Enquiry and Adjudication Office-9

Adjudicating Officer

By Speed Post and Email

EAD-9/VKV/AK/ 7238/1 /2022

February 18, 2022

S.N	Entity Name	Address
1	Coral Hub Ltd (PAN: AAACS7326Q)	1. C409, Solaris 1, Opp L& T Gate No. 6, Saki Vihar Road, Andheri(E), Mumbai – 400072 2. Kingsley Chamber's, Block No. 26, Ramaswami Street, Off Usman Road Nagar, Chennai-600017 3. Unit No. 605, 606,607,608 Solaris Universal Industrial Estate, Saki Vihar Road, Andheri(E), Mumbai- 400072
2	GS Chandrashekar (PAN: ACCPG6727C)	1. 110, Peantax House, Saouth Hill Avenue, Harrow, HA2 ODU, UK, Cont No. 00442089384670 2. 7/67, 68, Amar Kunj, Pestom Sagar Road No. 2, Tilak Nagar, Chembur, Mumbai-400089 3. B-5/1, Maitri Park, Slon-Trombay Road, Chembur, Mumbai-400071 Email: gscee1@gmail.com; gscee@hotmail.com
3	Dilip C Parekh PAN: AACPP4242P	1. B-104, Susex Industrial Estate, D K Marg, Byculla, Mumbai-400027 2. 128, Cumbala Hill, Nawaz Court, 2nd Floor, August Kranti Marg, Mumbai-400036 **Email**:- dilip@tutistech.com
4	GS Viswanathan (PAN: AAZPV0140R)	1. A Wing, 304, Taraq Shrishti Complex, Saki Vihar Road, Opp. L&T Gate No. 7, Powai, Andheri(E), Mumbai-400072 2. F5, Sri Daksha Yahvi Aprts, C Block, Prabha Nagar, Thondamuthur Road, Vadavalli, Coimbatore-641041 **Email:** vishgs@hotmail.com

Notice under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 read with Section 15-I of the Securities and Exchange Board of India Act, 1992 and Rule 4 of the Securities Contracts (Regulation)

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

(Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 read with Section 23-I of the Securities Contracts (Regulation) Act, 1956 in the matter of Coral Hub Ltd.

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") has initiated adjudication proceeding under 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **"SEBI Act"**) and section 23E of the Securities Contracts Regulation Act (hereinafter referred to as the **"SCRA"**) against Coral Hub Ltd (PAN: AAACS7326Q), GS Chandrashekar (PAN: ACCPG6727C), Dilip C Parekh (PAN: AACPP4242P) GS Viswanathan (PAN: AAZPV0140R) [hereinafter referred to as **Noticee No. 1**, **Noticee No.2**, **Noticee 3**, **Noticee No.4**, respectively; Collectively referred as "**Noticees**"] for the alleged violation of section 12A(a),(b),(c) of SEBI Act read with 3(b)(c)(d), 4(1)(2)(e)(f)(k)(r) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**"). Further, it also alleged that Noticees violated clause 32 of the listing agreement read with Section 21 of SCRA and Clause 49 of the listing agreement read with section 21 of SCRA.

2. Competent Authority, in exercise of the powers under section 19 of the SEBI Act, read with section 15-I of the SEBI Act read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the **"SEBI Adjudication Rules"**) and section 23-I of SCRA read with rule 3 of the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as the **"SCRA Adjudication Rules"**) appointed the undersigned to inquire into and adjudge under section 15HA of SEBI Act, 1992 and section 23E of the

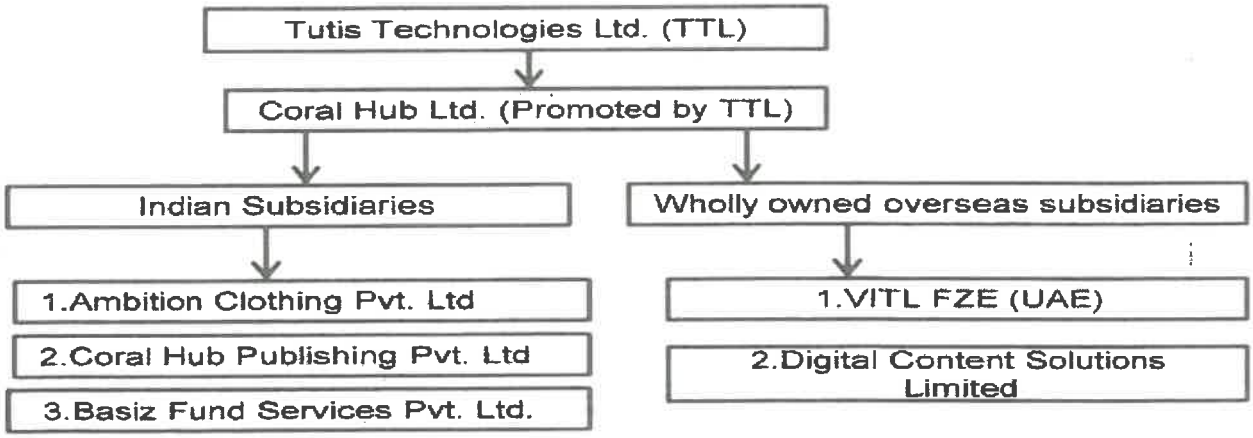
SCRA 1956. A copy of the communication appointing the undersigned as the adjudicating officer dated February 11, 2021 is enclosed as **Annexure-1.**

Background

3. An anonymous complaint *inter-alia* alleged that revenue and profits of M/s Vishal Information Technology Ltd. (Now known as Coral Hub Ltd) (Hereinafter referred as "CHL/Coral Hub Ltd/Company") are fabricated and artificial. Accordingly, investigation has been initiated by SEBI for the period of April 01, 2008 to June 30, 2010 (Hereinafter this time period referred to as '**Investigation Period/IP**'). Further, during the course of SEBI's Investigation, Mr G.S. Chandrasekhar, the chairman of CHL made allegation against Dilip C Parekh whole time director(WTM) of the company and lodged complaint with SEBI stating that fraud and manipulation has taken place in the accounts of the company causing losses to the company and its shareholder. Dilip C Parekh also made similar allegation against G.S. Chandrasekhar.

4. The Coral Hub Ltd came out with an IPO on August 02, 2008 and listed on NSE and BSE on August 11, 2008. The CHL's scrip is under suspension for trading in NSE since June 27, 2012 and BSE since March 21, 2013 for non-compliance of listing agreement.

5. Following is the structure of CHL and its holding and subsidiaries:



6. The details of Board of Directors of CHL in the IP are given below:

S.N.	Name	Designation	PAN	Appointment as director on
1	**Mr. G S Chandrashekar**	**Chairman**	ACCPG6727C	01/02/2001
2	**Mr. Dilip C Parekh**	Whole Time Director	AACPP4242P	07/01/2000
3	**G S Vishwanathan**	Whole Time Director	AAZPV0140R	07/01/2000
4	**Mr. D M Shirodkar**	independent Director	ABVPS3771Q	10/01/2008
5	**Mr. Harish Sahu**	Independent Director	ACKPS6919E	01/10/2008
6	**Mr. Ghahshayam Joshi**	Independent Director	ADCPJ1416A	15/01/2008

Table No. 1

7. As per the MCA website accessed on January 01, 2015 all of the above directors continued to be directors except Mr. G S Vishwanathan who resigned from the directorship with effect from August 30, 2010 (disclosed on Exchanges and enclosed as **Annexure-2**).

Price Volume Data

8. **BSE:**

Period (BSE)	Dates		Opening Price (volume) on First day of the period	Closing price (volume) on last day. of the period(Rs.)	Low price(volume) during the period (Rs.)	High price(volume) during the period (Rs.)	Avg.no.of (Shares) traded daily during the period
During Investigation Period	Before share split: 11.08.2008 to 26.02.2009	price	150	344.90	145.01 (11.08.2008)	362.89 (29.09.2008)	9,93,854
		Vol	11726527	177737	5208 (11.02.2009)	11726527 (11.08.2008)	
	After Share Split* 27.02.2009 to 30.06.2010	price	36.25	8.84	8.15 (23.03.2010	67.90 (04.06.2009)	5,83,649
After investigation Period	01.07.2010 to 30.09.2010	Vol	1278936	137163	2200 (18.05.2009)	6594838 (17.03.2010)	
		price	8.85	7.63	7.5 (30.07.2010)	10.38 (05.08.2010)	4,25,752
		Vol	78642	112022	32801 (06.07.2010)	2888167 (05.08.2010)	

Table No. 2

*Face value of shares changed from Rs. 10 to Rs.1 with effect from 27.02.2009

9. Similar trend was observed on NSE also. The Price volume data day wise and PV Charts for the Investigation Period (for BSE & NSE) are enclosed as **Annexure-3**.

10. The CHL's scrip is under suspension on:
    a. NSE since June 27, 2012 (price on the date was Rs.3.3) for non-compliance of listing agreement.
    b. BSE since 21-03-2013 (price on the date Re.0.71) was due to penal reason.

11. **Financial Information of the CHL**

a. The quarter wise Key Financial Indicators (on the basis of standalone financials) shown below: (Source: BSE)

FY 2008-09

Particulars	Quarter ended September 2008	Quarter ended December 2008	Quarter ended March 2009
Total Income	15.85	13.34	Company Disclosed year ended March 2009 results to the exchange.
Profit after Tax	4.29	3.24	
EPS	4.02	3.04	

* The Company's scrip listed on exchange from August 11, 2008

Table 3

FY 2009-10

Particulars	Quarter ended June 2009	Quarter ended September 2009	Quarter ended December 2009	Quarter ended March 2009	Quarter ended June 2010
Total Income	18.39	20.67	21.83	17.81	12.49
Profit after Tax	7.25	6.50	7.02	0.92	3.67
EPS	0.45	0.27	0.29	0.04	0.15

Note: All these quarterly results are un-audited

Table 4

b. The accounts of the company are prepared for 12 months during 2008-09 (01.04.2008 to 31.03.2009) and for 15 months during 2009 -10 (01.04.2009 to 30.06.2010). The Audited annual report for the financial year ended 30.06.2010 (15 months period) which is available on exchange websites was signed by G.S. Chandrasekhar as Chairman and Dilip C Parekh as Whole Time Director.

c. Following are the amounts of sales and profits of CHL (Standalone financials excluding that of its subsidiaries) for 2008-2009 and 2009-2010 as reported in the Annual Report 2009-10.(page no.68). Annual Report 2009-10 is **enclosed as Annexure-4.**

S.N.	Particulars	2008-2009	2009-10 (15 months)
a	Sales	61,08,57,165	88,36,78,263
b	Net Profit after tax	14,65,67,035	20,11,46,296

Table 5

INVESTIGATION OF SALES & PROFIT REPORTED BY THE COMPANY

12. Vide letter dated June 22, 2010 customer wise breakup of sales reported for the year ended March 31, 2009 and March 31, 2010 was sought from the CHL.

13. CHL, vide letter dated July 15, 2010 (**enclosed as Annexure-5**), forwarded customer wise sales for FY 2008-09 and 2009-10 as under:

S.N.	Name of the Party	2008-09	% of the sales to the total sales	2009-10(12 months)**	% of the sales to the total sales
1	Raydox Technologies FZ LLC	22,95,13,924	37.57	21,99,43,816	28.93
2	Avington Solutions Ltd.	0	-	1,72,59,682	2.27
3	Rochelle Associates Ltd.	0		1,61,54,281	2.12
4	Digital Connections Co-coordinator Auckland	0	-	43,91,083	0.58
5	N D S USA LLC	14,25,52,112	23.34	18,73,38,148	24.64
6	Food & Agriculture Organization of UN	10,27,66,020	16.82	29,42,58,799	38.71
7	Times 4 Ltd.	8,83,07,600	14.46	0	-
8	Multitrade Corporation	1,97,49,600	3.23	0	-
9	Royal National Institute of Blind	1,25,94,459	2.06	67,28,459	0.89
10	I- Resources	1,44,47100	2.36	1,11,61,152	1.47
11	Canadian National Institute for Blind	7,12,314	0.12	622,352	0.08
12	Hotcourses Ltd	2,50,237	0.04	385,659	0.05
13	Dolphin Computers Access Ltd.	0	-	19,69,004	0.26
	Total	61,08,93,366	100.00	76,02,12,435	100.00

Table No. 6

** For 2009-10, the amounts of sales reported in table No. 5 are for 15 months and Customer wise breakup is for 12 months.

14. To verify the veracity of sales made to above customers, vide letter September 06, 2010, the details of the amount received from them were sought from the CHL. To which no proper reply received from the CHL. Further, vide e-mail dated

February 04, 2013, on a query to the Registrar of the companies (Chennai), replied that CHL was not filling Annual Returns from the FY 2010-11 onwards.

15. In the view of the above, it was decided to verify the veracity of sales reported by CHL of the clients who have contributed to more than 20% to sales during 2008-09 and 2009-10. In the absence of information from the company, external confirmations and statements given by certain entities have been relied upon. The observations regarding sales reported are summarized in below table:

Sr No.	Name of the Party	2008-09	% of the sales to the total sales	2009-10 (12 months)*	% of the sales to the total sales.	Remark
Related parties of CHL						
1	Raydox Technologies FZ LLC	22,95,13,924	37.57	21,99,43,816	28.93	Investigation revealed that these entities are connected to the directors of CHL and Companies at S.NO.2 and 3 are not in existence.
2	Avington Solutions Ltd.	0	-	1,72,59,682-	2.27	
3	Rochelle Associates Ltd.	0	-	1,61,54,281	2.12	
	Sub-total of sales to rejated partied	22,95,13,924	37.57	25,33,57,779	**33.32**	
Other un-related Clients of CHL						
4	N D S USA LLC	14,25,52,112	23.34	18,73,38,148	24.64	In their letters to SEBI these entities have stated that amounts reported by CHL are incorrect and provided amounts of sales which were much lesser than the amounts as reported by CHL.
5	**Food & Agriculture Organisation of UN**	10,27,66,020	16.82	29,42,58,799	38.71	

Table No. 7

Sales to Related Companies:

16. As given in the above table CHL 3 entities *viz* Raydox Technologies FZ LLC Avington Solutions Ltd (UK) and Rochelle Associates Ltd. (UK) together have contributed to 37.57% and 33.32% of the total sales during 2008-09 and 2009-10 respectively.

17. Mr. Anthony Lopses (Manager- Administration with Tutis Technologies limited) who was director of aforementioned 3 entities stated that (enclosed as **Annexure-6**)
    a. He had set up office of Avington Solutions in UK during and all the decisions of the company have been taken by G.S. Chandrasekhar and Dilip C Parekh.
    b. He was made Director of Raydox Technologies FZ LLC in Dubai. Raydox was set up by G.S. Chandrasekhar and G.S. Viswanathan. From 2008 to 30.6.2012 the day to day business was handled by Dilip C Parekh.
    c. Information of Rochelle will be given by G.S. Chandrasekhar as he is whole and soul of this company.

18. Mr. Suthesh Nair, Vice President Finance of CHL also vide his statement dated April 23, 2013 *(*enclosed as **Annexure-7***)* confirmed the above facts about Raydox Technologies FZ LLC, Dubai and Avington Solutions as stated by Mr. Anthony Lopes.

19. Raydox Technologies FZ LLC, Avington Solutions Ltd. and Rochelle Associates were companies set up and controlled by the directors of CHL namely G.S. Viswanathan, G.S. Chandrasekhar and Dilip C Parekh. This shows that these companies were related to the Directors of CHL.

20. Financial Conduct Authority (FCA UK) vide its e-mail dated September 23, 2013 intimated SEBI that they were not finding any existence of Avington Solutions Ltd and Rochelle Associates Ltd. (enclosed as **Annexure - 8**).

21. Further, the sales made to these entities was not disclosed in the in the Annual

Report (2009-10) under related party transactions. As per accounting standard 18 (Related party disclosures) issued by ICAI parties are considered to be related *if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions*. The aforesaid is non-compliance of accounting standard 18 (Related party disclosures) of ICAI.

Violation: As per clause 32 of listing agreement a company has to make disclosures in compliance with the Accounting Standard on Related Party Disclosures. Therefore, it has been alleged that Noticee No. 1 has violated provisions of clause 32 of the Listing agreement read with Section 21 of the SCRA, 1956.

Other un-related Clients of CHL:

22. **Food And Agriculture Organisation, UN (FAO UN):**

a. FAO UN contributed 16.82% and 38.71% of the total sales for 2008-09 and 2009-10 respectively. On the query of India's Country Representative of FAO UN, through his e-mail dated October 23, 2013 (enclosed as **Annexure - 9**) FAO replied that it had two contracts with CHL for scanning services. The first contract was awarded in July 2001 for 3 years and the second one was awarded in Dec 2005 for 1 year. Purchase orders were issued after the expiry date of the contracts to cover service rendered during the validity of the second contract. The last payment to CHL made in Dec 2009. Total amount paid to CHL from July 2001 till Dec 2009 under the contract was US$ 298,301.50. (Taking the conversion ratio @Rs. 50/dollar), the total amount paid to CHL in Rs. comes up to Rs. 1,49,15,075. Reply of FAO UN depicts that during 2001-09 total payment made to CHL was only Rs.1.49 Cr. However, CHL

reported sales made to the tune of Rs. 10.27 crore (FY 2008-09) and Rs. 29.42 crore (FY 2009-10).

b. This shows that amount of sales to FAO UN furnished by CHL to SEBI for FY 2009 and 2010 were allegedly inflated and incorrect. Even after taking into consideration the entire 8 year period the value of sales shown in 2008-09 and 2009-10 is allegedly inflated to the extent of 38.22 crore.

23. **NDS USA LLC:**

a. NDS USA LLC contributed 23.34% and 26.64% of the total sales for 2008-09 and 2009-10 respectively.

b. Oh specific query, NDS USA LLC vide its e-mail dated October 07, 2013 (enclosed as **Annexure - 10**) has stated that it was a client of CHL prior to and until May 2007 where CHL offered them IT enabled services. They stated that the last payments were made to CHL in the month of June 2007.

c. This shows that the amount of sales to NDS USA LLC furnished by CHL to SEBI for 2008-09 and 2009-10 were allegedly inflated and incorrect to the extent of Rs. 32.99 crore.

24. In the view of the para 22 and para 23 following, it has been alleged that

a. Sales made to related parties was not disclosed in the Annual Report (2009- 10) under related party transactions.

b. The CHL has shown inflated figures for sales for (FY 2009 and FY 2010). The inflation is to the extent of approx, Rs. 38.22 Cr for FAO UN, and approx Rs. 32.98 Cr for NDS USA LLC which contributes a total of approx Rs. 71.21 Cr which is 51.90% of the total sales for the FY 2009 and 2010. Correspondingly, the figures of profit and profit carried over in

the Balance Sheet were also inflated. This is shown in the following table:

S.N.	Name of the entity	Sales shown in annual report 2009-10. (Rs. in crore)	Actual sales (on the basis of replies from entities) (Rs. in crore)	Difference between actual sales and sales shown (Rs. in crores)
a	FAO-UN	2008-09 10.28 2009-10 29.43 Total 39.71	1.49	38.22
b	NDS USA LLC	2008-09 14.25 2009-10 18.73 Total 32.98	0	32.98
c	Total (a+b)	72.69		71.21
d	Total Sales reported (Rs. in crore)			2008-09.... 61.09 2009-10 76.02 Total 137.11
e	% of Inflation of Sales to the Total Sales reported (c/d*100)			51.9%

Table No 8

Violation:- Therefore, it has been alleged that the CHL published false and misleading financial results during 2008-09 and 2009-10. Allegedly, the said act of the Noticee No. 1 is in contravention of Section 12 A (a), (b) and (c) of SEBI Act, 1992, Regulation 3 (b), (c) and (d) and 4(1) and 4 (2) (e), (f) (k) and (r) of SEBI (PFUTP) Regulations 2003 and clause 32 of Listing Agreement read with Section 21 of the SCRA, 1956.

MIS-STATEMENTS REGARDING BOARD MEETINGS

25. Considering the above observations relating to reporting of misleading sales and profit, the corporate governance practices of the CHL were scrutinized. As per the Annual report FY 2009-10, Shri D M Shirodkar, Mr Harish Sahu & Mr. Ghanshyam Joshi (Independent Directors) were members of various committees formed under the provisions of Clause 49 of the Listing agreement.

26. Also, it was mentioned in Annual report FY 2009-10 that there were 15 Board meetings held during the FY 2009-10 out of which Shri D M Shirodkar, Mr Harish Sahu and Mr. Ghanshyam Joshi had attended 5, 12 & 15 board meetings respectively.

27. On investigation, upon being asked to confirm, Shri D M Shirodkar, Mr Harish Sahu & Mr. Ghanshyam Joshi have confirmed to SEBI that they have never attended any board meetings. Their respective replies as follows:-

    a. Harish K Sahu *vide* letter dated April 19, 2013 (enclosed as **Annexure-11)** denied having received any communication regarding any board meetings, committee meetings. He stated that he did not attend any committee meeting nor signed any attendance register.
    b. Mr. Ghanshyam Joshi, in his letter dated April 03, 2013 (enclosed as **Annexure-12)** denied attending any board meeting, audit remuneration, share transfer and share- holders Investors Grievance committee meetings. He stated that whatever is mentioned in the annual report 2009-10 is not true.
    c. DM Shirodkar in his e-mail reply dated October 25, 2013 (enclosed as **Annexure-13)** stated that he did not attended any board meeting in FY 2009-10 and was never a member of any committee of the Board.
    d. Dilip C Parekh in his statement (enclosed as **Annexure-14)** on April 12, 2013 confirmed that there used to be no formal board meetings held by the company since April 2008, and agenda was never circulated, minute book and attendance sheets used to be sent to him after 3-4 months for signatures.

28. Considering the aforementioned facts, it has been observed that there were no Board Meetings held by the company during 2008-09 and 2009-10. Clause 49

of the listing agreement requires that the board shall meet at-least four times a year, with a maximum time gap of four months between any two meetings.

Violation: - Since no board meeting had being conducted during the said period it has been alleged that, the Noticee No. 1 has violated clause 49 of the listing agreement read with section 21 of the SCRA 1956.

Role of Chairman and Directors

29. Statement of Anthony Lopes and Suthesh Nair and Dilip C Parekh shows that Noticee No. 2, Noticee No. 3 and Noticee No. 4 were managing day to day affairs of the CHL. Also, Noticee No. 2 is Promoter & Chairman of CHL as well Tutis Technologies Limited and Noticee 3 was WTM of CHL (since 2000). Annual Report of 2009-10 shows that they were signatories on the Financial statement of the the CHL. Further, quarterly results that were submitted to exchanges till June 2012 have been signed either Noticee No.2 or by Noticee No. 3.

Violation: In the view of above paras, it has been alleged that Noticee No. 2, Noticee No. 3. & Noticee No. 4 were responsible for the following acts of the CHL since without their active connivance it could not have been possible.

a. Publishing false and misleading financial results during 2008-09 & 2009-10 by showing inflated figures for sales approx Rs. 71.21 Cr which is 51.90% of the total sales for the FY 2009 and FY 2010. Correspondingly the figures of profit and profit carried over in the Balance Sheet were also inflated. Thus, they have allegedly violated Section 12 A (a), (b) and (c) of SEBI Act, 1992, Regulation 3 (b), (c) and (d) and 4(1) and 4 (2) (e), (f) (k) and (r) of SEBI (PFUTP) Regulations 2003.

b. Sales made to related parties was not disclosed in the in the Annual Report (2009-10) under related party transactions. Thus, they have allegedly violated clause 32 of listing agreement read with Section 21 of the SCRA.

c. Board meetings have not been, conducted in accordance with clause 49 of the listing agreement. Thus, they have allegedly violated clause 49 of the listing agreement read with section 21 of SCRA 1956.

30. In view of the aforementioned paragraphs the Noticees are called upon to show cause as to why an inquiry should not be held against it under rule 4 of the SEBI Adjudication Rules and SCRA Adjudication Rules and why penalty should not be imposed on it under section 15HA of SEBI act and section 23E of SCRA Act for the alleged violations explained in the paragraphs above.

31. The relevant provisions of law are reproduced below for ease of reference:

SEBI Act

Penalty for fraudulent and unfair trade practices

15HA.If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty [1][which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.].

SCRA

[1] Substituted for the words "twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher" by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014.

[Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. *If a company or any person managing collective investment scheme or mutual fund [2][or real estate investment trust or infrastructure investment trust or alternative investment fund], fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be [3][liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees.*

Regulations 3(a), (b), (c), and (d) and 4(1), 4(2) (f), (k) and (r) of the SEBI PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

(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

[2] Inserted by the Finance Act, 2018 w.e.f. 08-03-2019.
[3] Substituted for the words "liable to a penalty not exceeding twenty-five crore rupees" by the Securities Laws (Amendment) Act, 2014, w.e.f 08-09-2014.

on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a [4][manipulative], fraudulent or an unfair trade practice in [5][markets].

[6][Explanation–For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market]

(2) Dealing in securities shall be deemed to be a [7][manipulative] fraudulent or an unfair trade practice if it involves [8][any of the following]:—

---

[4] Inserted *vide* the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 01, 2019.
[5] Inserted vide the the PFUTP 2018 Amendment Regulations.
[6] Inserted *vide* Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Second Amendment) Regulations, 2020 w.e.f. October 19, 2020.
[7] Inserted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Second Amendment) Regulations, 2020 w.e.f. October 19, 2020.
[8] Substituted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 1, 2019.

(e) any act or omission amounting to manipulation of the price of a security [9][including, influencing or manipulating the reference price or bench mark price of any securities]

(f)[10][knowingly] publishing or causing to publish or reporting or causing to report by a person dealing in securities any information [11][relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals,] which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

[(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;]***

***Substituted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2022 w.e.f. January 25, 2022. Before the substitution the provision read as follows: "disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities;" The provisions was previously substituted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment)

[9] Inserted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 1, 2019.
[10] Ibid.
[11] Ibid.

Regulations, 2018 w.e.f. February 01, 2019 and before the said substitution the provision read as follows: "***an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors***".

(r) [12][knowingly] planting false or misleading news which may induce sale or purchase of securities.

32. Reply of the Noticees, if any, should reach the undersigned, at the address given below, as well as through email at "vijayantkv@sebi.gov.in" and "aloks@sebi.gov.in" in MS Word/ MS Excel Format, within 14 days from the date of the receipt of this notice, failing which it shall be presumed that the Noticees has no reply to submit and the matter would be further proceeded on the basis of the evidence available on record. The Noticees 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

33. It may be noted that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If the Noticees wish to avail the benefits of the settlement process, it/he/she may apply for the same in the manner provided in the said regulations under intimation to the undersigned.

[12] Inserted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 1, 2019.

34. The Noticees are 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.

V.K.V

Place: Mumbai
Date: February 18, 2022

Vijayant Kumar Verma
Adjudicating Officer

Annexures: Documents relied upon are as follows:

Annexure No.	**Copy of relevant documents enclosed with the show cause notice**
1	Communication dated February 11, 2021 appointing the undersigned as the adjudicating officer.
2	details of Board of Directors of CHL during IP
3	The Price volume data day wise and PV Charts for the Investigation Period (for BSE & NSE)
4	CHL Annual Report 2009-10
5	CHL reply vide letter dated July 15, 2010
6	Statement of Mr. Anthony Lopses
7	Statement of Mr. Suthesh Nair
8	Financial Conduct Authority (FCA UK) email dated September 23, 2013.
9	Reply of FAO UN, through his e-mail dated October 23, 2013.
10	NDS USA LLC vide its e-mail dated October 07, 2013.
11	Harish K Sahu vide letter dated April 19, 2013
12	Mr. Ghanshyam Joshi vide letter dated April 03, 2013

Annexure No.	Copy of relevant documents enclosed with the show cause notice
13	DM Shirodkar in his e-mail reply dated October 25, 2013
14	Dilip C Parekh statement on April 12, 2013