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भारतीय प्रतिभूति
और विनियम बोर्ड

Securities and Exchange
Board of India

GENERAL MANAGER
INVESTIGATIONS DEPARTMENT

IVD/ID7/SG/KM/ 167962 /2009
June 29, 2009

- ✓ 1. M/s Danhem Holdings & Investments Pvt Ltd
302, Ruby Monarch Arcade,
Saki-Vihar Road, Andheri (E)
Mumbai- 400 072
- ✓ 2. Shri. Kalpesh K Chawalla,
Director,
M/s Danhem Holdings & Investments Pvt Ltd
M/s Goldmist Equifin Pvt. Ltd
M/s Harvic Management Services (I) Ltd.
M/s Havmore Financial Services (I) Ltd.
302, Ruby Monarch Arcade,
Saki-Vihar Road, Andheri (E)
Mumbai- 400 072
- ✓ 3. Shri. Hemang D Jangla
Director,
M/s Danhem Holdings & Investments Pvt Ltd
M/s Harvic Management Services (I) Ltd.
M/s Havmore Financial Services (I) Ltd.
302, Ruby Monarch Arcade,
Saki-Vihar Road, Andheri (E)
Mumbai
- ✓ 4. Shri. Darshan P. Desai
301, Ami Apartments
Asha Nagar, Borivali(East)
Mumbai- 400 066
- ✓ 5. M/s Goldmist Equifin Pvt. Ltd.
302, Ruby Monarch Arcade,
Saki-Vihar Road, Andheri (E)
Mumbai
- ✓ 6. Shri. Himanshu Chawalla,
Director,
M/s Goldmist Equifin Pvt. Ltd.
302, Ruby Monarch Arcade,

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IQMS Software Ltd - 1 of 12

सेबी भवन, सी-4 'ए', जी-ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, मुंबई - 400 051. • दूरभाष : 2644 9000 • फैक्स : 2644 9019 to 2644 9022

वेब : www.sebi.gov.in

SEBI Bhavan, C-4A, G-Block, Bandra Kurla Complex, Mumbai - 400 051. • Tel. : 2644 9000 • Fax : 2644 9019 to 2644 9022

Web : www.sebi.gov.in



अनुवर्ती :

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Mumbai

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- ✓ 7. M/s Harvic Management Services (I) Ltd.
302, Ruby Monarch Arcade,
Saki-Vihar Road, Andheri (E)
Mumbai
- ✓ 8. M/s Havmore Financial Services (I) Ltd.
302, Ruby Monarch Arcade,
Saki-Vihar Road, Andheri (E)
Mumbai

**Sub: Show Cause Notice under Section 11(4) and Section 11B of the
Securities and Exchange Board of India Act, 1992**

1. The Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigations into the dealing in the scrip of M/s IQMS Software Limited (hereinafter referred to as "IQMS") for the period of November 14, 2000 to December 15, 2000 to probe any entities indulged in price and volume manipulation in the scrip.
2. IQMS was incorporated in Hyderabad on March 03, 2000 as a public limited company to carry out the business of designing and development of software systems. The promoter-directors of the company as per the prospectus were K V N Vijaya Simha (Managing Director), K Vijaya Kumar (Executive Director), K J V Nageswar (Director), J Satya



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Continuation of the report of the Company. The initial promoters of the company were: S. S. Kantilal Ishwarlal (Director), T. Sivaramprasad (Director), Krishna Chowdary (Director), Rama Raju (Director - Technical), Uma Maheshwar Rao Koneru (Director), Vemulpalli Prasad (Director), Kamineni Shridhar (Director), Gummadi Srinivas (Director) and G. Venkataramana, (Director). As per the Memorandum & Articles of Association of IQMS, one M. Niranjan Kumar was also one of the initial promoters of the company. The shares of IQMS were listed at Bombay Stock Exchange (hereinafter referred to as BSE) on 14th November 2001 and Hyderabad Stock Exchange (hereinafter referred to as "HSE") on 9th November 2001.

3. IQMS came out with Initial public offer (*herein after referred to as "IPO"*) of 45, 00,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs. 450 Lacs. The issue opened on 28th September 2000 and closed on 3rd October, 2000. M/s Fedex Securities Ltd., Mumbai was the Lead Manager to the issue. M/s Bigshare Services Pvt. Ltd., Mumbai acted as the Registrar to Issue (RTI) and share transfer agent (STA) of IQMS. The Bank of Madura Ltd. (now taken over by the ICICI Bank), D.N. Road, Mumbai and the Federal Bank Ltd., Fort, Mumbai was the Bankers to Issue. IQMS received 2647 applications for 44, 69,900 shares out of which 55 applications for 35,400 shares were rejected as invalid. Thus, in all 2592 applications for 44, 34,500 applications were found to be valid and the allotment of shares was made accordingly.
4. The trading pattern of the scrip during the period November 14, 2000 to December 15, 2000 showed that the price of the scrip increased from Rs. 19 to Rs. 41.80. The scrip was traded on 14.11.2000 at a price of Rs. 22.50 and within a span of one month the price rose to Rs. 40.25 on 15.12.2000. The volume per day during this period was approximately 38000 shares. The unusual rise in the price of the scrip was found to be not accompanied by any economic fundamentals of the company. The scrip was trading at 45 paise at the time of conclusion of the investigation during December 2003. Details of the Price volume movement in the scrip of IQMS is attached hereto and marked **Annexure I**.
5. It is alleged that the clients of M/s S. S. Kantilal Ishwarlal Securities Pvt. Ltd (hereinafter referred to as "SSKI Securities") were M/s Danhem Holdings & Investments (hereinafter referred to as "Danhem") and Stewart D Souza. The directors of Danhem are Shri Kalpesh K Chawalla and Shri Hemang D Jangla. The net delivery position arose only for Danhem and the shares for meeting the delivery obligation, have come from the demat account of third party namely, M/s Goldmist Equifin Pvt. Ltd. (hereinafter referred to as "Goldmist") maintained with M/s Geojit Securities Limited (hereinafter referred to as "Geojit") and not from the demat account of the client Danhem. Danhem was an original allottee of shares in the public issue also.
6. Shri Deepak Mehta, Shri Nikunj Mehta and Shri Satish Mehta were three interconnected clients (members of the same family) who had traded through the trading member SSKI Securities. SSKI Securities, traded for Danhem and Stewart D Souza and a sub-broker Rajiv Seth. Deepak



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Continuation of Nikunj Mehta, Nikunj Mehta and Satish Mehta are the members of the Securities and Exchange Board of India

alleged that there was no net deliverable position of the sub-broker as the transactions between them were netted off and these clients have also traded through the trading member Geojit during the same period.

7. 19 trades for 1900 shares were executed through trading members SSKI Securities and M/s B M Gandhi Securities Pvt Ltd (hereinafter referred to as "B M Gandhi") on December 5, 2000 in which the shares were rotated among a group of connected clients in circular trades. Initially, Deepak Mehta bought at 10:16:03 AM through SSKI Securities, 1000 shares from selling client M/s Harvic Management Services (India) Ltd (hereinafter referred to as "Harvic") through selling broker B M Gandhi. Subsequently, at 3:19:43 PM these trades were reversed and the shares bought by SSKI Securities for client Deepak Mehta were sold to the same counter party client Harvic through B M Gandhi on the same day. The detail of the trades executed through SSKI Securities by Deepak Mehta and Harvic is annexed hereto and marked **Annexure II**.
8. Similar reversals of transactions have taken place on December 8, 2000 when transactions were matched and reversed between trading member SSKI Securities for client Nikunj Mehta on one side and trading member M/s Bipin R Vora for client M/s Sai Investcorp Pvt Ltd (hereinafter referred to as "Sai Investcorp") for other side. Further on December 15, 2000 transactions were matched and reversed between Satish Mehta through trading member SSKI Securities on one side and Sai Investcorp through trading member M/s Bipin R Vora on the other side. The price, quantity and time of orders were matched in these synchronized trades. Such trades are manipulative and interfere with the normal price discovery on the stock exchanges. Shri Shitanshu Vora, a representative of M/s Bipin R Vora admitted that one, Mr. Ashish Ganatra introduced Mr. Kalpesh K Chawalla to M/s Bipin R Vora and had requested M/s Bipin R Vora to execute orders placed by Mr. Kalpesh K Chawalla on behalf of Sai Investcorp.
9. It is further alleged that SSKI Securities had alternatively bought and sold mainly for its client - Deepak Mehta during the day, wherein the counter party clients are all known to each other. Deepak Mehta through trading member SSKI Securities at 10:00:11 AM and 10:03:38 AM purchased 1,000 shares while counter party clients were Goldmist through selling trading member M/s. Rajchandra Capital Services Limited (hereinafter referred to as "Rajchandra") and Sai Investcorp through selling trading member Bipin R Vora. Subsequently, Deepak Mehta sold 1000 shares through SSKI Securities during the same day where the counter party client was - M/s Raj Investments through the buying member M/s Lalkar Securities. Again at 10:18:02 AM Deepak Mehta bought 2000 shares through SSKI Securities where the counter party client was Deepak Sanghani through selling member Ruchiraj Shares and Stock Brokers Ltd. (hereinafter referred to as "Ruchiraj"). Then at 11:12:09 AM Deepak Mehta sold 1000 shares through SSKI Securities for which the counter party client was again Deepak Sanghani. Again at 12:43:14 AM and



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12:46:21 AM, Deepak Mehta sold 1000 shares through Sai Securities for which the counter party clients were Harvic and Goldmist.

10. Harvic had mainly dealt through B M Gandhi. The directors of Harvic were Shri Kalpesh K Chawalla and Shri Hemang Jangla. It is alleged that B. M. Gandhi has traded in all the 5 settlements during the investigation period. In these transactions there was minimum net delivery obligation due to reversal of most of the trades. B. M. Gandhi had traded on behalf of Harvic only. Harvic was one of the major allottees in the public issue of IQMS. A copy of the trading details of B. M. Gandhi is attached hereto and marked **Annexure III**.
11. For all the net purchases made by Harvic, the shares from the pay-out has been retained in the pool account of B. M. Gandhi and has been used for subsequent sales in the next settlement. Further, for the sales effected by the client, the delivery had been received into the pool account of B. M. Gandhi from the demat account of third party namely Goldmist maintained with Geojit and not from the account of Harvic. It is alleged that Goldmist was also one of the original allottees of shares in the public issue of IQMS.
12. It is alleged that B. M. Gandhi carried out 23 trades for 4,900 shares on December 1, 2000 in which the shares were rotated among the same clients through Bipin R Vora and B M Gandhi. At 11:56:30 AM Bipin Vora had purchased for Sai Investcorp 2000 shares for which the counter party selling client is Harvic through B M Gandhi. Again at 11:58:11 AM Bipin Vora had purchased for Sai Investcorp 900 shares for which the counter party selling client was Harvic through B M Gandhi. At 12:05:11 PM part of these transactions were reversed where Bipin Vora had sold 1000 shares for Sai Investcorp and the counter party client had bought these shares through B M Gandhi. At 12:08:23 PM 500 shares were traded wherein Bipin Vora had sold for Sai Investcorp and B M Gandhi had bought for M/s Harvic. 500 shares were traded at 12:17:28 PM where Bipin Vora had sold for Sai Investcorp and B M Gandhi has bought for Harvic. Further, for the shares sold by Sai Investcorp, delivery were received from the demat account of third party Goldmist and not from the demat account of Sai Investcorp. Hence, it is alleged that M/s Sai Investcorp and Goldmist are known to each other.
13. 32 trades for 8,100 shares were executed on December 12, 2000 in which the shares were rotated among the same clients through the two trading members Bipin Vora and B M Gandhi. Sai Investcorp purchased 300 shares at 10:08:17 AM through Bipin Vora from selling client Harvic through trading member B M Gandhi. Again Sai Investcorp sold at 01:17:05 PM through Bipin Vora, 300 shares to Harvic through buying broker B M Gandhi. At 03:01:16 PM part of these transactions have been reversed where Sai Investcorp bought 6500 shares through Bipin Vora and Harvic had sold these shares through B M Gandhi. Goldmist has delivered the shares on behalf of Sai Investcorp (for its net deliverable position arising out of sales transactions) indicates that they were known to each other. This had also been admitted in the



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Continuation of Shitanshu Vora, representative of Bipin Vora, dated June 16, 2003 where he has stated that the above trades were executed on behalf of the client, Shri Kalpesh K Chawalla.

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14. Further on November 23, 2000, 20 trades for 4,500 shares were executed in which the shares were rotated among the same clients through Bipin Vora and B M Gandhi. Sai Investcorp purchased 1500 shares at 09:59:05 AM through Bipin Vora where counter party selling client was Harvic through B M Gandhi. Again Sai Investcorp had sold 3000 shares at 02:56:51 PM through Bipin Vora to counter party client Harvic through B M Gandhi. A copy of the trades executed by B M Gandhi is attached hereto and marked **Annexure IV**.
15. It is alleged that, in the majority of the trades executed by B M Gandhi for Harvic, the counter party clients were related clients. It is alleged that when initially B M Gandhi was selling (for Harvic) the counter party clients are - Darshan P Desai through Geojit, Sai Investcorp through Bipin Vora and M/s Mayekar Investments Pvt. Ltd. (hereinafter referred to as "Mayekar") through Ramanlal D Shah. Subsequently, B M Gandhi had started buying for Harvic and the counter party selling clients were Deepak Mehta through SSKI Securities, Deepak Sanghani through Ruchiraj and Raj Investment through Lalkar Securities Pvt. Ltd. It is alleged that Harvic, Sai Investcorp and Goldmist were known to each other.
16. M/s Havmore Financial Services (I) Ltd (hereinafter referred to as "Havmore") dealt mostly through Ramanlal D. Shah. Ramanlal D Shah had traded for three clients - Sagar V Shah, Havmore and Mayekar. Both Mayekar and Havmore were original allottees of shares in the public issue of IQMS. The directors of Havmore are Shri Kalpesh K Chawalla and Shri Hemang D Jangla.
17. It is alleged that for the trading done by Ramanlal D Shah, net delivery position arose only for Havmore. However the shares to be delivered for the net delivery position was received from the demat account of third party Goldmist maintained with Geojit and not from the demat account of Havmore. A copy of the trade details of Ramanlal D Shah is attached hereto and marked **Annexure V**.
18. It is alleged that shares were rotated among a group of clients known to each other by Ramanlal D Shah and Ruchiraj in 11 trades consisting of 1,500 shares executed on November 22, 2000. Initially, at 11:24:40'AM Havmore bought 500 shares through Ramanlal D Shah from the counter party selling client Deepak Sanghani through Ruchiraj. Subsequently, these trades were reversed and the shares bought by Havmore through Ramanlal D Shah were sold to Deepak Sanghani on the same day at 3:14:28 PM.
19. Similar reversals of transactions have taken place on December 4, 2000 where transactions were reversed between Ramanlal D Shah for client Havmore on one side and Ruchiraj for client Deepak Sanghani, M/s



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Continuation of Worth Stock Broking Limited (hereinafter referred to as New Worth) for client Jignesh N Shah and Geojit for client Darshan P Desai. A copy of the details of the trades executed through Ramanlal D Shah is attached hereto and marked **Annexure VI**.

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20. On December 11, 2000, it is alleged that Ramanlal D Shah had alternatively bought and sold for Havmore during the day, wherein the counter party clients are all known to each other. Initially at 10:19:30 AM Havmore sold 2,000 shares through Ramanlal D Shah to Raj Investments through Lalkar Securities Limited. Subsequently, Havmore bought 1,500 shares through Ramanlal D Shah at 10:21:32 AM from the counter party client Satish Mehta through SSKI. Similarly, Havmore through Ramanlal D Shah sold at 10:43:39 AM and again bought at 11:17:10 AM and again bought at 2:12:42 PM, 2:19:41 PM and 2:20:06 PM. The counter party clients in these trades were – Deepak Sanghani through Ruchiraj, Milan Vora through SKSE Securities and M/s Sai Investcorp through Bipin R Vora who were known to each other.
21. Goldmist had dealt with Rajchandra. From the trade details of Rajchandra, it is alleged that it had traded for two clients and two sub-brokers – Hubli Dharwad Stock Trading House and Echem Brokers (I) Pvt. Ltd. (sub-brokers registered with SEBI). The client of Hubli Dharwad Stock Trading House was P. R. Kamat and the client of Echem Brokers was Goldmist. The net delivery position arose only for Goldmist and the shares were delivered from the demat account of Goldmist. A copy of the trade details of Rajchandra is attached hereto and marked **Annexure VII**. The directors of Goldmist are Kalpesh K Chawalla and his relative Himanshu Chawalla.
22. From the details of trades executed by Rajchandra it is alleged that 23 trades for 4,000 shares were executed on November 27, 2000 in which the shares were rotated among a group of clients known to each other by Rajchandra, Geojit, Ruchiraj and B M Gandhi. Initially, at 10:04:06 AM and 10:04:17 AM Rajchandra had bought for Goldmist 2,000 shares for which the counter party selling client was Darshan P Desai through Geojit.
23. Subsequently, these trades were reversed and the shares bought by Goldmist through Rajchandra were sold to three different related clients on the same day. Goldmist sold at 12:56:15 PM 750 shares to the client Deepak Sanghani who bought it through Ruchiraj, at 01:04:47 PM 1000 shares were sold by Goldmist to Darshan P Desai who bought it through Geojit and at 3:23:26 PM 250 shares were sold by Goldmist to the client Harvic who bought them through B M Gandhi.
24. Similar reversal of transactions has taken place on November 30, 2000 when transactions were reversed between Rajchandra for Goldmist and SSKI for client Deepak Sanghani.
25. A copy of the details of the trades executed by Goldmist is attached hereto and marked **Annexure VIII**.

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26. Further, it is alleged that on November 20, 2000, Goldmist initially sold 4,800 shares at 9:59:12 AM and 10:01:14 AM through Rajchandra to the two counter party clients namely Sai Investcorp who bought them through Bipin Vora and Darshan P Desai who bought them through Geojit. Subsequently, Goldmist bought 1000 shares at 11:00:03 AM through Rajchandra from the counter party selling client Havmore through selling broker Ramanlal D Shah. Again Goldmist continued buying 1000 shares at 1:55:15 PM and 1:59:42 PM through Rajchandra from the counter party selling clients Deepak Sanghani who sold through Ruchiraj and Harvic who sold through B M Gandhi.

27. Further, it is alleged that on December 8, 2000, initially at 10:16:49 AM, Rajchandra had sold 12,300 shares for Goldmist where the counter party client was Sai Investcorp through Bipin Vora. Subsequently, Rajchandra had started buying at various times during the day and reversed the sales positions with clients known to each other.

28. Shri Jignesh N Shah had mostly traded through the trading member M/s Network. The detail of the trades of Network is attached hereto and marked **Annexure IX**.

29. 42 trades for 10,000 shares were executed on November 15, 2000 in which the shares were rotated among a group of clients known to each other through the brokers namely Network, Bipin R Vora and Geojit. Initially, from 11:30:19 AM till 11:32:54 AM, Jignesh N Shah bought through Network 2000 shares from the selling client Darshan P Desai who sold through Geojit. Again at 11:52:20 AM and 11:57:30 AM Jignesh N Shah bought 3000 shares through Network from the counter party selling client Sai Investcorp through the selling broker Bipin R Vora. Subsequently, these trades were reversed and the shares bought by Jignesh N Shah through his broker Network was sold to the same counter party clients on the same day in the following manner.

Trade Time	Name of Buying Client	No. of Shares
1:11:10 PM	D073 - Darshan P Desai	1000
1:12:04 PM	S104 - Sai Investcorp	2000
2:50:23 PM	D073 - Darshan P Desai	2000

30. 20 trades for 4,000 shares were executed on December 12, 2000 in which the shares were rotated among a group of clients known to each other by the trading members Network and B M Gandhi. Initially, Jignesh N Shah bought 2000 shares at 10:07:44 AM through Network from the counter party selling client Harvic who sold through its broker B M Gandhi. Subsequently, these trades were reversed and 1800 shares out of the 2000 shares bought by Jignesh N Shah through Network was sold to the same counter party client on the same day at 12:35:07 PM.



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Continuation: It is alleged that similar reversals of transactions have taken place on several dates. On November 29, 2000 transactions were matched and reversed between Network for client Jignesh N Shah on one side and B M Gandhi for client Harvic being the counter party. On December 13, 2000 transactions were matched and reversed between Network for client Shri Jignesh N Shah on one side and SKSE Securities Limited for client Milan Vora being the counter party. On December 15, 2000 transactions were matched and reversed between Network for client Jignesh N Shah on one side and Bipin R Vora for client Sai Investcorp being the counter party.

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32. It is further alleged that Jignesh N Shah alternatively bought and sold through Network on November 24, 2000, wherein the counter party clients are known to each other. Initially Jignesh N Shah had sold 2,000 shares through Network to the counter party clients M/s A D Investments, Darshan P Desai and Goldmist. Subsequently, Jignesh N Shah bought 2,000 shares through Network on the same day from the counter party clients Sai Investcorp and Harvic. Similarly, for the trades executed on the other trading days, it is alleged that in majority of the trades the counter party clients are all known to each other. A copy of the trades executed by Network is attached hereto and marked **Annexure X**.
33. Geojit traded mainly for two clients namely Darshan P Desai (hereinafter referred to as "Darshan") and Sumit P Desai. Darshan and Sumit P Desai are brothers and nephews of Pankaj A. Desai. The counter party clients with whom Darshan traded were all parties who were known to each other. The delivery for settlement no. 38 for the sale made by Sumit Desai has come from the third party demat account of Goldmist. Hence it is alleged that Darshan, Sumit P Desai and Goldmist are known to each other. The trading details of Geojit are attached hereto and marked **Annexure XI**.
34. 25 trades for 5,000 shares were rotated among the same clients through two trading members namely Geojit and Network on November 15, 2000. Darshan sold 500 shares at 11:30:19 AM through Geojit to the counter party buying client Jignesh N Shah through buying member Network. Again Darshan sold at 11:32:54 AM 1500 shares through Geojit to the buying counter party client Jignesh N Shah who bought through Network. Subsequently, at 1:11:10 PM Darshan purchased 1000 shares through Geojit from the counter party selling client Jignesh N Shah who sold through Network. Again at 2:50:23 PM Darshan purchased 2000 shares through Geojit for which the counter party selling client was Jignesh N Shah. In this way Darshan matched trades with other counter party clients and later reversed part or more of their positions on the same day. A copy of the details of the trades executed through Geojit is attached hereto and marked **Annexure XII**.
35. Further, 15 trades for 3,100 shares were executed on December 13, 2000 in which the shares were rotated among the same clients through the Geojit and Bipin R Vora. At 11:37:48 AM Darshan sold through Geojit 1,800 shares to Sai Investcorp who bought it through Bipin R Vora. Subsequently, at 2:06:55 PM Darshan purchased 300 shares through Geojit from the selling client Sai Investcorp who sold through Bipin R Vora.

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Continuation way, Geojit and Bipin R Vora had matched trades for their clients and later reversed part or more of their positions on the same day. Similar reversals of transactions have taken place on December 12, 2000 when transactions were reversed between Geojit for client Darshan and Rajendra for client its Goldmist.

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36. Further it is alleged that on November 27, 2000 when initially at 10:04 AM Darshan was selling through Geojit for the counter party client Goldmist. Immediately at 10:05 AM, Darshan started buying through Geojit from the counter party selling client Harvic who sold through B M Gandhi. Again at 10:16 AM Darshan through trading member Geojit sold to Deepak Sanghani who made the purchase through Ruchiraj.
37. All the reversals in trade were done by the clients through the respective brokers at progressively higher prices in illiquid scrip of IQMS. The reversal trades created a misleading appearance. Due to the premeditated reversals at progressively higher prices by all the noticees during the period November 14, 2000- December 15, 2000 resulted in the price of the scrip increasing from Rs. 19 to Rs. 41.80.
38. All the noticees were acting as clients to each other when they made the respective sale and purchase through their respective brokers. All the noticees are interrelated to each other as explained below:
39. M/s Harvic group mainly consists of six connected entities – M/s Harvic Management Services (I) Ltd., M/s Havmore Financial Services (I) Ltd., M/s Goldmist Equifin Pvt Ltd., M/s. Havmore Stock Broking Pvt. Ltd., Aroma Fashions Ltd. and M/s Danhem Holdings and Investments. Kalpesh K Chawalla and Hemang Jangla are directors in all the above entities except Goldmist Equifin Pvt Ltd where Kalpesh K Chawalla and his relative Himanshu Chawalla are the directors. All the entities have the same office address i.e. 302, Ruby Monarch Arcade, Saki-Vihar Road, Andheri (E), Mumbai. The investment/ trading decisions on behalf of all the above entities are said to be taken jointly by Kalpesh K Chawalla and Hemang Jangla. Funds are transferred frequently from one group Company to another. As per the Client Introduction form, Pankaj Desai has introduced Hemang Jangla as a client to Geojit Securities Ltd.
40. Kalpesh K Chawalla and Ashish Ganatra, representative of M/s Sai Investcorp are known to each other. M/s Sai Investcorp/ Ashish Ganatra and M/s Mayekar Investment Pvt. Ltd. / Pankaj Desai share a sub-broker-client relationship.
41. Pankaj Desai group has funded in the IPO of IQMS by way of his company Mayekar Investments Pvt. Ltd funding for 4,01,300 shares. Darshan P Desai is nephew of Pankaj A. Desai. This group consists of M/s Mayekar Investments Pvt. Ltd and M/s Shagufta Investment Pvt. Ltd, besides the members of family of Pankaj Desai. Pankaj Desai is one of the Directors in both these entities along with his father Shri Anantra Desai in M/s Mayekar Investments Pvt. Ltd and his wife Smt. Kirtida Desai in M/s Shagufta Invesbrokerents Pvt. Ltd. Thus, it is alleged that these two



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Continuations are related to each other and acting in concert. Pankaj Desai is related to Hemang Jangla as brought out in the form introduced in form to M/s Geojit Securities Ltd. Pankaj Desai has introduced Hemang Jangla as a client. So, both the individuals are known to each other.

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42. Darshan P. Desai and Sumit P. Desai who have traded in the scrip are nephews of Pankaj Desai. Kalpesh K Chawalla and Ashish Ganatra, representative of M/s Sai Investcorp are known to each other. It has been admitted by Shri Shitanshu Vora, representative of M/s Bipin R Vora that Ashish Ganatra introduced Mr. Kalpesh K Chawalla to M/s Bipin R Vora and had requested the latter to execute orders placed by the former on behalf of Sai Investcorp. Therefore, Kalpesh K Chawalla and M/s Sai Investcorp are related to each other. M/s Sai Investcorp and M/s Mayekar Investments Pvt. Ltd. whose director is Pankaj Desai share a sub-broker-client relationship. Therefore, Pankaj Desai and Sai Investcorp are known to each other.
43. Deepak Mehta is connected to Hemang Jangla. The statement of Deepak Mehta to SEBI dated December 11, 2003 that Hemang Jangla instructed him to trade is enclosed as **Annexure XIII**.
44. The above act of the noticees in concert with each other was to create a false market or misleading appearance of trading in the market. These transactions were not genuine trade transactions and were done with the intention not to effect transfer of beneficial ownership but intended to operate only as a device to inflate or cause fluctuation in the market price of the security. Therefore, it is alleged that Noticees 1 to 12 have violated the provisions of Regulation 4(b), 4(c) and 4(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 1995 read with Regulation 13(2) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003.
45. In view of the above, you are hereby called upon to show cause as to why action in terms of Section 11(4) and Section 11B of SEBI Act, 1992 should not be initiated against you for the violations specified above, which may include debarring you from accessing the securities market and prohibiting you from buying, selling or otherwise dealing in securities for an appropriate period of time.
46. Your written submissions, if any, should reach the undersigned within a period of 15 days from the date of service of this notice, failing which it shall be construed that you have no comments to offer and SEBI would be free to take action against you in terms of the Regulations abovementioned and the SEBI Act, 1992. You shall be provided with an opportunity of personal hearing before the appropriate authority if you so desire.
47. Vide Circular no. EFD/ED/Cir-1/2007 dated April 20, 2007 (available at www.sebi.gov.in), SEBI has come out with guidelines for passing of consent orders. If you wish to avail the consent process, you may apply in

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भारतीय प्रतिभूति
और विनियम बोर्ड

अनुवर्ती :

Continued in prescribed form given in the said Circular. Your application should be forwarded to the address mentioned in the said Circular under intimation to the undersigned.

Securities and Exchange
Board of India

Yours Faithfully,

SURESH GUPTA

Annexures:

Annexure I: Details of the Price volume movement in the scrip of IQMS.

Annexure II: Trading details of Deepak Mehata, Nikunj Mehta Satish Mehta, Haxvic and Danhem through SSK Securities.

Annexure III: Trading details of B. M. Gandhi.

Annexure IV: Trades executed through B. M Gandhi.

Annexure V and Annexure VI: A copy of the details of the trades executed by Ramanlal D Shah.

Annexure VII: A copy of the trade details of Rajchandra.

Annexure VIII: A copy of the details of the trades executed by Goldmist.

Annexure IX and Annexure X: The details of the trades of Networth.

Annexure XI: The trading details of Geojit.

Annexure XII: A copy of the details of the trades executed though Geojit.

Annexure XIII: The statement of Shri Deepak Mehta to SEBI dated December 11, 2003.