd.
23	Envair Realty Private Limited		

9. The entities which have been included in 'Silvassa Group' are those companies which have common directors (**Annexure 4**) and having the following addresses.
    - Flat No.xxx, Silver Park, Plot No. 5 of Survey No. 6, Vanmali Park, Silvassa-Khanvel Main Raod, Samarvani, Silvassa – 396230 or
    - H.No. xxx/x, Survey No. 75/3P, Tokarkhada, Silvassa-Khanvel Main Road, Samarvani, Silvassa – 396230 or
    - Flat No. xxx, Gurudev Complex phase - I /II /III, Silvassa - 396230

10. **Yadav Group**

The following 35 companies are catagorised under **Yadav group**:

Sr. No	Name of the entities	Sr. No	Names of the entities
1	Aim Multitrade Company Pvt Ltd	19	Palaash Construction Pvt Ltd
2	Akshar Mercantile Pvt Ltd	20	Prajay Trading Company Private Limited
3	Anoop Multitrade Private Limited	21	Punit Mercantile Pvt Ltd
4	Anshul Mercantile Private Limited	22	Real Star Trading Company P Ltd
5	Beta Trading Private Limited	23	Sarveshwara Trading Company Pvt Ltd
6	Colorshop Trading Company Private Ltd	24	Sea View Trading Company P Ltd
7	Everframe Trading Co P Ltd	25	Seaview Multitrade Company Private Limited
8	Geonet Trading Company Private Ltd	26	Skyview Trading Company Private Ltd
9	Highzone Trading Company Private Limited	27	Starview Constructions Private Limited
10	Hiren Trading Company Pvt Ltd	28	Starview Mercantile Co Pvt Ltd

11	Infinite Mercantile Company Private Limited	29	Sulochana Mercantile Private Ltd
12	Inorbit Trading Company Pvt Ltd	30	Superfine Trading Company Private Limited
13	Laksh Mercantile Private Ltd	31	Superhouse Trading Company Private Limited
14	Madan Multitrade Pvt Ltd	32	Topcare Constructions Private Limited
15	Maginot Trading Company Private Limited	33	Topcare Trading Company P Ltd
16	Montreal Trading Company P Ltd	34	Vinay Mercantile Pvt Ltd
17	Newtree Mercantile Co P Ltd	35	Watergate Mercantile Company P Ltd
18	Niti Mercantile Company Private Ltd		

11. The entities which have been included in 'Yadav Group' are those companies having common directors (**Annexure 5**) and having the following addresses :

- H 157, Dr Babasaheb Ambedkar Marg, S M Road Kakari Agar, Sion Koliwada, Mumbai (this is the address of those entities, where the directors are Shri Girish Chandra Yadav and Ms. Sangeeta Jairam Sawant) or
- Block No 2, 3rd Floor, Abbas Manzil Opp. Cigarette Factory, Chakala, Andheri (East), Mumbai. or
- 58 Maharashtra Bhavan, Golibar 6th Road, Santacruz (East), Mumbai 4th Floor, Bora Masjid Street, Fort, Mumbai-1.

12. The relationship of Silvassa group companies with Yadav group companies on the basis of common address, common directors, direct payment to brokers on behalf of the entity and off-market transfer of shares within groups are given below:

Promoter /Tayal /Yadav group companies	**Number of Silvassa group companies connected on the basis of**
	Off-market transfer (source : Data from CDSL and NSDL)
YADAV GROUP COMPANIES 18 Yadav companies (transferor)	31

13. It was noted that certain Tayal group and Promoter group companies had made off-market transfer of shares to various Yadav group companies which was subsequently transferred in off-market to Silvassa group companies.

14. It was also observed that on numerous occasions some Tayal and promoter group companies transferred and layered the funds within two or three Yadav group companies and finally paid to the brokers as a consideration for purchase of shares from market.

15. The relationship of Yadav group companies with promoter/Tayal/Silavassa group companies on the basis of fund transfer, direct payment to brokers on behalf of the entity and off-market transfer of shares within groups, are given below:

Promoter /Tayal /Silvassa group companies	**Number of Yadav group companies connected on the basis of**		
	Fund transfer (Source : Data from RBI's AFIR)	**Direct payment to broker on behalf of the entity** (source : Data received from Brokers and Banks)	**Off-market transfer** (source : Data from CDSL and NSDL)
PROMOTER COMPANIES			
21st Century Entertainment Pvt. Ltd.	-	3	-
Global Softech Pvt. Ltd.	6	-	3
Cyber Infosystems and Technologies Ltd.	-	3	-
Cyber Zeeboomba.com Ltd.	-	2	-
TAYAL COMPANIES			
Jaybharat Textile and Real Estate Ltd.	3	-	-
Megna Developers Pvt. Ltd.	1	1	1
Praneta Properties Pvt. Ltd.	-	-	1
Praneta Reality Pvt. Ltd.	-	-	1
Krishna Kintwear Technologies Ltd.	6	4	-
KSL and Industries Ltd.	7	1	-
Jayshree Petrochemicals Pvt. Ltd.	-	-	2
Eskay K 'n' It (India) Ltd.	6	-	-
K-Lifestyle and Industries	-	2	-

Ltd. (previously known as Krishna Lifestyle Technologies Ltd.)			
Hotline Textile and Infrastructure Pvt. Ltd.	-	2	-
Jyotsana Developers Pvt. Ltd.	-	1	-
SILVASSA GROUP COMPANIES			
31 Silvassa companies (transferee)	-	-	18
Axon Realpro Pvt. Ltd.	-	1	-
Brescon Infra Pvt. Ltd.	-	1	-

The relationship of the promoters with the members of Tayal, Yadav and Silvassa group entities in the form of share transfers, fund transfers, payments made etc. are given in **Annexure 6, 7, 5 and 8.**

16. The above relationship and their acquisition /transfer /dealing in shares along with layering of funds within groups including direct payment to brokers to acquire shares of BoR from market, indicated a common objective and substantial acquisition of shares of the groups to hold control over BoR. Thus, these groups viz. Promoter, Tayal, Yadav and Silvassa Groups are termed as PAC (Persons Acting in Concert) as per Regulation 2 (1) (e) of SAST Regulations.

17. The shareholding of the promoters of BoR was examined for each quarter from June 2007 to December 2009. It was observed that the promoter's holding in BoR as disclosed publicly on the stock exchange website and in accordance with the listing agreement, appears to be declining as given in Table below:

Promoter's shareholding as disclosed

Sr.	***Promoter Entity***	***% Shareholding for quarter ending***										
		Jun 2007	***Sep 2007***	***Dec 2007***	***Mar 2008***	***Jun 2008***	***Sep 2008***	***Dec 2008***	***Mar 2009***	***Jun 2009***	***Sep 2009***	***Dec 2009***
1.	21st Century Entertainment Pvt. Ltd.	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.66	4.66	4.66	4.66
2.	Ahmednagar Investments Pvt. Ltd.	2.97	2.76	1.86	1.86	1.86	1.86	1.86	1.78	1.78	1.78	1.78

Sr.	Promoter Entity	% Shareholding for quarter ending										
		Jun 2007	Sep 2007	Dec 2007	Mar 2008	Jun 2008	Sep 2008	Dec 2008	Mar 2009	Jun 2009	Sep 2009	Dec 2009
3.	Cumballa Hill Property Developers Pvt. Ltd.	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.86	3.86	3.86	3.86
4.	Cyber Info Zeeboombia.com. Ltd.	4.03	4.03	4.03	4.03	4.03	4.03	4.03	3.96	3.96	3.96	3.96
5.	Cyber Infosystem and Technologies Ltd.	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.59	4.59	4.59	4.59
6.	Pravin Kumar Tayal	0	0	0	0	0	0	0	0	0	0	0
7.	EDC Securities Pvt. Ltd.	4.53	4.53	4.53	4.53	4.53	4.53	4.53	4.45	4.45	4.45	4.45
8.	Ginger Clothing Pvt. Ltd.	3.72	3.72	3.72	3.72	3.72	3.72	3.72	0.62	0	0	0
9.	Giriganga Investments Pvt. Ltd.	2.66	2.66	1.7	1.7	1.7	1.7	1.7	1.65	1.65	1.65	1.65
10.	Global Softech Pvt. Ltd.	4.63	4.63	4.63	0	0	0	0	0	0	0	0
11.	Sovotex Textiles Pvt. Ltd.	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	1.94	0	0
12.	Sumander property Development Pvt. Ltd.	3.72	3.72	3.72	3.72	3.72	3.72	3.72	3.66	3.66	3.66	3.66
Total		***44.18***	***43.97***	***42.11***	***37.48***	***37.48***	***37.48***	***37.48***	***33.88***	***30.55***	***28.61***	***28.61***

18. From the above table, it was observed that the total promoter shareholding reduced by 15.57%, i.e. from 44.18% in June 2007 to 28.61% in December 2009. Holdings of all promoter entities reduced but the major reduction was observed in the shareholding of, Global Softech Pvt. Ltd. (4.63%), Sovotex Textile Pvt. Ltd. (4.65%) and Ginger Clothing Pvt. Ltd. (3.72%). All these three entities sold their entire stake of BoR and collectively accounted for 13% reduction in the shareholdings.

19. It was observed during investigation that except Ahmednagar Investments Pvt. Ltd., who sold 0.21% (2,19,800) shares in market, remaining all promoter entities transferred their shares in off-market to Silvassa and Yadav group companies, the details of which are as below.

20. Global Softech Pvt. Ltd. held total 62,26,800 shares (4.63%) as on 03/11/2007. It transferred all the shares in off-market to Yadav group entities on 25/03/2008 and 26/03/2008.

Sr. No.	Name of entities	No of shares transferred

1	Niti Mercantile Company Pvt. Ltd.	22,76,898
2	Seaview Multitrade Company Pvt. Ltd.	14,75,649
3	Sulochana Mercantile Pvt. Ltd.	24,74,253
	Total	**62,26,800**

Further the above mentioned three Yadav group companies transferred these shares to various other Silvassa and Yadav group companies in off-market as shown in **Annexure 9 and 10**.

21. Sovotex Textile Pvt. Ltd., (address given is same as that of Tayal /Promoter group entity) wherein Shri Navin Kumar Tayal was appointed as authorized person to execute share market deals on behalf of the company, held 75 lakh shares (4.65%) in physical form. It transferred all the shares in off-market to 107 entities. Out of 75 lakh shares, 71.05 lakh are transferred to below mention six Silvassa group entities (having same address to that of other Silvassa group companies) for total consideration of ₹2,202.55 lakh.

Sr. No.	**Name of entities (transferee)**	**No of shares (in lakh)**	***Consideration amount (₹ In lakh)**
1	Shreenath Harvesting Pvt. Ltd.	12.50	387.50
2	Bajrang Farming Pvt. Ltd.	15.62	484.22
3	Ennor Engineering Pvt. Ltd.	15.63	484.53
4	Carnat Estates Pvt. Ltd.	12.50	387.50
5	Amex Infrastructure Pvt. Ltd.	04.80	148.80
6	Carnes Real Estate Pvt. Ltd.	10.00	310.00
	Total	**71.05**	**2,202.55**

22. Ginger Clothing Pvt. Ltd. (address given is same to that of Tayal /Promoter group entity) held 60 lakh shares (3.72%) in physical form. It transferred all the shares in off-market to below mentioned five Silvassa group entities (having same address to that of other Silvassa group companies) for total consideration of ₹ 1,910 lakh.

Sr. No.	**Name of entities (transferee)**	**No of shares (in lakh)**	***Consideration amount (₹ In lakh)**
1	Ennore Procon Pvt. Ltd.	12.48	399.36
2	Cupid Estatecon Pvt. Ltd.	12.61	403.52
3	Karan Conpro Pvt. Ltd.	12.44	398.08
4	Calcom Realty Pvt. Ltd.	12.47	399.04

5	Shankar Commodities Pvt. Ltd.	10.00	310.00
	Total	**60.00**	**1,910.00**

23. It was observed that Global Softech Pvt. Ltd., Sovotex Textile Pvt. Ltd. and Ginger Clothing Pvt. Ltd. a Promoter /Tayal group companies had transferred 197.268 lakhs shares in off-market to Silvassa based companies and some Yadav group companies which collectively accounted for 13% reduction in the shareholding of the promoter group.

24. Promoter entities other than those mentioned above reduced their holdings collectively by 2.57%. Details are as follows:

Sr. No.	**Promoter entity**	**Shares Transferred**		**Name of the transferee**	**Mode of transfer**
		Numbers	**% to the total capital**		
1	21st Century Entertainment Pvt. Ltd	103258	0.07	Bodal Conpro Pvt. Ltd. (S)*	Off-market
2	Ahmednagar Investments Pvt. Ltd.	1566097	1.19	Dulron Procon Pvt. Ltd. (S) Capman Conpro Pvt. Ltd. (S)	1346097 shares trf. through off-market and 220000 shares sold in market.
3	Cumballa Hill Property Developers Pvt. Ltd.	78450	0.04	Capman Conpro Pvt. Ltd. (S)	Off-market
4	Cyber Info Zeeboomba.com Ltd.	109363	0.07	Badal Realty Pvt. Ltd.(S)	Off-market
5	Cuber Infosystem and Technologies Ltd.	88985	0.05	Capman Conpro Pvt. Ltd. (S)	Off-market
6	EDC Securities Pvt. Ltd.	115260	0.08	Badal Realty Pvt. Ltd.(S)	Off-market
7	Giriganga Investments Pvt. Ltd.	1370799	1.01	Dulron Procon Pvt. Ltd. (S) Badal Realty Pvt. Ltd.(S)	Off-market
8	Sumander Property Developers Pvt. Ltd.	98763	0.06	Bodal Conpro Pvt. Ltd. (S)	Off-market
	Total	**3530975**	**2.57**		

**(S) refer to Silvassa Group*

25. The holdings of the promoters and their PACs are juxtaposed in the following table for the entire period from June 2007 to December 2009.

Entity	***% shareholding for quarter ending***										
	Jun 2007	***Sep 2007***	***Dec 2007***	***Mar 2008***	***Jun 2008***	***Sep 2008***	***Dec 2008***	***Mar 2009***	***Jun 2009***	***Sep 2009***	***Dec 2009***
Promoters (12 entities)	44.18	43.97	42.11	37.48	37.48	37.48	37.48	33.88	30.55	28.61	28.61
Tayal (4 entities)	2.09	3.11	2.91	2.91	1.93	1.93	1.93	0.00	0.00	0.00	0.00
Yadav (19 entities)	0.0	0.94	11.69	17.73	16.06	15.89	15.04	12.87	12.87	8.18	0.0
Silvassa (45 entities)	0.53	3.29	1.86	1.86	6.46	6.46	6.46	14.16	17.50	25.65	34.54
Total Actual	**46.80**	**51.31**	**58.57**	**59.98**	**61.93**	**61.76**	**60.91**	**60.91**	**60.92**	**62.44**	**63.15**
Disclosed to stock exchange	**44.18**	**43.97**	**42.11**	**37.48**	**37.48**	**37.48**	**37.48**	**33.88**	**30.55**	**28.61**	**28.61**

26. It may be observed from above Table that promoter's shareholdings with their PACs increased from 46.80% in June 2007 to 63.15% in December 2009. Yadav Group did not hold any shares in the BoR as on June 2007 nor did they hold as on December 2009. But during June 2007-December 2009 period they purchased shares from market and also received shares from Promoter and Tayal group companies in off-market and then transferred it to the Silvassa group companies. Thus Yadav Group acted as a vehicle to acquire shares either from market or in off-market and then transferred it to the Silvassa Group.

27. The promoters of BOR in compliance to RBI Guidelines disclosed that they reduced their shareholding in BOR from 44.18% in June 2007 to 28.61% in December 2009 of the issued capital. However, it was alleged that in the garb of reduction, they had transferred their shares in off-market to Yadav /Silvassa Group entities who were their PACs. The disclosures of the so called reduced promoters holding were disseminated in the market by way of routine filing with the Stock Exchanges.

28. In addition to transfer of shares as above in guise of the reduction of the shareholdings, the promoters along with their PACs also increased their holdings through Yadav and Silvassa group. The stake was increased through market transactions by some entities of Yadav/Silvassa. The payments for these market purchases were done by Promoter/Tayal Group directly to the brokers or through layering the funds within their groups. The promoters and their PACs by their act of concealment of correct disclosure to the market is alleged to have created an artifice and their act culminated in a fraud on the investor and securities market. They reported their holdings to the company and in turn to the Stock Exchanges which was alleged to be not true and they were aware of it being not true. They employed the device to have a control over BoR without disclosing it to the market and also purportedly complied with the guidelines of RBI.

29. Thus, the Promoter, Yadav and Silvassa Group by their scheme were alleged to have defrauded the investors of BoR and the market at large. The role of each entity of Promoter, Tayal, Silvassa and Yadav groups is given in **Annexure 11**.

30. Summonses were issued to the above Yadav group entities under sections 11 C (2) and (3) of SEBI Act for information/comments which were not complied. The summons issued vis-à-vis their delivery status is as follows:

Sr.No:	Entity Name:	10.03.2011/ status	23.05.2011/ status	26.05.2011/ status
1	Aim Multitrade Company Pvt Ltd	Undelivered	Delivered	
2	Akshar Mercantile Pvt Ltd	Undelivered	Delivered	
3	Everframe Trading Co P Ltd	Undelivered	Delivered	
4	Highzone Trading Company Private Limited	Undelivered	Delivered	
5	Hiren Trading Company Pvt Ltd	Undelivered	Delivered	
6	Laksh Mercantile Private Ltd	Undelivered	Delivered	
7	Montreal Trading Company P Ltd	Undelivered	Delivered	
8	Newtree Mercantile Co P Ltd	Undelivered	Delivered	
9	Niti Mercantile Company Private Ltd	Undelivered	Delivered	

10	Prajay Trading Company Private Limited	Undelivered	Delivered	
11	Maginot Trading Co Pvt. Ltd.	Undelivered		Delivered

31. The copies of the summonses along with the acknowledgment is attached as **Annexure 12**.

32. It was thus alleged that the above Noticees belonging to the Yadav group entities violated provisions of regulations 3(a), (b), (c), (d), 4(1), 4(2)(f) of PFUTP read with sections 12A (a), (b) and (c) of SEBI Act and sections 11C(2) and (3) of SEBI Act. The provisions of the said regulations are reproduced hereunder:

Prohibition of certain dealings in securities

3. *No person shall directly or indirectly—*

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely :—

(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities.

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

12A. *No person shall directly or indirectly-*

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange,

any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

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

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

Investigation.

11C. *(2) Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.*

(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.

33. The aforesaid alleged violations make you liable for monetary penalty under sections 15HA and 15A(a) of SEBI Act which reads as follows:

15HA.Penalty for fraudulent and unfair trade practices.-

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

15A. Penalty for failure to furnish information, return, etc.

If any person, who is required under this Act or any rules or regulations made thereunder,-

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;

34. You are, therefore, called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and

Imposing Penalties by Adjudicating Officer) Rules, 1995 and penalty be not imposed under section 15HA and 15A(a) of SEBI Act for the alleged contravention of PFUTP and SEBI Act.

35. Your reply, if any, should reach the undersigned, at the address given below, as well as through email at 'barnalim@sebi.gov.in", within 14 days from the date of receipt of this notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of rule (4) of SEBI (Procedure For Holding Inquiry and imposing penalties by Adjudicating Officer) Rules,1995. You may also indicate whether you desire a personal hearing in the matter.

Securities and Exchange Board of India
SEBI Bhavan
Plot No. C4-A, "G" Block,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Ph: 2644 9660, Fax 2644 9041

36. SEBI has come out with guidelines for passing of consent orders SEBI Circular no. EFD/ED/Cir-1/2007 dated April 20, 2007 read with Cir/EFD/1/2012 dated May 25, 2012 (available at *http://www.sebi.gov.in/*). If you wish to avail the consent process, you may apply in the prescribed form within 60 days of the receipt of this notice. Your application should be forwarded to the address mentioned in the said Circular under intimation to the undersigned.

    You may please note that the consent circular dated April 20, 2007 has been challenged before the Hon'ble Delhi High Court in the Writ Petition No. 6949/2011. The Court has stated the following order in its interim order dated Oct 17, 2011:

    "Order: At this stage only order that can be passed is that depending upon the final outcome of the writ petition and in case the impugned scheme is quashed, appropriate orders can be passed in respect of those cases which have been dealt with by the respondent under the scheme".

    In view of the above, the consent order would be subject to the outcome of the said writ petition.

37. You are also advised to submit a copy of your PAN card for our records.

38. As the proceedings as informed above are in progress you are advised to keep the undersigned informed about the change in your correspondence address, if any, till the proceedings complete.

Barnali Mukherjee
Adjudicating Officer

Enclosures:

1. Copy of the appointment order dated January 25, 2012 appointing Ms. Barnali Mukherjee as the Adjudicating Officer.
2. Letter dated July 16, 2007 submitted by BoR to BSE categorizing promoter group
3. Table showing relationship of promoter group companies with Tayal group companies
4. Table showing Tayal and promoter group entities connected to Silvassa group entities
5. Table showing Tayal and promoter group entities connected to Yadav group entities
6. Off-market transfers
7. Payments directly made to brokers on behalf of Tayal, Yadav and Silvassa group entities by promoter, Tayal and Silvassa group entities
8. Fund Movement
9. Flow of shares
10. Flow of shares (2)
11. Role of promoter, Yadav and Silvassa entities
12. Copy of the summons along with the acknowledgment