भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange Board of India

CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER

Through SPAD

10582/1-18
SEBI/EAD-08/PM/NS/ /2022
March 14, 2022

Noticee	Entity Name	Noticee	Entity Name
1.	**Sharepro Services (I) Pvt. Ltd.** (PAN: AAICS5500L) (CIN:U67120MH2004PTC148994) (SEBI Registration No-INR000001476) 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri-East, Mumbai 400 072	2.	**Shri Govind Raj Rao** (PAN: AGAPR1557P) B/164/165 Park Plaza Condominium, New Yari Road, Opp Fishery Institute, Varsova, Andheri- West, Mumbai 400061
3.	**Ms. Indira Karkera** (PAN: ADUPK3802B) 702-703, Tridev Tulip, BPS Cross Road No. 3, Behind Devidayal Garden, Mulund (W), Mumbai - 400 080	4.	**Shri Balram Mukherjee** (PAN: CIGPM5834A) 1, Ganesh Baug CHS Ltd., Opp. Civil Hospital, Dhobi Ali, Thane (W) - 400 601
5	**Shri Prashant Karkera** (PAN: AANPK8238K) 702-703, Tridev Tulip, BPS Cross Road No. 3, Behind Devidayal Garden, Mulund (W), Mumbai - 400 080	6	**Shri Akhil K Dalal** (PAN: AAEPD5406D) 5th FlrMangalPranam, 59 1st Road Nr Gulmohar Rd, J V P D Scheme, Mumbai, Maharashtra, India, 400049
7	**Shri Anand S. Bhalakia** (PAN: AABPB9293K)	8	**Shri Anil Jathan** (PAN: ADCPJ1922H)

भारतीय प्रतिभूति और विनिमय बोर्ड, मुंबई Securities and Exchange Board of India Mumbai

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

Noti cee	Entity Name	Noti cee	Entity Name
	Rekha No 2 Apt 19 4th Floor, 46 Ridge Road, Walkeshwar, Mumbai - 400006		A 706 Rachanaa-1 C.H.S. Ltd., Bapusaheb Juvekar Marg, Bhandup Village East, Mumbai-400042
9	**Ms. Bhavani Jathan** (PAN: AOTPJ8562P) A/706 Rachana Nr Friends Colony, 1 BapuSaheb Juvekar Marg, Bhandup East, Mumbai-400042	10	**Mr. Chetan Shah** (PAN: ALWPS9006K) Room No. 11, Jain Derasar Wadi, Anand Road, Malad (W), Mumbai - 400 064
11	**Mr. Dayanand Jathan** (PAN: ACDPJ8303J) Address:304, 3rd Floor, C-18, Shanti Nagar, sector-IV, Mira Road (E), Dist-Thane 401101	12	**Ms. Dina Bhalakia** (PAN: AKZPB1073H) Address:Rekha No 2 Apt 19 4th Floor, 46 Ridge Road, Walkeshwar, Mumbai -
13	**Ms. Jayshree Shah** (PAN: AVGPS5623L) A-1204,Vasant Aradhana, Mahavir Nagar, Kandivali (West), Mumbai 400067	14	**Mr. Mohit Karkera** (PAN: AUWPK6144M 702-703, Tridev Tulip, BPS Cross Road No. 3, Behind Devidayal Garden, Mulund (W), Mumbai - 400 080
15	**Mr. Sujitkumar Amarnath Gupta** 202 Welfare Society, Nehru Nagar Marol Pipe Line, Andheri- East Mumbai-400059	16	**Mr. Pradeep Rathod** (PAN: AADPR5838A) 5 Kumbhar Tukada, Mahavir Bldg., 2nd Floor, Bhuleshwar, Mumbai 400004
17	**Mr. Rajesh Bhagat** (PAN: AHZPB1387P) Tanaji Nagar, SafedPul, 10/29, Fulfule Chawl, Kurla (W), Kurla Andheri Road, Mumbai 400 072	18	**Mr. Shrikant Bhalakia** (PAN: AGJPB6222E) Rekha No 2 Apt 19 4th Floor, 46 Ridge Road, Walkeshwar, Mumbai - 400006

Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 in the matter of investigation into the dealings in the matter of "Sharepro Services (I) Pvt. Ltd.".

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') vide communique dated July 12, 2019 (Copy enclosed as **Annexure 1**) appointed Shri K Saravanan as an Adjudicating Officer under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the '**SEBI Act**') read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge. Thereafter, pursuant to transfer of Mr K Saravanan , undersigned was appointed as Adjudicating Officer in the matter, conveyed vide communique dated July 14, 2021 (attached as Annexure 2) to inquire into and adjudge.

1.1. Under Section 15A(a) & (c), 15C, 15HA and 15HB of SEBI Act, 1992 for the alleged violation of Section 12 A (a) (b) (c) of SEBI Act, 1992, Regulation 2 (1) (c), 3 (b) (c) (d), 4 (1) & (2) (p) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003; Clauses (1),(2), (3), (5), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 {"RTA" Regulations"}, Regulation 9 (A) (e) & (f), Regulation 6 (g) and Regulation 14 (3) (b) & (c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001; Section 11C(2) and 11C (3) of SEBI Act , 1992, by Sharepro Services (I) Pvt. Ltd. (hereinafter referred to as '**Noticee 1/**') for the alleged irregularities in case of Sharepro

1.2. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d), 4(1) & (2)(h) of PFUTP Regulations 2003; Under Section 15A(a) of SEBI Act for the alleged violation of

Section 11C(2), 11C (3) and 11C(5) of SEBI Act by Govind Raj Rao (**'Noticee 2'**) for the alleged irregularities in case of Sharepro

1.3. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12 A(c) of SEBI Act, Regulation 3, 4(1) & (2)(h) of PFUTP Regulations 2003; Under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2), 11C (3) and 11C(5) of SEBI Act by Indira Karkera (**'Noticee 3'**) for the alleged irregularities in case of Sharepro

1.4. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2 (1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations 2003; Under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2) and 11C (3) of SEBI Act by Balram Mukherjee (**'Noticee 4'**) for the alleged irregularities in case of Sharepro

1.5. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations 2003; Under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2), 11C (3) and 11C(5) of SEBI Act by Prashant Karkera (**'Noticee 5'**) for the alleged irregularities in case of Sharepro

1.6. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a) (b) (c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations 2003; Under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2) and 11C(3) of SEBI Act by Akhil K Dalal (**'Noticee 6'**) for the alleged irregularities in case of Sharepro

1.7. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations 2003 by Anand S. Bhalakia (**'Noticee 7'**) for the alleged irregularities in case of Sharepro

1.8. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations 2003; Under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2) and 11C (3) of SEBI Act by Anil Jathan ('**Noticee 8'**) for the alleged irregularities in case of Sharepro

1.9. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations; Under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2) and 11C (3) of SEBI Act by Bhavani Jathan (' **Noticee 9'**) for the alleged irregularities in case of Sharepro

1.10. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations; Under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2), 11C(3) and 11C(5) of SEBI Act by Chetan Shah ('**Noticee 10'**) for the alleged irregularities in case of Sharepro

1.11. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations by Dayanand Jathan ('**Noticee 11'**) for the alleged irregularities in case of Sharepro

1.12. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4 (1) of PFUTP Regulations by Dina Bhalakia ('**Noticee 12'**) for the alleged irregularities in case of Sharepro

1.13. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP

Regulations by Jayshree Shah ('**Noticee 13'**) for the alleged irregularities in case of Sharepro

1.14. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations by Mohit Karkera ('**Noticee 14'**) for the alleged irregularities in case of Sharepro

1.15. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations by Sujitkumar Amarnath Gupta ('**Noticee 15'**) for the alleged irregularities in case of Sharepro

1.16. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations and under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2) and 11C(3) of SEBI Act by Pradeep Rathod ('**Noticee 16'**) for the alleged irregularities in case of Sharepro

1.17. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations by Rajesh Bhagat ('**Noticee 17'**) for the alleged irregularities in case of Sharepro

1.18. Under Section 15HA and 15HB of the SEBI Act for the alleged violation of Section 12A(a)(b)(c) of SEBI Act, Regulation 2(1)(c), 3(b)(c)(d) & 4(1) of PFUTP Regulations; Under Section 15A(a) of SEBI Act for the alleged violation of Section 11C(2) and 11C (3) of SEBI Act by Shrikant Bhalakia ('**Noticee 18'**) for the alleged irregularities in case of Sharepro

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2. Pursuant to an anonymous complaint dated October 20, 2015, SEBI conducted an investigation to examine in detail the records of the Noticee 1 in the matter. Meanwhile, Whole Time Member, SEBI passed an interim order dated March 22, 2016 against the Sharepro and 15 other entities. Subsequently, SEBI vide confirmatory order dated November 03, 2017 confirmed the directions issued vide abovementioned interim order, against all but one entities. It was noted from the half yearly compliance report of Noticee 1 as on end of September 2015, Noticee 1 was managing 89,76,510 folios w.r.t total 278 companies. Further on the average each company issues one or two dividends every year. Hence on the average there are around 300-400 dividend accounts every year. Investigation revealed the fraudulent siphoning of dividends by backward working from the bank accounts of the entities.Similarly it is observed that the records of fraudulent transfer of shares at the office of Noticee 1 are massively falsified. SEBI observed that the system/database of the Noticee 1 shows that dividends were paid to the original shareholders but the verification of the bank accounts revealed that the dividends were paid to persons who were not the rightful shareholders or were not at all the shareholders of the companies. Thus it is alleged that, not only the dividend due to genuine investors is fraudulently siphoned off by the Noticee 1 but the records are falsified so as not to reflect the correct position.The details of investigation in various cases are explained in detail in the following paragraphs.

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

Sr. No.	Name	Related with	How
1	The Noticee 3	the Noticee 1	Vice President. Client Manager of majority of the client companies of the Noticee
2	G.R.Rao	the Noticee 1	Managing Director of the Noticee
3	Bhagyalaxmi Rao	the Noticee 1	Director of the Noticee
4	G.R.Rao	Bhagyalaxmi Rao	Husband of Bhagyalaxmi Rao
5	The Noticee 3	The Noticee 5	Wife of The Noticee 5
6	The Noticee 3	Mohit Karkera	Mother of Mohit Karkera

Sr. No.	Name	Related with	How
7	The Noticee 3	The Noticee 8	Sister of The Noticee 8
8	The Noticee 3	The Noticee 9	Daughter of The Noticee 9
9	The Noticee 3/ The Noticee 5	Suresh Unavane	Servant of The Noticee 3/The Noticee 5. Bank/Demat account transactions. Accounts of Suresh Unavane are opened and operated by The Noticee 3/The Noticee 5.
10	The Noticee 3/ The Noticee 5	Raju Landge	Driver of The Noticee 3/The Noticee 5. Bank account transactions. Accounts of Raju Landge are opened and operated by of The Noticee 3/The Noticee 5.
11	The Noticee 5	Nagesh Karkera	Brother of Nagesh Karkera. Bank account transactions. Accounts of Nagesh Karkera are opened and operated by of The Noticee 3/The Noticee 5.
12	The Noticee 5	Narayan Devadiga	Servant of The Noticee 5. Bank account transactions. Accounts of Narayan Devadiga are opened and operated by of The Noticee 3/The Noticee 5.
13	The Noticee 5	Satyam Brush Industries	Proprietary Firm of The Noticee 5
14	The Noticee 18	Anand Bhalakia	Father of Anand Bhalakia. Accounts of Anand are operated by Shrikant.
15	The Noticee 18	Dina Bhalakia	Husband of Dina Bhalakia
16	The Noticee 18/ Anand Bhalakia	Raju Landge, Suresh Unavane, Nagesh Karkera, Narayan, Devadiga, Balram Mukherjee	Bank account transactions. Shrikant admitted transferring funds to them on the instruction of The Noticee 3.
17	The Noticee 18	The Noticee 13	Sister of The Noticee 18.
18	The Noticee 18	The Noticee 3	Both admitted knowing each other.
19	Rajesh Bhagat	Ganesh Nimbalkar	Brother-in-law of Rajesh Bhagat. Demat transactions. Accounts of Ganesh Nimbalkar are opened and operated by Rajesh Bhagat.
20	Rajesh Bhagat	Swapnil Sutar	Rajesh knows Swapnil as neighbor of Ganesh Nimbalkar. His accounts are opened and operated by Rajesh Bhagat.
21	Rajesh Bhagat	Sukhdev Bhosale	Rajesh and Sukhdev are friends. His accounts are opened and operated by Rajesh Bhagat.
22	Rajesh Bhagat	Chandrakant Pawar	Rajesh Bhagat knows Chandrakant as neighbor of Ganesh Nimbalkar. Demat transactions. His accounts are opened and operated by Rajesh Bhagat.
23	Chandrakant Pawar	The Noticee 5/ Nagesh Karkera	Demat Transactions
24	Chandrakant Pawar	Ganesh Nimbalkar	Neighbor. Demat transactions
25	Dayanand Jathan	the Noticee	Employee of the Noticee
26	Dayanand Jathan	Sunanda Jathan	Wife of Dayananad Jathan
27	Dayanand Jathan	Ratnakar Loku Poojary	Cousin of Sunanda Jathan
28	Ratnakar Loku Poojary	G.R.Rao	Neighbour. Demat Transactions
29	Sunanda Jathan	G.R.Rao	Demat Transactions
30	The Noticee 5	G.R.Rao	Funds Transactions
31	Akhil Dalal	The Noticee 3 Related entities viz. Nagesh Karkera	Funds transactions

Sr. No.	Name	Related with	How
32	Pradeep Rathod	The Noticee 3 Related entities viz. Raju Landge and The Noticee 8	Admitted dealing with The Noticee 3. Funds transfer with The Noticee 3 Related entities.

RELATIONSHIP BETWEEN VARIOUS ENTITIES

4. Investigation Report (hereinafter referred to as 'IR') observed the following relationship of the Noticee 1 with others is observed-

a. Noticee 1 is a SEBI Registered Category I Registrars to Issues and Securities Transfer Agent (CIN: U67120MH2004PTC148994; SEBI Registration No-INR000001476). The Noticee 2 is the Managing Director and Ms. Bhagyalaxmi Rao is Designated Director of the Noticee 1. The Noticee 3 is Vice President and Client Manager for a number of client companies of the Noticee 1. It was observed that The Noticee 3 was Client Manager for all the companies for which irregularities were observed except for Larsen & Toubro Limited, Mahindra Lifespace Developers Limited and UPL Limited.

b. The Noticee 5 vide his statement dated September 27, 2016 before SEBI has admitted that he is the husband of Indira.(Noticee 3), The Noticee 14 is son of The Noticee 3/The Noticee 5, The Noticee 8 is Brother of The Noticee 3, The Noticee 9 is mother of The Noticee 3, Nagesh Karkera is brother of The Noticee 5, Raju Landge is the driver of The Noticee 5/The Noticee 3 and Suresh Unavane is the household worker i.e. servant of The Noticee 5/The Noticee 3.

c. The Noticee 3 *vide* her statement dated December 02, 2015 before SEBI also admitted that Raju Landge is her driver. Suresh Unavane and The Noticee 5 has the same address (viz. Shop no. - 2, Shri Krishna Nivas Co-Op Housing Soc, Juvekar Marg, Bhandup Village-East, Mumbai-400078) in their respective ICICI bank accounts nos. 623801517792 and 623801115552.

d. On the basis of the bank account statements for the period 2004 to 2015 of Suresh Unavane, Raju Landge, Narayan Devadiga and Nagesh Karkera it is alleged that there was outflow to The Noticee 3's family from these bank accounts. The summary of the transactions are as below:

	Total Funds Received (in Rs.)	Withdrawn in Cash (in Rs.)	Transferred to Family of Karkera viz. Indira, Mohit, Prashant and Anil (in Rs.)	Total Funds Withdrawn in cash or Transferred to Karkera Family (in Rs.)	% of funds transferred to The Noticee 3 and withdrawn in cash to total received
	A	B	C	D	D/A
Raju Landge (Bharat Cooperative Bank; Annexure-BRBCBL- Page-186)	14322372	3870970	10229500	14100470	98.45
Suresh Unawane (Bharat Cooperative Bank; Annexure-BRBCBL- Page-260, ICICI Bank; Annexure-BRICIC-Page-442, Kurla Nagarik Sahkari Bank; Annexure-BRMISC; Page-514)	21849324	2335800	15476600	17812400	81.52
Narayan Devadiga (Bharat Cooperative Bank; Annexure-BRBCBL- Page-190)	7960688	1259000	5817500	7076500	88.89
Nagesh Karkera (Bharat Cooperative Bank; Annexure-BRBCBL- Page-164)	23147778	1293000	10136000	11429000	49.37
Total	**67280162**	**8758770**	**41659600**	**50418370**	**74.94 %**

SEBI observed from the pattern of the transactions that most of the amount received in the bank account of these entities is being transferred to the family of The Noticee 3 or withdrawn in cash. SEBI observed that the amount so moving in the bank accounts are hugely disproportionate to their social profile. It is alleged that the accounts of these entities are being used as front by Karkeras.

The bank account details of family of The Noticee 3 in which the above mentioned funds were received is as below:

Sr. No.	Name of Entity/Particulars	Bank Name	A/c No.	Annexure No	Page No
1	The Noticee 5	ICICI Bank	003501008891	BRICIC	178

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

e. Further, The Noticee 5 *vide* his statement dated September 27, 2016 deposed before SEBI that he used to operate the demat account and bank accounts (including Bharat Co-operative Bank account no. - 001810100146954) of Nagesh Karkera. All dealings in his demat/trading account with Sharekhan are done by him. Further, all shares in his demat account and all money moving though his bank account belongs to him and The Noticee 3.

f. The Noticee 5 vide his statement dated September 27, 2016 has also admitted that he used to operate the demat account and bank accounts of Suresh Unavane. All dealings in his demat/trading account with Sharekhan are done by him. Further, all shares in his demat account and all money moving though his bank accounts (Bharat Co-op Bank A/c no. - 001810100074345; Kurla Nagarik Sahkari Bank Limited A/c no. - 007010100006316; ICICI Bank A/c No. - 623801517792) belongs to him and The Noticee 3. Suresh Unawane vide his statement dated September 20, 2016 has also admitted the same.

g. Nagesh Karkera vide letter dated October 1, 2016 addressed to SEBI has admitted his relationship with The Noticee 3 and The Noticee 5. Raju Landge vide letter dated October 01, 2016 stated that he used to work as driver of The Noticee 5 and The Noticee 3. He also stated that The Noticee 3 used to operate his Bharat Co-operative Bank account number 001810100075247 and he has no knowledge of the transactions therein. The Noticee 5 has also stated that The Noticee 3 has opened the bank account of Raju Landge for her share related work.

h. The Noticee 5 has also stated vide his statement dated September 27, 2016 deposed before SEBI that Narayan Devadiga was his employee and his bank account is opened and operated by the Noticee 3. Also all the money moving through the Bharat Co-op Bank A/c no. - 001810100074187 belongs to him and the Noticee 3. The Noticee 5 has further, admitted that Satyam Brush Industries is his proprietary firm. Narayan Devadiga vide his letter dated October 01, 2016 stated that he used to work as assistant of the Noticee 5. He also stated that the Noticee 3 used to operate his Bharat Co-Operative Bank account and he has no knowledge of the transactions therein.

i. The Noticee 14 vide his statement dated September 27, 2016 before SEBI has stated that his bank account no. - 001810100094710 with Bharat Co-operative Bank is operated by his mother i.e. the Noticee 3. Bharat Cooperative Bank vide its letter dated

January 01, 2016 submitted the KYC of Joint Account of The Noticee 3 and Mohit karkera (Noticee 3's Son).

j. There are bank account and/or demat transaction between Shrikant/Anand Bhalakia on one side and Raju Landge, Suresh Unavane, Nagesh Karkera, Narayan Devadiga and The Noticee 4 on other side. Amount transferred by Shrikant to the above entities viz. Raju Landge, Suresh Unavane, Nagesh Karkera, Narayan Devadiga were ultimately being transferred by those entities to the Noticee 3 and her family. These transactions are explained in subsequent paragraphs.

k. There is Off-Market transaction between Suresh Unavane and the Noticee 5 whereby shares alleged to be illegally siphoned off are transferred by Suresh to the Noticee 5 e.g.

DP/ Client id	First holder name	First holder PAN	ISIN	Scrip name	Date	Description	Debit	Credit
IN300513 13271158	Suresh Unawane	AAXPU 3881C	INE021 A01018	Asian Paints Limited Eq	04/07/2011	To The Noticee 5 IN30051312752672	800	0

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

l. Further, Rajesh Bhagat (Noticee 17) vide his statement dated September 15 and 23, 2016 deposed before SEBI that Ganesh Nimbalkar is his brother-in-law, Swapnil Sutar is the neighbor of Ganesh, Sukhdev Bhosale is his childhood friend. He has further admitted opening demat accounts and carrying out various transactions in their name under instruction from The Noticee 3.

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

n. Sukhdev Bhosale also vide his statement dated September 15, 2016 before SEBI admitted relationship with Rajesh Bhagat (Noticee 17).

o. Ganesh Nimbalkar vide his statement dated September 23, 2016 before admitted that he knows Chandrakant Pawar he stays nearby his residence. He also knows Rajesh Bhagat (Noticee 17) as Rajesh is his brother-in-law.

p. Chandrakant in his statement dated September 23, 2016 before SEBI submitted that he knows Ganesh Nimbalkar as he stays nearby his residence. He also knows Rajesh Bhagat (Noticee 17) from last 10 years, as he is the brother-in-law of Ganesh Nimbalkar.

q. On the basis of off market transactions of shares in the demat account of Ganesh Nimbalkar with Rajesh Bhagat (Noticee 17), Chandrakant Pawar and the Noticee 5 it is alleged that these persons and the Noticee 5 were known to one another and had financial dealings among themselves. The transactions are with respect to receipt or payment of siphoned off shares e.g.

Date of Transaction	Transaction Particulars	Credit /Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
23/09/2011	OF-DR TD:449059 TX:340734 1201120000234881	D	150	120112 000023 5710	Ganesh Nimbalkar	120112 000023 4880	Rajesh Bhagat	Off-Market Transfer within CDSL
29/09/2011	OF-DR TD:968787 TX:480329 1201120000234881	D	125	120112 000023 5710	Ganesh Nimbalkar	120112 000023 4880	Rajesh Bhagat	Off-Market Transfer within CDSL
14/10/2011	OF-DR TD:199374 TX:742526 1201120000234881	D	125	120112 000023 5710	Ganesh Nimbalkar	120112 000023 4880	Rajesh Bhagat	Off-Market Transfer within CDSL
18/11/2011	OF-DR TD:432868 TX:310820 1201120000234881	D	300	120112 000023 5710	Ganesh Nimbalkar	120112 000023 4880	Rajesh Bhagat	Off-Market Transfer within CDSL
09/02/2012	OF-CR TD:114828 TX:580890 1201120000255684	C	400	120112 000023 5710	Ganesh Nimbalkar	120112 000025 5680	Chandrakant Pawar	Off-Market Transfer within CDSL
10/10/2012	OF-CR TD:389842 TX:263609 1201120000234881	C	500	120112 000023 5710	Ganesh Nimbalkar	120112 000023 4880	Rajesh Bhagat	Off-Market Transfer within CDSL
04/07/2013	OF-CR TD:978296 TX:770868 1201120000234881	C	100	120112 000023 5710	Ganesh Nimbalkar	120112 000023 4880	Rajesh Bhagat	Off-Market Transfer within CDSL
11/07/2013	INTDEP-DR 13752571CTRBO IN300513 12752672	D	500	120112 000023 5710	Ganesh Nimbalkar	IN3005 131275 2672	The Noticee 5	Inter-Depository

								Off-Market Transfer

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

Date of Transaction	Transaction Particulars	Credit/ Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
09/02/2012	OF-DR TD:114829 TX:580891 1201120000234881	D	400	12011200002 55680	Chandrakant Pawar	12011200002 34880	Rajesh Bhagat	Off-Market Transfer within CDSL
09/02/2012	OF-DR TD:114828 TX:580889 1201120000235716	D	400	12011200002 55680	Chandrakant Pawar	12011200002 35710	Ganesh Nimbalkar	Off-Market Transfer within CDSL
27/11/2013	INTDEP-DR 25639336CTRBO IN300513 20939266	D	1600	12011200002 55680	Chandrakant Pawar	IN300513 20939266	Nagesh Karkera	Inter-Depository Off-Market Transfer
29/11/2013	OF-DR TD:791603 TX:499747 1201120000234881	D	100	12011200002 55680	Chandrakant Pawar	12011200002 34880	Rajesh Bhagat	Off-Market Transfer within CDSL
29/11/2013	INTDEP-DR 25886975CTRBO IN300513 20939266	D	1600	12011200002 55680	Chandrakant Pawar	IN300513 20939266	Nagesh Karkera	Inter-Depository Off-Market Transfer

s. The Noticee 2 vide statement dated December 04, 2015 before SEBI stated that Dayanand Jathan is employee of the Noticee 1 and is Sr Manager in charge of transfer/Demat department. He is the husband of SunandaJathan and Ratnakar Loku Poojary is cousin of Sunanda Jathan (Reference letter dated June 30, 2016 sent by Sunanda Jathan).

t. As per the reply dated May 19, 2016 of Ratnakar Poojary he is neighbor of The Noticee 2 and knows him.

u. The Noticee 18 vide his letter dated May 13, 2016 has admitted that he knows The Noticee 3 since 2009 and he used to consult her in the matter of transfer of physical or demat shares and about requirement of documentation thereof. He has further admitted helping in transfer of shares belonging to other investors in his name and dematerializing and selling the same and later making payments to entities (Raju L, Suresh U, Nagesh K, Narayan D etc.) related to the Noticee 3 on her instructions.

v. The Noticee 13 is sister of The Noticee 18 who has admitted the said relation vide letter dated May 13, 2016.

w. It is alleged that Akhil Dalal(Noticee 5) is connected to Nagesh Karkera as can be seen from various fund transfers between Akhil Dalal(Noticee 5) to Nagesh Karkera:

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

In view of the facts that Nagesh by his own admission has acted as a proxy of The Noticee 3 as well as the fact that funds from Nagesh's account received from Akhil were transferred onward to The Noticee 3, it is alleged that Akhil is also related to The Noticee 3.

x. Pradeep Rathod(Noticee 16) has admitted vide his letter dated June 27, 2016 that The Noticee 3 approached him for sale of certain shares and also gave him Indemnity Bond to reimburse in case of any losses in the said transactions. There are below mentioned funds transfer between Pradeep and Raju Landge (driver of The Noticee 3), The Noticee 8 (brother of The Noticee 3) and The Noticee 3 herself:

Date	Transferor Name	TransferorBank a/c No	Chq.No	Amount	Transferee Name	TransfereeBank a/c No
06/05/2006	Pradeep Rathod	Union Bank of India 316002010070270	138117	3,78,300.00	The Noticee 3	National Co-op Bank 4672
07/03/2006	Pradeep Rathod	Union Bank of India 316002010070270	138105	7,91,520.00	Raju Landge	Bharat Co-op Bank 001810100075247
12/04/2006	Pradeep Rathod	Union Bank of India 316002010070270	138115	5,00,000.00	Raju Landge	Bharat Co-op Bank 001810100075247
05/06/2006	Pradeep Rathod	Union Bank of India 316002010070270	155713	1,10,324.00	Raju Landge	Bharat Co-op Bank 001810100075247
23/02/2006	Pradeep Rathod	SBBJ 51010536110	638750	3,78,300.00	Raju Landge	Bharat Co-op Bank 001810100075247
08/08/2006	Pradeep Rathod	Union Bank of India 316002010070270	155717	3,00,000.00	The Noticee 8	Bharat Co-op Bank 001810100008368
21/11/2006	Pradeep Rathod	Union Bank of India 316002010070270	166009	1,00,000.00	The Noticee 8	Bharat Co-op Bank 001810100008368
30/11/2006	Pradeep Rathod	Union Bank of India 316002010070270	166010	2,00,000.00	The Noticee 8	Bharat Co-op Bank 001810100008368
23/10/2006	Pradeep Rathod	SBBJ 51010536110	950906	2,00,000.00	The Noticee 8	Bharat Co-op Bank 001810100008368
24/11/2006	Pradeep Rathod	SBBJ 51010536110	950908	7,00,000.00	The Noticee 8	Bharat Co-op Bank 001810100008368
28/11/2006	Pradeep Rathod	SBBJ 51010536110	950914	1,95,510.00	The Noticee 8	Bharat Co-op Bank 001810100008368

In view of the above it is alleged tha Pradeep Rathod is an accomplice of The Noticee 3.

EXAMINATION OF DIVIDEND PAYMENTS:

5. **Brief Dividend Issue Process:** Dividend declared by company becomes due to the persons holding shares as on record date. Company opens one bank account for each dividend declared and total dividend amount is transferred to such account. All dividends payments are required to be disbursed from this account. This account remains open till claims become barred by law and the balance unclaimed amount is transferred to IEPF set up in accordance with Companies Act. The Noticee 1

explained that dividends are paid electronically or by demand drafts or by issue of warrants. Payment to each investor holding is identified by unique warrant no. If warrants are not encashed, then shareholders have to request the Noticee 1 to once again send the dividend proceeds to them and this time the dividend proceeds are sent by way of demand drafts. Unique warrant no. remains same throughout even if further DDs are issued against unclaimed warrant.

6. Further, the Noticee 1 (through The Noticee 2) informed vide statement dated February 15, 2016 that it prints dividend warrants except for amounts greater than Rs. 10,000, in which case, demand drafts are issued. These details are captured in the system. Further, the warrants/demand drafts are dispatched to the shareholders; in case the warrants/demand drafts are not encashed /are returned undelivered, the same is once again issued by way of a demand draft on receipt of request from concerned shareholder. The Noticee 3 (on behalf of the Noticee 1) also informed vide statement dated December 02, 2015 that it validates the dividend re-issue requests made by shareholders by making all necessary due diligence (w.r.t. genuineness of the claim) and forwards the request for payment to the company. Thereafter, the company instructs the banks to re-issue the dividend instrument and in certain cases the companies in good faith have authorized the Noticee 1 directly issue instruction to the banks.

7. In case the warrants/demand drafts are not encashed /are returned undelivered, the same is once again issued by way of a demand draft on receipt of request from concerned shareholder. However, no record such as DD no., date of reissue of demand drafts reissued against warrants or earlier demand drafts is maintained in the System of the Noticee 1. The Noticee 3 has accepted this in her statement dated December 02, 2015. It is alleged that the Noticee 1 has deliberately not maintained proper records in its system so that demand drafts issued to persons belonging to or connected with the management of the Noticee 1 instead of the genuine shareholders

is not immediately visible to any observer. All such payments have been recorded as payment being made to the registered shareholder i.e. the names of wrongful beneficiaries were not recorded in database of the Noticee 1. It is alleged that this amounts to deliberate falsification of records by the Noticee 1.

8. With respect to the dividend issue process followed at the Noticee, the Noticee 3 vide her statement dated December 02, 2015 explained that data of undelivered dividend warrants is kept only for 3 months. However, original undelivered data is not referred to while issuing duplicate instruments once expiry period is over. If any investor approaches for re-issuance, reconciliation file sent by bank is referred to for payment status and dividend is reissued accordingly. Undelivered demand drafts are inwarded in the system, but no details either in excel sheet or any format are maintained nor linked to the individual folio records. If any investor approaches for re-issuance, details are referred to bank for payment status and dividend is reissued accordingly. Bank confirmation for payment status of original or subsequent instrument is taken before issuing further instrument. Noticee 1 does not maintain record such as DD no., date of reissuance of re-issued demand drafts. There is no link of reissued instruments with original instruments. However, only payment status is updated in the system. For example, screenshot of dividend details pertaining to Folio no. 60245 of Asian Paints Ltd. is placed at Annexure-SP1.

Alleged Modus operandi of the Noticee 1 to divert dividends:

9. Noticee 1 and its management would come to know about inactive folios from the fact that dividend pertaining to them would regularly get transferred to IEPF or letters/warrants sent to them would return undelivered. Noticee 1 would then issue demand drafts of dividends pertaining to such folios in favour of people connected with its management. Since system does not capture dividend instruments returned, demand draft no. re-issued, and other details it led to audit trail is blurred.

10. The Noticee 1 has also followed another practice. It would issue demand drafts in favour of investors in bulk just before dividend account is closed and balance is transferred to IEPF. Since, many investors would not claims such demand drafts, all demand drafts would eventually get cancelled. The Noticee 1 would then request banks to issue demand drafts in favour of people connected with its management. The fact that account has got closed and the Noticee 1 system shows dividend paid helped the Noticee 1 management to blur the audit trail.

11. It is alleged that there is large scale siphoning off of dividends of companies which have authorized the Noticee 1 to issue instructions to banks directly without going through them. The Noticee 3 has submitted vide statement dated December 02, 2015 (Annexure-SR2) that following companies have authorized the Noticee 1 to issue instructions directly to banks.

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

Incidentally, The Noticee 3 was client manager for all above companies as per data submitted by the Noticee 1 vide letter dated December 07, 2015.

12. It is alleged that on 1004 instances (involving Rs. 74,95,420/-) the Noticee 1 has misused the authority of instructing the banks directly by issuing dividend payment instruments to persons who were not shareholders. The particulars of all these instances are provided as part of **Annexure A** (Details of Dividend Transfers to persons other than shareholders by direct instruction of the Noticee 1 to banks). SEBI observed from instruction letters obtained from banks and companies that most of the letters were either signed by The Noticee 3 or she had knowledge of the instructions by being on CC of the emails. Further, it is also observed that explanations such as 'Late transfer case', 'matter under dispute cases and settled now', 'transmission' are

written on many of the aforementioned instruction letters so that no questions are raised by banks. This strategy was employed by the Noticee 1/ the Noticee 3 to mislead the banks.

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

i. SEBI observed that dividends siphoned off was credited to bank accounts of the entities related to management of the Noticee 1. Statements of all these accounts are placed at **Annexure-BRBCBL.**

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

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

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

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

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

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

- Account No. from which DD was issued
- Name of the account holder
- Copy of letter of instruction from the Noticee 1 to release payments in all cases
- Folio no. to which particular payments belonged, warrant no., MICR no.

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

Sr. No.	Bank	Annexure	Email / Summons dated	Page no.
1	Standard Chartered Bank	Annexure - BRSTNC	01/01/2016	123
2			07/01/2016	121
3			13/01/2016	119
4			27/01/2016	117
5			03/05/2016	111
6	ICICI Bank	Annexure - BRICIC	01/01/2016	528
7			07/01/2016	526
8			13/01/2016	524
9			27/01/2016	510
10			10/02/2016	508
11	HDFC Bank	Annexure - BRHDFC	01/01/2016	205
12			07/01/2016	195
13			13/01/2016	187
14			27/01/2016	115
15	Citibank	Annexure - BRMISC	03/05/2016	450
16			07/01/2016	446
17			01/01/2016	442

Sr. No.	Bank	Annexure	Email / Summons dated	Page no.
18			27/01/2016	438
19	IDBI Bank		07/01/2016	74
20	Kotak Mahindra Bank		07/01/2016	70
21	HSBC		01/01/2016	36
22			07/01/2016	28
23			10/02/2016	26
24	Deutsche Bank		13/01/2016	6

v. Respective drawee banks provided various information/documents (e.g. Account No. from which DD was issued, Name of the account holder, Copy of letter of instruction from the Noticee 1 to release payments and warrant no., MICR no. etc) w.r.t. the said irregular transactions vide letters/emails mentioned below:

Sr. No.	Sender	Annexure	Letter/ Email dated	PageNo.
1	Standard Chartered Bank	Annexure - BRSTNC	11/03/2016	268
2			15/07/2016	143
3			07/01/2016	129
4			18/01/2016	127
5	ICICI Bank	Annexure - BRICIC	03/08/2016	704
6			25/05/2016	700
7			18/04/2016	696
8			23/02/2016	654
9	HDFC Bank	Annexure - BRHDFC	25/04/2016	345
10			18/02/2016	295
11			02/03/2016	265
12			13/01/2016	209
13			13/01/2016	203
14			16/01/2016	191
15			02/02/2016	185
16	Citibank	Annexure - BRMISC	08/06/2016	464
17			18/01/2016	448
18			12/01/2016	444
19			01/02/2016	440
20	IDBI Bank		25/01/2016	78
21	Kotak Mahindra Bank		14/01/2016	72
22	HSBC		26/02/2016	52
23			19/02/2016	38

Sr. No.	Sender	Annexure	Letter/ Email dated	PageNo.
24			10/03/2016	34
25	Deutsche Bank		14/01/2016	8

vi. Warrant no. and MICR no. data with respect to particular dividend accounts received from drawee banks was compared with the Noticee 1 systems and the data of names of original investors and their folios to which such dividends actually belonged as per the Noticee 1 Systems was taken on records vide various statements (**Annexure SR12, Annexure SR13**) and email dated May 17, 2016 (**Annexure SSR3**) and other information (**Annexure OD40**) by The Noticee 2/ the Noticee 1. Accordingly the instances of illegal siphoning of dividend by the Noticee 1 related entities were arrived at which is explained in subsequent paragraphs.

14. SEBI observed from the statement of Noticee 3 dated December 02, 2015 that in respect of most of the companies,the Noticee 1 was not directly authorized to issue instructions regarding dividend payments to the banks but was required to route the instructions to the company who in turn would issue the instructions to the banks In this context, SEBI observed that on a number of occasions, the Noticee 1 misled the company by asking the company to issue requisite instructions to banks to credit the dividend proceeds of rightful investors to entities/persons who were linked to the Noticee 3. During investigation 36 such sample instances involving Rs. 41, 09,249/- belonging to shareholders of Asian Paints Ltd. and JM Financial Ltd. have been observed. The details of these instances are provided at **Annexure B** (Details of Dividend Transfers to persons other than shareholders by instruction of the Noticee 1 routed through companies). SEBI observed from instruction letters obtained from companies that most of the letters were either signed by the Noticee 3 or she had knowledge of the instructions by being on CC of the emails. Further, it is also observed that explanations such as 'Late transfer case', 'name mismatch', 'transmission', 'Name deletion case' are written on many of the aforementioned

instruction letters so that no questions are raised by banks/companies. This strategy was employed by the Noticee 1/ Noticee 3 to mislead the banks and the companies.

15. In the course of investigation SEBI observed that shares in certain folios were misappropriated by entities related to the Noticee 3. In respect of such shares of certain companies, SEBI observed that entity misappropriating shares has also siphoned off dividend pertaining to those shares. Since, folio name itself was changed, all subsequent dividends were issued in favour of entities/persons who were linked to The Noticee 3. During investigation it was observed that 43 such sample instances involving Rs. 24, 10,736/- belonging to shareholders of Hexaware Technologies Ltd., JM Financial Ltd., Britannia, Larsen and Toubro and Asian Paints have been observed. The details of these instances are provided at **Annexure C**.

16. A summary of illegal diversion of dividend payments to some of non-genuine recipients of dividend payments, who are connected tothe Noticee 1 management viz. The Noticee 3, are as under:

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

17. The above mentioned modus operandi adopted by the Noticee 1 is explained in the subsequent paragraphs with a few illustrative instances taken out from the total number of such sample cases as given in **Annexure A & B.**

I. Instruction by the Noticee 1 to banks directly to release dividend payments in favour of persons who are not the rightful shareholders

a. Dividend paid to Mr. Suresh Unawane

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

- SEBI observed from the information/documents provided by HDFC Bank vide letter dated February 02, 2016 that the Noticee 1 vide its letter signed by The Noticee 3 dated January 25, 2008 (**Annexure-OD4**) requested the bank, HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 49,500/- to shareholder 'U Suresh' (i.e. Mr. Suresh Unawane) from dividend account no. 00602220001063 of Tata Communications as shown below. It is alleged that the Noticee 1/Noticee 3 misled bank by stating that these cases pertain to matter under dispute and settled now.

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

- SEBI observed from the HDFC Bank email dated January 13, 2016 (**Annexure-BRHDFC; Page No. - 196-203**) that one demand draft no. – 401431 dated January

30, 2008 for Rs. 49,500.00 was issued in favour of "U Suresh". SEBI observed from the Bharat Co-Operative Bank email dated January 05, 2016 (**Annexure-BRBCBL; Page-323-330**) that the said demand draft number 401431 was encashed by Mr. Suresh Unawane in his Bharat Co-op Bank account no. 001810100074345 (**Annexure-BRBCBL; Page No. - 259**) on February 02, 2008. Further, two pay instruments no. 477002 and 477003 worth Rs. 13,000/-and Rs. 35000/- were issued from the said bank account of Mr. Suresh Unawane in favour of The Noticee 3 (**Annexure-BRBCL; Page Nos. 259**). SEBI observed that the Noticee 3 encashed cheque no. 477002 in Bharat Co-op Bank account no. 001810100014802 along with another instruments issued from Raju Landge's account no. 001810100075247 (consolidated credit entry is visible in **Annexure-BRBCBL; Page No. - 220**) on February 06, 2008. Further, she withdrew funds in cash against cheque no. 477003 from Fort Branch of Bharat Co-op Bank on February 06, 2008 as per information provided by email dated Oct 19, 2016 from Bharat Bank (**Annexure-BRBCL; Page No 292**). It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders:

Warrant No.	Folio	Name of investor	No. of Shares	Amt of Dividend (Rs.)
2864	026491	Shiv Atan Goenka	60	4500.00
2977	026892	Padma Sharma	60	4500.00
2983	026903	Jasjit Singh Walia	60	4500.00
3763	029809	John Mathai	60	4500.00
3920	030333	Devender N Sood	60	4500.00
4015	030693	Alok Kumar Srivastava	60	4500.00
4069	030985	Prerna Patni	60	4500.00
4589	032961	Manju Saraswat	60	4500.00
4992	034751	Ramesh Shankar Ambekar	60	4500.00
5001	034763	Sunil P Shethia	60	4500.00
5002	034764	Sujata S Shethia	60	4500.00

Above, (viz. genuine shareholders against the old warrant nos.) is also corroborated by information provided by The Noticee 2 regarding original shareholders to whom dividend payments belonged (**Annexure-OD40; Page No. - 6-7 of 87**).

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

- SEBI observed from the information/documents submitted by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee 1 vide its letter signed by the Noticee 3 dated December 05, 2008 (**Annexure-OD5**) requested the bank Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 1,39,750/- to shareholder 'U Suresh' from 6 different dividend accounts of Kansai Nerolac Paints as shown below. It is alleged that the Noticee 1/Noticee 3 misled bank by stating that these cases pertain to late transfer/transmission.

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

- SEBI observed from the above mentioned letter of Standard Chartered Bank that the above mentioned request of the Noticee 1 was w.r.t. credit of Rs. 1, 39,750/- vide instrument no. - 968174 on December 29, 2008 in the Bharat Co-op Bank account no. 001810100074345 of Mr. Suresh Unawane (**Annexure-BRBCBL; Page No. - 259**). SEBI observed from the bank account statement of Mr. Unawane that Rs. 1,30,000 was withdrawn in cash on various occasions. The Noticee 5 has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and The Noticee 3 were operating this account of

Suresh Unawane. This has also been corroborated by Shri Suresh Unawane in his statement dated September 20, 2016(**Annexure-SR3**). It is alleged that these payments rightfully belonged to one Sangeeta Singh. This is also evident from information provided by the Noticee 1 vide email dated May 17, 2016 (**Annexure-SSR3**) regarding original shareholders to whom dividend payments belonged.

b. Dividend paid to Mr. Narayan Devadiga

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

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee 1 vide its letter signed by The Noticee 3 dated December 05, 2008 (**Annexure-OD6**) requested the bank, Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 3,68,628/- to shareholder 'Narayan D' from 8 different dividend accounts of Kansai Nerolac Paints Ltd. as shown below:

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

- It was also observed from the above mentioned letter of Standard Chartered Bank that the above mentioned request of the Noticee 1 was w.r.t. credit of Rs. 3,68,628/- {against respective instrument nos. 966379, 966380, 966381, 966382, 966383, 966384, 966385, 966386 as provided by Bharat Co-op Bank

vide email dated January 21, 2016 (**Annexure; BRBCBL; Page No. - 407-410)**} in Bharat Co-op Bank account no. 001810100074187 of Mr. Narayan Devadiga (**Annexure-BRBCBL; Page No. - 190**) on December 22, 2008. This information was provided by Standard Chartered in response to SEBI summons dated January 27, 2016 (**Annexure-BRSTNC; Page No. - 117**). Total Rs. 3,40,000 was withdrawn in cash on various occasions from the above mentioned account of Mr. Narayan Devadiga. The Noticee 5 has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and The Noticee 3 were operating this account of Narayan Devadiga. Shri Narayan Devadiga vide his letter dated October 01, 2016 (**Annexure-LIR4**) has corroborated the above information furnished by The Noticee 5. It is alleged that these payments against the said old warrant nos. rightfully belonged to one Ms. Mor Devi holding folio no. M0000118 (Screen Print placed at **Annexure-SP3**). Further, system of the Noticee 1 also showed that payments were made to Ms. Mor Devi which is alleged to be incorrect as evident from the above details. The details of the genuine shareholder against the old warrant number is evident from information provided by The Noticee 2 regarding original shareholders to whom dividend payments belonged (**Annexure-OD40; Page No. - 7-8 of 87**).

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

- SEBI observed from the information/documents provided by HDFC Bank vide letter dated April 25, 2016 (**Annexure-BRHDFC; Page No. - 345**) that the Noticee 1 vide its letter dated February 04, 2008 (**Annexure-OD7**) requested the bank HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 99,000/- to shareholder 'Narayan D' from dividend bank account no. 00602220001063 of Tata Communications Ltd. as shown below:

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

- SEBI observed from the above mentioned letter (**Annexure-BRHDFC; Page no. - 305-306**) of HDFC Bank that one demand draft no. - 631025 dated February 06, 2008 for Rs. 99,000/- was issued against the above mentioned request of the Noticee 1. The said demand draft was encashed in Bharat Co-op Bank account no. 001810100074187 of Mr. Narayan Devadiga (**Annexure-BRBCBL; Page No. - 190**) on February 18, 2008. Further, cheque no. 726361 for Rs. 99,000 was issued from the said account of Mr. Devadiga (**Annexure-BRBCBL; Page No. - 190**) which was encashed on February 29, 2008 by The Noticee 3 in Bharat Co-op Bank account no. 001810100014802 along with other instrument (no. 351856) of Rs. 90,000 from bank account no. - 001810100146954 of Nagesh Karkera as consolidated amount of Rs.

1,89,000/- (**Annexure-BRBCBL; Page No. - 220**). The Noticee 5 has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and The Noticee 3 were operating this account of Narayan Devadiga. On a scrutiny of the Noticee 1 back office system, SEBI observed that these payments against the said old warrant nos. rightfully belonged to following shareholders.

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

The details of the genuine shareholders against the old warrant nos. is evident from information provided by The Noticee 2 vide email dated March 09, 2016. The same information was authenticated on page "5-6 of 8" of Annexure-B to Statement of Noticee 2, dated March 23, 2016 (**Annexure-SR12**).

c. **Dividend paid to The Noticee 8** (As mentioned at Sr. No. 75 of **Annexure-A**)

- SEBI observed from the information/ documents provided by HDFC Bank vide letter dated February 02, 2016 (Annexure-BRHDFC; Page No. - 185) that the Noticee 1 vide its letter dated August 11, 2006 (**Annexure-OD8**) requested the bank HDFC Bank to issue pay order of Rs. 18,000/- in lieu of warrant no. 70846 to shareholder 'Anil C J' from dividend account no. 00602220001063 of Tata Communications. SEBI observed from the letter dated April 25, 2016 (Annexure-BRHDFC; Page No. - 307) that HDFC Bank issued one demand draft No. - 590613 dated August 14, 2006 for Rs. 18,000.00 which was encashed on September 25, 2006 by The Noticee 8 in his bank account no. 001810100008368 maintained with Bharat Co-op Bank (**Annexure-BRBCBL; Page No. - 180**). The Noticee 8 transferred Rs.18,000 on October 20, 2006 to bank account no. 001810100014802 of The Noticee 3 maintained with Bharat Co-op Bank (**Annexure-BRBCBL; Page No. - 222**). It is alleged that these payments against the said warrant no. rightfully belonged to one Mr. A Cyril Joseph. This is also evident from information provided by The Noticee 2 regarding original shareholders to whom dividend payments belonged. (**Annexure-OD40; Page No. - 8 of 87**).

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

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

- SEBI observed from the information/documents provided by HDFC Bank vide letter dated February 02, 2016 (**Annexure-BRHDFC; Page No. - 185**) that the Noticee 1 vide its letter signed by Noticee 3 dated January 25, 2008 (**Annexure-OD9**) requested the bank HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 81,000/- to shareholder Nagesh K'

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

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

- SEBI observed from HDFC Bank letter dated April 25, 2016 (Annexure-BRHDFC; Page No. - 306) that HDFC issued demand draft No 401432 dated January 30, 2008 for Rs. 81,000.00 which was encashed on February 02, 2008 in Bharat Co-op Bank account no. 001810100146954 of Mr. Nagesh (**Annexure-BRBCBL; Page No. - 164**). Pay instrument No. -351854 for Rs. 80,000.00 was issued from the said bank account no. of Mr. Nagesh in favor of The Noticee 3. It was confirmed vide email dated October 19, 2016 from Bharat Co-Operative Bank (**Annexure-BRBCBL; Page No. - 292**) that The Noticee 3 withdrew funds in cash on February 06, 2008 against said instrument from Fort

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

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

The details of the genuine shareholders against the old warrant nos. is also supported from information provided by The Noticee 2 regarding original shareholders to whom dividend payments belonged (**Annexure-OD40; Page No. - 9-11 of 87**).

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

- SEBI observed from the information/documents provided by HDFC Bank vide letter dated April 25, 2016 (**Annexure - BRHDFC; Page No. - 345**) that the Noticee 1 vide its letter signed by Noticee 3 dated March 14, 2008 (**Annexure-**

OD10) requested the bank, HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 2,87,325 to shareholder 'Unit Trust of India' from dividend account no. 00602220001063 of Tata Communications. Accordingly, HDFC Bank issued DD no. 535275 dated March 18, 2008. Later, the Noticee 1 vide its letter dated April 19, 2008 (**Annexure-OD11**) requested HDFC Bank to cancel aforementioned demand draft in favour of 'Unit Trust of India' and instead issue it in favour of 'Nagesh Karkera' as shown below.

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

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

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

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

encashed on April 26, 2008 in Bharat Co-op Bank account no. 001810100146954 of Mr. Nagesh (**Annexure-BRBCBL; Page No. - 164**). Thereafter, 2 cheques no. 351857 and 351858 amounting to Rs. 1,00,000 and Rs. 2,00,000 were issued from the said account of Mr. Nagesh in favour of The Noticee 3. Cheque no. 351858 for Rs. 200,000/- was encashed by The Noticee 3 in her Bharat Co-op Bank account no. 001810100014802 on May 07, 2008 (**Annexure-BRBCBL; Page No. - 220**). As per email dated October 19, 2016 from Bharat Co-Op Bank she withdrew funds in cash against cheque no. 351857 from Fort Branch of Bharat Co-op Bank on May 07, 2008 (**Annexure-BRBCBL; Page No. - 292**). The Noticee 5 has accepted vide statement dated Sep 27, 2016 (**Annexure-SR1**) that he and The Noticee 3 were operating this account of Nagesh Karkera. It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders:

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

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

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

The above (viz. the details of genuine shareholders against the old warrant nos.) is also supported from information provided by The Noticee 2 vide email dated March 09, 2016. The same information was authenticated on page "1-5

of 8" of Annexure-B to Statement of Noticee 2 dated March 23, 2016 (**Annexure-SR12**).

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

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

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

- SEBI observed from the letter dated July 15, 2016 (Annexure-BRSTNC; Page No. - 131) of Standard Chartered Bank that they issued demand draft No. - 281737 dated April 28, 2009 for Rs. 1,13,385.00 in favour of Nagesh Karkera against the said request of the Noticee 1. This demand draft for Rs. 1,13,385/- was encashed on May 04, 2009 in Bharat Co-op Bank account no. 001810100146954 of Mr. Nagesh (**Annexure-BRBCBL; Page No. - 164**). Further, cheque no. 351878 for Rs. 1,30,000 was issued from the said account of Nagesh Karkera in favour of The Noticee 3. She encashed cheque issued from the bank account of Nagesh in her Bharat Co-op Bank account no. 001810100014802 on June 30, 2009 (**Annexure-BRBCBL; Page No. - 218**).

The Noticee 5 has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and The Noticee 3 were operating this account of Nagesh Karkera. It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders:

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

The above (viz. details of genuine shareholders against the old warrant nos.) is supported from information provided by the Noticee 1 vide email dated May17, 2016 (**Annexure-SSR3**).

e. Dividend paid to Satyam Brush Industries

Dividend pertaining to Tata Communications

i. It is alleged that on a number of occasions, the Noticee 1 instructed the banks to credit dividend payments of Tata Communications Ltd. to one Satyam Brush Industries ("Satyam Brush") even though Satyam Brush was not a shareholder of Tata Communications (Satyam Brush does not appear as shareholder in any of the Annual Returns data submitted by Tata Communications to RoC from year 2005 to 2015). The Noticee 1 vide its letter dated December 02, 2015

(Annexure to statement of The Noticee 2 dated December 04, 2015 placed at **Annexure-SR10**) submitted that this matter pertains to "Tata Communications" and involves dividend account no. 000405006601 held with ICICI Bank. The Noticee 1 vide its letter dated December 02, 2015 further confirmed that DDs were issued in June 2008 in the name of respective shareholders and maintained in custody of the Noticee 1 as the amount was due for transfer to IEPF. Thereafter, the DDs issued in favour of respective shareholders were cancelled and issued in favour of Satyam Brush for "centralized processing". Further, DDs were issued to Satyam Brush to the tune of Rs.13,66,379/-.

ii. The Noticee 2, vide his statement dated December 04, 2015 (**Annexure-SR10**), inter alia, submitted the following:

- All dividend related functions are handled by dividend department attached to respective client manager who reports to Managing Director. In case of Tata Communications, The Noticee 3 was client manager as per information submitted by The Noticee 2 vide his letter dated December 07, 2015.
- The transfer to Satyam Brush was permitted by him as Satyam Brush was known to them, so they used their account for temporary period
- DDs from the account of Satyam Brush was dispatched by the Noticee 1
- The Noticee 1 did not have the authority to operate the account of Satyam Brush but it was operated by The Noticee 5
- The matter was not informed to Tata Communications
- There is no other amount transfer to Satyam Brush except Rs. 13,66,379/-.
- There is no other transfer of dividend to third party except one another case of Radha/Rajiv Manucha

iii. However, The Noticee 2 **failed to support his submissions with relevant documents** such as the details of DDs first issued in the name of individual shareholders, details of cancellation and issue of DDs in the name of Satyam Brush, details of bank account where such amount was deposited by Satyam Brush, Details of DDs issued to individual shareholders from the bank account of Satyam Brush, details of dispatch etc. The Noticee 2 could not provide any of the above details till date even though he undertook to provide the said details within one week from the date of his submissions before Investigation Authority(hereinafter refered as 'IA') on December 04, 2015 (**Annexure-SR10**).

iv. The proprietor of Satyam Brush, the Noticee 5 was also asked to provide information regarding Satyam Brush and provide evidence in support of the Noticee's assertion that the amount temporarily diverted to Satyam Brush was finally given to the rightful shareholders However, The Noticee 5 did not provide any information in spite of repeated summons dated December 08, 2015 and January 04, 2016 in this regard (as mentioned in "Non compliance with summons" table). However, later, the Noticee 5 appeared for statement before IA on September 27, 2016(**Annexure-SR1**) and was asked to provide

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

- The copy of his bank account statement for the relevant period from which the aforesaid DDs/instruments were issued in the name of individual shareholders also highlights the entries indicating the debit for the said DDs in the bank account statement.
- Also the bank account number and bank branch of his bank account from where the said DDs/instrument were issued in the name of individual shareholders.

But he could not explain or provide any detail of the said transactions. The Noticee 5 also stated that the transactions were undertaken under instruction of The Noticee 3 and only she can explain the same.

v. In view of the abovementioned facts relating to the transfer of funds to Satyam Brush, it is alleged that The Noticee 2 misled the investigation by making illogical and false claims as he did not provide any evidence in support thereof. SEBI observed that it does not appeal to reason as to why would an RTA first make DDs in the name of Shareholders, cancel those DDs, again re-issue the DDs in the name of a third party over which the RTA had no control and again issue DDs from third party account in the name of shareholders and then again dispatch the same to the rightful shareholders.

vi. It is alleged that these circuitous transfers were clearly made to blur the audit trail as no details/record of DD issued against DDs are maintained in the systems of the Noticee 1. Further, it is also alleged that the amount was not kept with Satyam Brush for "central management" but was actually siphoned off by the Noticee 1. The same is corroborated by the fact that no demand drafts were issued from the bank accounts of Satyam Brush in favour of original shareholders and no such transactions appeared in any of the available bank

accounts of Satyam Brush Industries nor the Noticee 5 or the Noticee 3 or the Noticee 1 could provide any such details.

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

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee 1 vide its letter dated November 19, 2010 (**Annexure-OD13**) requested the bank Standard Chartered Bank to issue demand drafts against old warrant nos. for total amount Rs. 1,28,325/- to shareholder 'Satyam Brush Industries' from dividend account no. 22205285585 of Kansai Nerolac Paints Ltd. as shown below:

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

- SEBI observed from the said letter of Standard Chartered Bank that the above request of the Noticee 1 was w.r.t. the credit of Rs. 1,28,325/- vide demand draft No. – 457105 dated November 22, 2010. This letter of Standard Chartered was submitted in response to SEBI summons dated January 27, 2016 (Annexure-BRSTNC; Page No. - 117). The said instrument for Rs. 1,28,325/- was encashed on November 25, 2010 by Satyam Brush Industries in its Bharat

Co-op Bank account no. 001812100026498 (**Annexure-BRBCBL; Page No. - 265**). It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders.

Warrant No.	Folio	Name of investor	No. of Shares	Amount of Dividend
623	A0000671	Aloo Framroze Dubash	1900	23750.00
7146	N0000495	Natwarlal s. Bhanatia	1352	16900.00
4756	IN30098210008084	Jasubhai Pritamlal Shah	1000	12500.00
7832	S0000989	Shakuntaladevi Basappa Ekunde	765	9562.50
1268	I0000011	Ivan Clarence Menezes	750	9375.00
884	C0000192	Chhaya Vivek Mhatre	629	7862.50
7275	P0000260	Pananghat Anthony Paul	565	7062.50
759	B0000118	Basappa Mallappa Ekunde	540	6750.00
3500	IN30047640335912	Rita Sapru	525	6562.50
927	D0000073	Dossabhoy Kaikhushru Shroff	501	6262.50
2931	IN30028010316512	Rohini Anand Bhide	500	6250.00
8582	V0000416	Vinita Jain	425	5312.50
8332	SR000117	R Srinivasan	407	5087.50
8330	SR000112	Raj Kumar Saini	407	5087.50

The above allegations (viz. details of genuine shareholders against the old warrant nos.) are also supported from the information provided by The Noticee 2 regarding original shareholders to whom dividend payments belonged (Annexure-OD40; Page No 11-12 of 87).

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

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee 1 vide its letter signed by Noticee 3 dated Nov 30, 2010 (**Annexure-OD14**) requested the bank Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 1,85,426/- to

shareholder 'Satyam Brush Industries' from dividend account no. 22205350999 of Kansai Nerolac Paints Ltd. as shown below:

Name	Warrant No.	MICR No.	Amount
Satyam Brush Industries	6947	2688	28462.50
Satyam Brush Industries	7400	2818	27600.00
Satyam Brush Industries	4368	2674	15467.50
Satyam Brush Industries	7509	11150	14662.50
Satyam Brush Industries	1294	2719	14375.00
Satyam Brush Industries	7674	2858	13604.50
Satyam Brush Industries	7927	2689	13225.00
Satyam Brush Industries	7021	2744	10384.50
Satyam Brush Industries	943	11147	10350.00
Satyam Brush Industries	7094	2726	10350.00
Satyam Brush Industries	1065	2351	9602.50
Satyam Brush Industries	6762	11094	9200.00
Satyam Brush Industries	8028	2320	8142.00

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

Warrant No.	Folio	Name of investor	Amount of Dividend in Rs.
6947	M0001504	Mukund Rao Narsingrao Tekhalli	28462.50
7400	S0000014	Satya Charan Guin	27600.00
4368	IN300888 13174319	Sarosh Kaikhushru Wadia	15467.50
7509	S0000989	Shakuntaladevi Basappa Ekunde	14662.50
1294	I0000011	Ivan Clarence Menezes.	14375.00
7674	S0001970	Stock Holding Corporation Of India Ltd.	13604.50
7927	T0000142	Tekhalli Narsingrao Mukundrao	13225.00
7021	N0000495	Natwarlal S. Bhanatia	10384.50
943	B0000118	Basappa Mallappa Ekunde	10350.00
7094	P0000061	Pushpadevi Sudhakar Pathak	10350.00
1065	D0000073	Dossabhoy Kaikhushru Shroff	9602.50
6762	L0000006	Lakshmipathi Satyavolu	9200.00
8028	V0000416	Vinita Jain	8142.00

The above details (viz. details of genuine shareholders against the old warrant nos.) are supported from information provided by The Noticee 2 vide email dated Mar 09, 2016. The same information was authenticated on page "6-7 of 8" of Annexure-B to statement dated Mar 23, 2016 of Noticee 2 (**Annexure-SR12**).

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

- SEBI observed from the information/documents provided by Standard Chartered Bank vide letter dated March 11, 2016 (**Annexure-BRSTNC; Page No 268**) that the Noticee 1 vide its letter dated Nov 29, 2010 (**Annexure-OD15**) requested the bank Standard Chartered Bank to issue demand drafts against old warrant nos. of total amount Rs. 2,18,753/- to shareholder 'Satyam Brush Industries' from dividend account no. 22205307945 of Kansai Nerolac Paints Ltd. as shown below:

Name	Warrant No.	MICR No.	Amount
Satyam Brush Industries	6325	387197	38329.5
Satyam Brush Industries	6112	965583	29279

Satyam Brush Industries	4277	965348	15467.5
Satyam Brush Industries	7417	965586	15329.5
Satyam Brush Industries	4502	387212	14950
Satyam Brush Industries	7209	387239	14662.5
Satyam Brush Industries	1218	965420	14375
Satyam Brush Industries	6305	387266	12765
Satyam Brush Industries	2110	387200	11500
Satyam Brush Industries	3767	387205	11500
Satyam Brush Industries	775	387236	10350
Satyam Brush Industries	983	387265	10120
Satyam Brush Industries	3219	387201	10062
Satyam Brush Industries	6916	387268	10062

- SEBI also observed from the said letter of Standard Chartered Bank that the said request of the Noticee 1 was w.r.t. credit of Rs. 2,18,753/- vide demand draft No. - 484467 dated Nov 30, 2010 in the bank account of Satyam Brush. This information was in response to SEBI summons dated January 27, 2016 (**Annexure-BRSTNC; Page no. - 117**). As per the information received from Bharat Co-Op Bank vide email dated January 07, 2016 (**Annexure-BRBCBL; Page No. - 368**), the said demand draft was encashed by Satyam Brush Industries in its Bharat Co-op Bank account no. 001812100026498 on December 04, 2010. It is alleged that these payments against the said old warrant nos. rightfully belonged to following shareholders.

Warrant No.	Folio	Name of investor	Amount of Dividend in Rs.
6325	M0000123	Madhu Trehan	38329.50
6112	J0000405	Jeroo K. Mehta	29279.00
4277	IN30088813174319	Sarosh Kaikhushru Wadia	15467.50
7417	S0001970	Stock Holding Corporation Of India Ltd.	15329.50
4502	IN30103924107144	Jaideep Agrawal	14950.00
7209	S0000989	Shakuntaladevi Basappa Ekunde	14662.50
1218	I0000011	Ivan Clarence Menezes	14375.00
6305	L0000192	Lijo Panghat	12765.00
2110	IN30014210342343	Surojit Basak	11500.00

3767	IN30072410005813	Abha Sardana	11500.00
775	B0000118	Basappa Mallappa Ekunde	10350.00
983	D0000499	Deepli Panghat	10120.00
3219	IN30047640335912	Rita Sapru	10062.00
6916	R0000313	Rosy Paul Pananghat	10062.00

The above details (viz. details of genuine shareholders against the old warrant nos.) are supported from information provided by The Noticee 2 vide email dated March 09, 2016. The same information was authenticated on page "7-8 of 8" of Annexure-B to the Noticee 2's statement dated March 23, 2016 (**Annexure-SR12**).

f. Dividend paid to Mr. Raju Landge

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

- SEBI observed from information/documents provided by HDFC Bank vide letter dated Apr 25, 2016 (**Annexure - BRHDFC; Page No. 345**) that the Noticee 1 vide its letter signed by the Noticee 3 dated February 14, 2008 (**Annexure-OD2**) requested the bank HDFC Bank to issue demand drafts against old warrant nos. of total amount Rs. 1,02,525/- to "shareholder" 'Landge Raju' from dividend account no. 00602220001063 of **Tata Communications Ltd.** as shown below.

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

- It was also observed from HDFC email dated January 01, 2016 (**Annexure-BRHDFC; Page No. - 206-209**) that HDFC Bank has issued one demand draft

number 781993 of Rs.1,02,525/- on February 15, 2008. It was further, observed from the Bharat Co-operative Bank email dated December 31, 2015 (**Annexure-BRBCBL; Page No. - 335-342**) that the said demand draft was encashed by Mr. Raju Landge in his Bharat Co-op Bank account no. 001810100075247 (**Annexure-BRBCBL; Page No. 185**) on February 18, 2008. Further, cheque nos. 320099 and 320100 bearing amount Rs. 75000/- and Rs. 27000/- respectively were issued from the said bank account of Raju Landge in favour of The Noticee 3. Ms. Karkera encashed cheque no. 320100 in Bharat Co-op Bank account no. 001810100014802(**Annexure-BRBCBL Page No. 220**) on February 26, 2008. Further, she withdrew funds in cash against cheque no. 320099 from Fort Branch of Bharat Co-op Bank on February 26, 2008 as per the information provided by Bharat Co-Operative Bank vide email dated October 19, 2016 (**Annexure-BRBCBL; Page No. - 292**). It is alleged that these payments against the said old warrant nos. rightfully belonged to the following shareholders.

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

The above details (viz. genuine shareholders against the old warrant nos.) are also supported by information provided by The Noticee 2 vide email dated March 09, 2016. The same information was authenticated on page no "6 of 8" of **Annexure-B** to the Noticee 2 statement dated March 23, 2016 (**Annexure-SR12**). On the basis of documents submitted by The Noticee 2(**Annexure**

OD40), it is alleged that Raju Landge was not even a shareholder of Tata Communications Ltd.

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

- SEBI observed from the information/documents provide by HDFC Bank vide letter dated February 02, 2016 (**Annexure-BRHDFC; Page No. - 185**) that the Noticee 1 vide its letter dated July 30, 2007(**Annexure-OD3**) requested the HDFC Bank to issue cheque of Rs. 99,200/- to shareholder 'Raju S Landge' from dividend account no. 0602220003501 of Navin Fluorine International Ltd. It was also observed from the HDFC Bank letter dated April 25, 2016 (**Annexure-BRHDFC; Page 345**) that the said request pertained to original warrant no. 93064 (as is visible on **Page No. - 307 of Annexure-BRHDFC**).

  Further, cheque no. - 705565 dated August 01, 2007 for Rs.99,200/- was issued against the said old warrant number (as is visible on Page No. - 307 of Annexure-BRHDFC). It was further observed from the Bharat Co-operative Bank email dated December 31, 2015 (**Annexure-BRBCBL; Page No. - 335-342**) that the said demand draft was encashed by Mr. Raju Landge in his Bharat Co-op Bank account no. 001810100075247(**Annexure-BRBCBL Page No. 185**) on August 07, 2007. Further, cheque nos. 288899 and 288900 bearing amount Rs. 25000/- and Rs. 76000/- respectively were issued from the said account of Raju Landge in favour of the Noticee 3. The Noticee 3 encashed cheque no. 288900 in Bharat Co-op Bank account no. 001810100014802 (**Annexure-BRBCBL; Page No.-220**) on August 11, 2007. Further, she withdrew funds in cash against cheque no. 288899 from Bhandup Village Road Branch of Bharat Co-op Bank on August 11, 2007 as per the information provided by Bharat Co-Operative Bank vide email dated October 19, 2016 (**Annexure-BRBCBL; Page No. - 292**). It is alleged that this payment against original warrant no. 93064 rightfully belonged to one Mr. Mahesh K Shah. The

above is corroborated by information provided by the Noticee 2 vide email dated Mar 09, 2016. The same information was authenticated on page no "6 of 8" of Annexure-B to the Noticee 2's statement dated March 23, 2016 (**Annexure-SR12**).

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

- SEBI observed from the information/documents provide by Standard Chartered Bank letter dated March 11, 2016 (**Annexure-BRSTNC; Page No. - 268**) that the Noticee 1 vide its letter dated November 06, 2008 (**Annexure-OD1**) requested the bank Standard Chartered Bank to issue demand drafts of Rs. 7,38,125/- against old MICR nos. to shareholder 'L Raju' from 6 different dividend accounts of Kansai Nerolac Paints Ltd. as shown below.

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

SEBI observed from the email of Standard Chartered Bank dated January 18, 2016 (Annexure BRSTNC Page No. 124-127) that 2 separate demand drafts of Rs. 5,96,405/- dated November 11, 2008 and Rs. 1,41,720/- dated December 23, 2008 were issued. SEBI observed from the Bharat Cooperative Bank e-mail dated December31, 2015 (Annexure BRBCBL; Page No. 335-342) that these demand drafts were encashed by Mr. Raju Landge in his Bharat Co-op Bank account no. 001810100075247 **(Annexure-BRBCBL; Page No. - 185)** on November 15, 2008 and December 29, 2008, respectively. The Noticee 5 has accepted vide statement dated September 27, 2016 (**Annexure-SR1**) that he and the Noticee 3 were operating this account of Raju Landge. Shri

Landge vide his letter dated October 1, 2016(**Annexure-LIR3**) has also corroborated Shri Karkera's aforesaid statement. It was further observed that total Rs. 94,000 in cash on various occasions were withdrawn from the said account of Raju Landge and cheque no. 482829 amounting to Rs. 5,00,000 was issued to the Noticee 3 from the said account (Annexure-BRBCBL Page No.185). The Noticee 3 encashed the cheque in Bharat Co-op Bank account no. 001810100014802 (**Annexure-BRBCBL Page No. 219**) on December 12, 2008. It is alleged that these payments rightfully belonged to one Mr. Amrit Lal holding folio no. A0000079 (Screen Print of dividend issue issued in the folio is placed at **Annexure-OD108**). SEBI also observed from the system that payments were made to Mr. Amrit Lal which is alleged to be incorrect as evident from above actual payment details. SEBI observation that dividends against listed original MICR nos., belonged to Amrit Lal is also strengthened from the information provided by the Noticee 2 regarding original shareholders to whom dividend payments belonged **(Annexure-OD40; Page no 4 of 87)**. With respect to a payment of Rs. 135,815.00 made from account no. 22205307945 which is not available in Annexure-OD40, however it is confirmed by new RTA (TSR Darashaw) of Kansai Nerolac (**Annexure-OD111**), that a payment of Rs. 135,815.00 pertaining to Amrit Lal was indeed made from account no. 22205307945. In this regard it was also alleged that Raju Landge was not even a shareholder of Kansai Nerolac Paints Ltd.

II. **Instruction by the Noticee 1 to the companies to release dividend payments in favour of persons who are not rightful shareholders** (instances explained are part of **Annexure - B)**

Few instances illustrating the modus operandi adopted by the Noticee 1 are discussed as under:

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

- SEBI observed from email of Asian Paints dated December 11, 2015 (**Annexure-CRAP1**) that the Noticee 1 requested Asian Paints vide email dated Jan 21, 2012 (**Annexure-OD16**) to issue instructions to HDFC Bank, HSBC Bank and Standard Chartered Bank to issue demand drafts from dividend bank accounts of Asian Paints Limited in favour of one 'Raju SL' as given below. In view of the foregoing it is alleged that the Noticee 1/ Noticee 3 tried to mislead company by stating that these cases pertain to name deletion case.

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

Accordingly, based on the advice of the Noticee 1, Asian Paints requested all 3 banks to issue demand drafts in favour of 'Raju SL' vide respective letters dated Jan 23, 2013 (**Annexure-OD17**). Asian Paints vide said email also provided information that the Banks issued demand drafts as given below.

Dividend Bank Account No.	Dividend Bank Account Held with	Original Warrant No.	Original MICR No.	Amount of Dividend	New Instrument No. as per Bank	New Instrument Date as per Bank
00602220006853	HDFC Bank	4850	13630	62,160.00	512717	24/01/2012
00602220007360	HDFC Bank	4675	15232	28,560.00	512718	24/01/2012
00602220007699	HDFC Bank	4467	12674	78,960.00	512719	24/01/2012
00602220008285	HDFC Bank	4285	13711	31,920.00	512720	24/01/2012
22205350115	Standard Chartered Bank	6161	17331	37,440.00	643746	25/01/2012
22205350220	Standard Chartered Bank	6039	17130	5,760.00	643717	25/01/2012
22205358477	Standard Chartered Bank	5879	16229	37,440.00	643722	25/01/2012
22205377900	Standard Chartered Bank	5558	15330	35,280.00	643758	25/01/2012
22205387078	Standard Chartered Bank	5425	15112	21,840.00	643723	25/01/2012
22205395755	Standard Chartered Bank	5257	12702	36,960.00	643762	25/01/2012
19170612902	HSBC Bank	6375	600019	31,680.00	762229	28/01/2012
19170612901	HSBC Bank	6617	300494	46,080.00	762230	28/01/2012
19170612005	HSBC Bank	7182	812153	25,920.00	762231	28/01/2012
19170612004	HSBC Bank	7587	369997	31,680.00	762232	28/01/2012

- SEBI observed that above demand drafts were encashed by Mr. Raju Landge in his Bharat Co-op Bank account no. 001810100075247 on March 28, 2012 and bank wise consolidated amount (i.e. Rs. 201,600.00, Rs. 1,74,720.00 and Rs. 1,35,360.00 for HDFC, Standard Chartered and HSBC respectively) was credited to his bank account (**Annexure-BRBCBL; Page No. - 184**). The Noticee 5 has accepted vide statement dated September 27, 2016 that he and The Noticee 3 were operating this account of Raju Landge. Further, two cheques of Rs. 3,50,000 each were issued from the said bank account of Mr. Raju Landge in favour of The Noticee 3 and the Noticee 14. The said cheques were encashed by both of them on Mar 30, 2012 in their respective Bharat Co-

op Bank account nos. 001810100014802 (**Annexure-BRBCBL; Page No. - 216**) and 001810100094710 (**Annexure-BRBCBL; Page No. - 168**). Asian Paints vide email dated December 11, 2015 (**Annexure-CRAP1**) has submitted that folio no. 60245 for which the above demand drafts were issued belonged to one Radha Manucha. Screenshot of the Folio 60245 is placed at **Annexure-SP1**.

- Further, the fact that Mr. Raju Landge encashed dividends belonging to Ms. Radha Manucha was not even recorded in back office system of the Noticee1 as observed from the Screenshot of the said folio.

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

- SEBI observed from the Asian Paints email dated January 29, 2016 (**Annexure-CRAP3)** that the Noticee 1 has issued instructions to HDFC bank directly (though not authorized to issue instructions directly) vide letter dated Jan 27, 2012 signed by The Noticee 3 (**Annexure-OD18**) to issue demand drafts of Rs. 4,23,000/- and Rs. 3,52,500/- in favour of Satyam Brush Industries from dividend account no. 00602220007699 of Asian Paints Ltd. Accordingly, HDFC Bank issued two demand drafts nos. 977372 and 977373 both dated January 31, 2012 as observed from HDFC Bank email dated January 16, 2016 (**Annexure-BRHDFC; Page No. - 189-191**). SEBI observed that the above mentioned DDs were encashed by Satyam Brush Industries in its bank account no. 001812100026498 maintained with Bharat Co-op Bank on March 28, 2012 and April 30, 2012 respectively (**Annexure-BRBCBL; Page No. - 264**).
- As per Asian Paints email dated January 29, 2016 (**Annexure-CRAP3**), those payments pertained to dividends of folio no. 1493 which belonged to Unit Trust

of India. The fact that these payments belonged to folio no. 1493 and that this folio belonged to Unit Trust of India is also evident from HDFC Bank reconciliation files submitted in a CD by the Noticee 1 vide letter dated Feb 25, 2016 (**Annexure-SSR4**). Screen Shot of Folio No 00001493 is placed at **Annexure-SP8**.

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

- SEBI observed from the Asian Paints email dated February 12, 2016 (**Annexure-CRAP4**) that the Noticee 1 has requested Asian Paints Ltd. to issue instructions to HDFC bank vide email sent from email id of the Noticee 3 on October 06, 2014 (**Annexure-OD19**) to issue demand drafts of Rs. 3,33,000/- from dividend account no. 00602220007360 and Rs. 3,52,500/- from dividend account no. 00602220007699 of Asian Paints Ltd. in favour of Mr. Swapnil S Sutar. Accordingly, HDFC Bank issued two demand drafts nos. 869006 and 869007 respectively which were encashed by Mr. Swapnil Sutar in his bank account no. SBVIS/951 maintained with Saraswat Bank on October 11, 2014 and October 13, 2014 (**Annexure-BRMISC; Page No. - 116**). As per Asian Paints email dated Jan 29, 2016 (**Annexure-CRAP3**), those payments pertained to dividend of folio no. 1493 which belonged to Unit Trust of India. The fact that payment of Rs. 3,52,500 belonged to folio no. 1493 and that this folio belonged to Unit Trust of India is also evident from HDFC Bank reconciliation files submitted in a CD by the Noticee 1 vide letter dated Feb 25, 2016 (**Annexure-SSR4**). HDFC Bank has confirmed vide email dated Oct 28, 2016 (**Annexure-BRHDFC; Page No. - 349**) that DD no. 869006 was issued in lieu of dividend warrant pertaining to Unit Trust of India (Folio No. 1493).
- Additionally, one more deposit of Rs. 17,52,000/- vide DD no. 681270 is observed in account number SBVIS/951 of Mr. Swapnil held with Saraswat

Bank on Nov 26, 2014 (**Annexure-BRMISC; Page No. - 116**). It is alleged that payment pertained to dividend of folio no. 1493 which belonged to Unit Trust of India and was issued from dividend bank account no. 00602220009684. The allegation that this payment belonged to folio no. 1493 and that this folio belonged to Unit Trust of India is also supported by HDFC Bank reconciliation files submitted by the Noticee 1 vide letter dated Feb 25, 2016 (**Annexure-SSR4**).

- The allegation that above three dividend payments actually belonged to UTI is also supported by the all transaction files (containing transfer, demat, certificate printing, dividend record of certain folios) submitted by the Noticee 1 vide their email dated February 15, 2016 (**Annexure-SSR1**). Further, from the system data of the Noticee 1 it appears that the above payments has been made to UTI while actually these has been made to Swapnil Sutar by apparently cancelling earlier instruments. SEBI observed from bank account statement of Mr. Swapnil Sutar that he withdrew all the siphoned off money in cash.

- Mr. Swapnil vide his statement dated Sep 15, 2016 (**Annexure-SR6**) has submitted that he is a small time carpenter earning approximately Rs. 10000 per month. Mr. Rajesh Bhagat told him to deposit all demand drafts in his account held with Saraswat Bank and he doesn't know The Noticee 3 or The Noticee 2. Swapnil Sutar withdrew funds mainly in cash from bank and handed over money to Rajesh Bhagat. He has further submitted that he was approached by Mr. Rajesh Bhagat in around January 2016 with a letter dated Jan 16, 2016 (**Annexure-OD112**) signed by one The Noticee 2 by hand delivery. In the said letter the dividend amount deposited in his account in 2014 was demanded back. Mr. Bhagat handed over cash to him and the same was deposited in his bank account No.SBVIS/951 in Saraswat Bank for demand drafts. Three DDs worth Rs.3,52,500, Rs.3,33,000 and Rs. 17,52,000 in favour

of Asian Paints were handed over to Mr. Bhagat. Mr. Bhagat vide his statement dated Sep 15, 2016 (**Annexure-SR5**) has submitted that Mr. Swapnil has carried out all transactions on his instructions and what Swapnil has submitted is true and also that all this was done at The Noticee 3's instructions to him. Rajesh further stated that the cash given to Swapnil by him was received from The Noticee 3. Asian Paints vide its email dated Nov 17, 2016 has submitted that they have received DD no. 3980, 3981 and 3985 worth Rs. 24,37,500 from the Noticee 1 vide its letter dated Jan 29, 2016 and also that it has deposited the said amount in a separate bank account opened with HDFC Bank Limited.

18. SEBI observed that in all the aforesaid cases, the system/database of the Noticee 1 shows that dividends were paid to the original shareholders but the verification of the bank accounts revealed that the dividends were paid to persons who were not the rightful shareholders or were not at all the shareholders of the companies. Thus it is alleged that, not only the dividend due to genuine investors is fraudulently siphoned off by the Noticee 1 but the records are falsified so as not to reflect the correct position.

19. It is pertinent to mention that out of the 1004 cases referred in Annexure A, in respect of 785 cases "paid date" in the back office system maintained by the Noticee 1 was found to be different from the date of issuance of the instrument by the bank. These instances are provided in **Annexure A1**. In respect of 42 cases, "paid date" is not available in the back office system maintained by the Noticee 1. Surprisingly, in 13 cases, the system of the Noticee 1 shows that dividend has been transferred to IEPF whereas these payments have actually been made to Mr. Nagesh Karkera and Satyam Brush Industries. Particulars of these cases are provided in **Annexure A2**. Therefore, it is alleged that the Noticee 1 has not only failed to maintain the proper books of account but has falsified the records to hide the fraud committed by the Noticee 1 management.

Non Compliance with Summons:

Sharepro (Noticee 1) & Govind Raj Rao (Noticee 2)

20. Various information and documents w.r.t. the dividend belonging to Radha and Rajiv Manucha misappropriated by Raju Landge and dividend of Tata Communication misappropriated by Satyam Brush were sought from Noticee 2, MD,the Noticee 1 vide SEBI summons dated 04/12/2015 which was hand delivered to him. The Noticee 2 vide reply dated December 07, 2015 stated that he is MD and doesnt have the operation details of the matter. During his statement recording dated January 07, 2016 (Annexure-SR14) he was informed that the questions asked were as Managing Director of the Noticee 1. The Noticee 2 and the Noticee 1 did not comply with below mentioned summons.

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered to the Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that GR Rao is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.

Date	Summons No	Annexure No	Remarks
20/06 /2016	MIRSD2/DB/SD/ 17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04 /2016	MIRSD2/LS/201 6/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04 /2016	MIRSD2/LS/201 6/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03 /2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. GR Rao sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03 /2016	MIRSD2/DB/OW /2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03 /2016	MIRSD2/OW/P/ 2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03 /2016	MIRSD2/DB/SD/ SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02 /2016	MIRSD2/OW/20 16/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02 /2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02 /2016	Hand Delivery to GR Rao on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12 /2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12 /2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

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

21. Further, in two cases SEBI observed that The Noticee 3 issued instructions to HDFC Bank directly vide her letter dated January 27, 2012 for the purpose of issuance of demand drafts in favour of Satyam Brush Industries while the Noticee 1 was not authorized to issue instructions to the banks for revalidation of demand drafts/dividend warrants by the company namely, Asian Paints Limited. It is apparent that the Noticee 1 has misled various entities to perpetrate the fraud.

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

a. the records at the Noticee 1 are not being maintained properly,

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

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

d. Consequently the dividend rightfully belonging to some investors is being siphoned off by entities which are related to the management of the Noticee 1 viz. The Noticee 3; this fraud has also occurred with the knowledge and concurrence of The Noticee 2 as is evident from the manner in which The Noticee 2 permitted the siphoning off of money belonging to genuine shareholders to the account of Satyam Brush Industries and thereafter tried to mislead SEBI. Similarly, it is seen in several cases such as the fraud perpetrated by Shri Sutar/The Noticee 3, The Noticee 2 did not take any action against The Noticee 3 in spite of clear evidence of wrongdoing.

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

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

g. The Noticee 1 has not maintained high standards of integrity in the conduct of its business and has not fulfilled its obligations in a prompt, ethical and professional manner.

h. Fraud is perpetrated by the Noticee 1 and related entities to siphon off the dividends belonging to rightful investors and the dividend due for transfer to IEPF.

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

Noticee No	Name of the Entity	Violations	Applicable Regulatory provisions
1	Sharepro Services (I) Pvt. Ltd.	Committed fraud, falsification of records, Failure to do due diligence, non compliance with summons, attempt to mislead	Section 11C (2) and 11C (3) of SEBI Act, 1992.Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) & (2) (p)of SEBI(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. {Hereinafter PFUTP Regulations, 2003}, Clauses (1),(2),(3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI(Registrars to an Issue and Share Transfer Agents) Regulations, 1993 {"RTA" Regulations"}, Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations,
2	G.R.Rao	Committed fraud, Beneficiary of fraud, Vicarious liability ,non compliance with summons, attempt to mislead, Failure to do due diligence	Section 11C(2), 11C (3) and 11C(5) of SEBI Act, 1992, Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	Indira Karkera	Committed fraud, Beneficiary of fraud, Non compliance with summons	Section 11C(2), 11C (3) and 11C(5) of SEBI Act, 1992, Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
5	Prashant Karkera	Committed fraud, Beneficiary of fraud, Non compliance with summons	Section 11C(2), 11C (3) and 11C(5) of SEBI Act, 1992, Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
8	Anil Jathan	Beneficiary of fraud, Non compliance with summons	Section 11C(2) and 11C (3) of SEBI Act, 1992, Section 12A(a)- (c) of SEBI Act,

Noticee No	Name of the Entity	Violations	Applicable Regulatory provisions
			1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
14	Mohit Karkera	Beneficiary of fraud since ill-gotten dividend is ultimately accruing to him along with Indira	Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
9	Rajesh Bhagat	Committed fraud	Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
4	Balram Mukherjee	Beneficiary of fraud	Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

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

I. GENERAL OBSERVATIONS AND EXPLANATIONS

The actual modus-operandi, facts and circumstances of the state of affairs at the Noticee 1 are explained in subsequent paragraphs but before that certain general observations and extract of the statement of the Noticee 1 management which is relevant for understanding the modus operandi of fraud by the Noticee 1 is given in this section.

General delegations of work at the Noticee:

As per the statement of The Noticee 2 dated December 04, 2015 (**Annexure-SR10**) he is the MD and overall in-charge of operations however he does not look into day to day operations. He further explained that the Noticee 1 functions under three departments viz. Transfer Processing, Demat Processing and Handling Correspondences. Mr. Dayanand Jathan is the in-charge of Transfer/Demat Department and directly reporting to The Noticee 2 himself. Correspondence department is divided into 7 client managers of whom The Noticee 3 alone handles 70 to 80 client companies. All dividend related functions viz. payment of dividend, re-issue of dividend, transfer of unpaid dividend to IEPF etc. are handled by client managers who directly report to MD himself. He further

explained that there is no formal work allocation order or delegation of work in the Noticee 1.

Signature verification Process at the Noticee:

The Noticee 2 vide his statement dated February 15, 2016 (**Annexure-SR11**) submitted the signature verification process as below:

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

(headed by respective Client Manager). CD after satisfying themselves about the relevant documentation (and having further correspondences with the entities, if required) give it to "Signature Verification Department" (wherever required). Signature verification department after the due process sent the documents back to CD. Correspondence department then instructs to "Transfer Department" for making entry in the system and printing of share certificates. Transfer department after completing the process in system, taking approval of company, printing of new certificates etc. hand over the share certificates to correspondence department which dispatches the same to shareholder. "

Share Certificate Printing Process:

As per the statement of The Noticee 2 dated January 28, 2016(**Annexure-SR15**) he explained that printing of share certificate is always initiated by the shareholder request. He explained that request is initiated by the concerned client manager of the department by entry in a register viz. duplicate/split/merger/renewal etc. the instruction register contains inward number and is signed by client manager and in case of transactions above five lakhs the same is approved by MD (himself). The register is then given to concerned department which processes the same and generates "Reference nos." based on which EDP prints the share certificates and hand over the same to concerned department which after checking details hands over the same to client manager under acknowledgement in a register. The concerned department also maintains share certificate inventory control register (print reconciliation register). The client manager then send the share certificate to the company for signature and dispatch it to the client after signature. He also clarified that it is the Noticee 1 which is doing share certificate printing for all the client companies.

It may be noted that duplicate share certificate can be printed by an RTA only as per due process such as shareholder request, filing FIR/court case, issuing advertisements (in case value is more than Rs. 10000/-), obtaining indemnity bondand affidavit etc. in terms of SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001. The said

documents were asked from the Noticee 1 w.r.t. all observed transactions of printing of certificates but it failed to submit any documents.

Physical Share certificate reconciliation/control register of the Noticee 1 was taken on records as Annexure-C to statement of The Noticee 2 before IA on February 15, 2017 (**Annexure-SR11**).

Process for Rectification of records:

As per the statement of The Noticee 2 dated January 28, 2016 (**Annexure-SR15**)"rectification" is carried out through preparation of "Rectification Forms" which is approved by MD himself when value of transaction is more than five lakhs. He further explained that the details of rectification are stored by capturing in the system and taking print out of the same in the form of "Rectification Registers". He further explained that the rectifications are not required to be informed to the companies. He explained that shares from the folio of an institution say UTI can be transferred to an individual by way of a rectification entry only when there is a court order case. The 'rectification forms' and approvals etc. w.r.t. all observed transactions were sought from the Noticee 1/Noticee 2 but it is observed that they failed to submit the same.

Requirement of maintaining unique folio:

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

As per the statement of The Noticee 2 dated January 28, 2016(**Annexure-SR15**), the transferor's folio is never assigned to the transferee as folio is unique to an individual so

as to ensure the integrity of transactions. He further explained that a folio which exists in the name of "X" can also be assigned to name "Y" only when the later changes the name to former (by virtue of marriage etc). Thus, it is clear that if there are instances where one folio is assigned from one person to another, these are not merely procedural lapses but actually are major irregularities and indicate fraud since that would imply tampering of records to portray a different person as a shareholder instead of the rightful one and thus severely compromises the integrity of transactions.

It may be noted that the requirement of maintenance of separate folios for every person also flows from Para 1.13 of Secretarial Standard 4. As RTA of various companies,the Noticee 1 was required to adhere to the aforesaid Secretarial Standard.

As per statement dated March 23, 2016 (**Annexure-SR12**) of The Noticee 2 Annual Return data of various companies were taken on record and he was also asked to provide certain missing Annual Return data. Observations w.r.t. ownerships and transfer transactions reported in Annual Report is given at relevant places in the subsequent paragraphs.

II. COMPANY AND TRANSACTION SPECIFIC OBSERVATIONS

Facts & circumstances and modus operandi of fraud alleged to have been committed by the Noticee 1 in company specific transactions as well as various acts of omission & commissions by various entities is explained in subsequent paragraphs.

A. Company Name: Britannia Industries Limited

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

24. The complaint dated October 20, 2015 alleged that in case of Balaram Mukherjee accounts has been tampered with and The Noticee 3 has taken custody of 33750 Shares of Britannia Industries Limited worth Rs. 10.50 crores. In this regard,SEBI observed following information in the matter-

i. Mr. Sujit Kumar Gupta held certain shares of Britannia Industries Ltd. and died intestate in 1985. He was not married and died without any issue. SEBI observed that Britannia Industries has forwarded to the Noticee 1 a letter dated March 12, 2009 from Aloka Choudhary (legal heir) where all the above mentioned facts are mentioned. Further the Noticee 1 has replied to Aloka Choudhary vide letter dated March 26, 2009 (Copies of Letter dated March 12, 2009 and March 26, 2009 is placed at **Annexure-OD20 & OD21**). Therefore, SEBI observed that the Noticee 1 and Britannia knew the fact of death of Sujit Gupta at least from March 2009 onwards.

ii. In 2014, the Noticee apparently received a letter from certain persons claiming to be the legal heirs of Mr. Sujit Kumar Gupta wherein they requested the Noticee 1 to inform the exact number of shares held by Mr. Sujit Kumar Gupta as they had no copies of the share certificates held by him.

iii. After receipt of the aforesaid letter,the Noticee 1 received a letter from one The Noticee 4 enclosing a document purportedly a court order passed in 1985 where he was entitled to 3000 shares of Britannia Industries Ltd. Britannia Industries Ltd. was also a party to the purported suit filed by Mr. Balram Mukherjee.

iv. As per the Noticee 1, it was in correspondence with The Noticee 4 from 2007 onwards regarding the issue. However the purported "court order" was handed over only in 2015.

v. Britannia Industries Ltd. had handed over its share transfer functions to the Noticee 1 in 2003. GR Rao vide statement dated December 29, 2015 admitted that at that time, no such "court order" was handed over by Britannia Industries Ltd. to the Noticee 1.

vi. The Noticee 1 has received a letter dated February 24, 2015 from a legal heir of Sujit Gupta and The Noticee 3 has made a noting for approval of The Noticee

2 on the same letter stating "more than 500 Shares. Splitting of S/Cs of and to comply the order and Transmission". The same is approved by The Noticee 2 (Copy of the letter along with the notings placed at **Annexure-OD22**).SEBI observed from the transmission Forms submitted by Britannia vide letter dated March 17, 2016, the Transmission Forms for transfer of shares to Aloka and Balram were also initiated by The Noticee 3 and Approved by The Noticee 2 (Copy of the forms placed at **Annexure-OD23**). Hence the aforesaid transfer of shares to The Noticee 4 was approved by The Noticee 3 and The Noticee 2 (Managing Director of the Noticee).

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

- At the relevant time in the City Civil Court there was no use of electronic typewriter.
- Court fee stamp as affixed on the document was not introduced at that point of time.
- At page 2 the various columns viz. the date of application for copy and other 7 columns are blank.
- The entire judgement is xerox copy; at the relevant time supply of xerox certified copy was not introduced in the City Civil Court.
- On the backsheet signatures are not proper: -

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

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

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

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

ix. There was no signature record available of Sujit Kumar Gupta in the records of the Noticee 1 as no such signature data was received from the company.

x. After getting the shares transferred to his name The Noticee 4 dematerialized the shares and transferred the same to his broker Shah Investor Home for sale in market. The demat transactions areas below:

DP_ID	CLIENT_ID	DATE	DESCRIPTION	DEBIT	CREDIT
IN300343	11357011	06/01/2015	By Dematerialisation	0	15000
IN300343	11357011	06/01/2015	By Dematerialisation	0	18750
IN300343	11357011	06/02/2015	To CM Shah Investors Home Ltd., Normal / 2015102	750	0

DP_ID	CLIENT_ID	DATE	DESCRIPTION	DEBIT	CREDIT
IN300343	11357011	06/03/2015	To CM Shah Investors Home Ltd., Normal / 2015103	1000	0
IN300343	11357011	06/04/2015	To CM Shah Investors Home Ltd., Normal / 2015104	3000	0
IN300343	11357011	06/06/2015	To CM Shah Investors Home Ltd., Normal / 2015105	4000	0
IN300343	11357011	06/08/2015	To CM Shah Investors Home Ltd., Normal / 2015106	2500	0
IN300343	11357011	06/09/2015	To CM Shah Investors Home Ltd., Normal / 2015107	1500	0
IN300343	11357011	06/10/2015	To CM Shah Investors Home Ltd., Normal / 2015108	1000	0
IN300343	11357011	06/11/2015	To CM Shah Investors Home Ltd., Normal / 2015109	250	0
IN300343	11357011	6/13/2015	To CM Shah Investors Home Ltd., Normal / 2015110	750	0
IN300343	11357011	6/15/2015	To CM SHAH INVESTORS HOME LTD., NORMAL / 2015111	1000	0
IN300343	11357011	6/16/2015	To CM Shah Investors Home Ltd., Normal / 2015112	250	0
IN300343	11357011	6/17/2015	To CM Shah Investors Home Ltd., Normal / 2015113	2000	0
IN300343	11357011	6/22/2015	To CM Shah Investors Home Ltd., Normal / 2015116	1500	0
IN300343	11357011	6/23/2015	To CM Shah Investors Home Ltd., Normal / 2015117	250	0
IN300343	11357011	6/30/2015	To CM Shah Investors Home Ltd., Normal / 2015122	1000	0
IN300343	11357011	07/01/2015	To CM Shah Investors Home Ltd., Normal / 2015123	500	0
IN300343	11357011	07/02/2015	To CM Shah Investors Home Ltd., Normal / 2015124	500	0
IN300343	11357011	07/04/2015	To CM Shah Investors Home Ltd., Normal / 2015125	500	0
IN300343	11357011	07/06/2015	To CM Shah Investors Home Ltd., Normal / 2015126	1000	0
IN300343	11357011	07/07/2015	To CM Shah Investors Home Ltd., Normal / 2015127	1500	0
IN300343	11357011	07/09/2015	To CM Shah Investors Home Ltd., Normal / 2015129	500	0
IN300343	11357011	07/11/2015	To CM Shah Investors Home Ltd., Normal / 2015130	2000	0
IN300343	11357011	7/13/2015	To CM Shah Investors Home Ltd., Normal / 2015131	1000	0
IN300343	11357011	7/14/2015	To CM Shah Investors Home Ltd., Normal / 2015132	500	0

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

xi. As per the ledger statement (**Annexure-OD27**) with the broker, The Noticee 4 sold the shares in market. The broker allowed Noticee 4 to trade even before bringing any funds. The annual income in the KYC was 1-5 lakh while he sold shares worth approx 10 Crore but still the broker allowed such transactions. Broker vide email dated July 25, 2016 (**Annexure-OD28**) stated that they have filed STR. Noticee 4 also received dividend of Rs. 16000 on shares of Britannia held in the pool account of the broker which was credited to his ledger account on August 06, 2015.

xii. SEBI observed that after dematerializing the shares (Britannia Industries Limited EQ New F.V. RS.2/-) Noticee 4 transferred 3500 shares to The Noticee 5 who returned the same after about 1-2 months. The details the same are as below:

Date	Transferor Clnt Name	Transferor ClntPAN	Transferor BO ID	Transferee Clnt Name	Transferee Clnt Pan	Transferee BO ID	Txn Type	Bkng Qty
11/06/2015	BalramMukherjee	CIGPM5834A	IN300343 11357011	The Noticee 5	AANPK8238K	IN300513 12752672	OFF MKT	700
17/06/2015	BalramMukherjee	CIGPM5834A	IN300343 11357011	The Noticee 5	AANPK8238K	IN300513 12752672	OFF MKT	700
25/06/2015	BalramMukherjee	CIGPM5834A	IN300343 11357011	The Noticee 5	AANPK8238K	IN300513 12752672	OFF MKT	700

02/07/2015	BalramMukherjee	CIGPM5834A	IN300343 11357011	The Noticee 5	AANPK8238K	IN300513 12752672	OFF MKT	700
09/07/2015	BalramMukherjee	CIGPM5834A	IN300343 11357011	The Noticee 5	AANPK8238K	IN300513 12752672	OFF MKT	700
06/08/2015	The Noticee 5	AANPK8238K	IN300513 12752672	BalramMukherjee	CIGPM5834A	IN300343 11357011	OFF MKT	3500

It was noted that The Noticee 5 transferred 500 shares on 04/08/2015 to Sharekhan Ltd. in "On Market" transaction but Sharekhan Ltd. transferred back 500 shares on 06/08/2015 in "Off-Market" transaction. Thus, it is alleged that The Noticee 5 is recipient of 3500 ill gotten shares which he later returned to blur the audit trail. The Noticee 5 vide his statement dated September 27, 2016 (**Annexure-SR1**)admitted he had not paid any consideration for these shares and could not furnish any explanation except stating that the shares of B Mukherjee were parked in his account under the instructions of The Noticee 3.

xiii. After selling the shares of Britannia, Noticee 4 bought shares of certain other companies including Asian Paints. SEBI observed that apart from above off market transaction with The Noticee 5 in the scrip of Britannia there are below mentioned off market transactions by The Noticee 4 in the shares of Asian Paints (Asian Paints Limited EQ New FV Re. 1/-) with The Noticee 3 related entities:

Dp Id	Client Id	First Holder Name	Date	Description	Debit	Credit
IN300343	11357011	BalramMukherjee	06/17/2015	To The Noticee 8 IN30115128257835	2500	0
IN300343	11357011	BalramMukherjee	06/23/2015	To The Noticee 8 IN30115128257835	2500	0
IN300343	11357011	BalramMukherjee	06/25/2015	To The Noticee 8 IN30115128257835	2500	0
IN300343	11357011	BalramMukherjee	07/06/2015	To The Noticee 8 IN30115128257835	2790	0
IN300343	11357011	BalramMukherjee	07/13/2015	To The Noticee 8 IN30115128257835	3000	0
IN300343	11357011	BalramMukherjee	06/30/2015	To The Noticee 8 IN30115128257835	1710	0
IN300343	11357011	BalramMukherjee	08/06/2015	By The Noticee 8 IN30115128257835	0	15000
IN300343	11357011	BalramMukherjee	06/23/2015	To The Noticee 9 1201090005804873	2500	0

IN300343	11357011	BalramMukherjee	6/25/2015	To The Noticee 9 1201090005804873	2105	0
IN300343	11357011	BalramMukherjee	08/10/2015	By The Noticee 9 1201090005804873	0	4605
IN300343	11357011	BalramMukherjee	6/17/2015	To Sadashiv Poojary120109000 5798358	2500	0
IN300343	11357011	BalramMukherjee	6/23/2015	To Sadashiv Poojary 1201090005798358	2105	0
IN300343	11357011	BalramMukherjee	7/22/2015	To Sadashiv Poojary 1202700000284338	3500	0
IN300343	11357011	BalramMukherjee	08/07/2015	By Sadashiv Poojary 1202700000284338	0	4005
IN300343	11357011	BalramMukherjee	08/07/2015	By Sadashiv Poojary 1202700000284338	0	3500
IN300343	11357011	BalramMukherjee	07/02/2015	To The Noticee 18 IN30014210743077	3000	0
IN300343	11357011	BalramMukherjee	07/06/2015	To The Noticee 18 IN30014210743077	3000	0
IN300343	11357011	BalramMukherjee	07/09/2015	To The Noticee 18 IN30014210743077	3790	0
IN300343	11357011	BalramMukherjee	7/13/2015	To The Noticee 18 IN30014210743077	3500	0
IN300343	11357011	BalramMukherjee	08/06/2015	By The Noticee 18 IN30014210743077	0	13290

It is alleged that the above shares were bought by Noticee 4 from the sale proceeds of siphoned off shares of Britannia. It was also observed that all the above shares transferred by The Noticee 4 were returned by the entities after 1-2 months. However, Sadashiv Poojary did not return balance of 600 shares of Asian Paints Limited. Both The Noticee 18 vide his letter dated May 13, 2016 (**Annexure-LIR7**) and Sadashiv Poojary vide his statement dated December 21, 2016 (**Annexure-SR17**) have admitted that no consideration was paid by them for the said transactions and they don't even know The Noticee 4 and these transactions were carried out at the instructions of The Noticee 3. The Noticee 8 and The Noticee 9 did not reply to summons. Thus, it is alleged that shares worth Crores obtained as a result of a fraud were transferred to The Noticee 3 related entities without any consideration apparently as share of illegal gains but later these transactions were reversed in order to blur the audit trail. As such, SEBI observed that The Noticee 3, The Noticee 8, The Noticee 5, The Noticee

9, Sadashiv Poojary and The Noticee 18 are also the beneficiaries of the fraud along with Noticee 4.

xiv. Balaram thereafter sold all the shares obtained out of sale proceeds of Britannia except 705460 shares of Kausambi Vanijya Limited EQ New F.V Re.1/- (Price at Rs. 3.5 Approx).The Noticee 4 received the below mentioned payments from broker Shah Investor Homes after sale in Market as per the data submitted by the broker:

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

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

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

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

xvi. Further, it was also noticed that Noticee 4 has transferred below mentioned amount from the above mentioned bank account to the Noticee 1 related entities out of the sale proceeds of the shares misappropriated by him:

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

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

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

As per information received from Bharat Co-op Bank vide email dated July 22, 2016 (**Annexure-BRBCBL; Page No. - 283-286**), both DDs were issued in favour of Noticee 4. DD no. 502521 was encashed by Noticee 4 in his a/c no. 2111172000002972 held with Karur Vysya Bank. As per the information

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

xvii. The below mentioned transactions were observed in the demat account of Sadashiv Poojary in addition to transactions with Noticee 4 mentioned above:

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

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

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

xviii. Sadashiv vide his statement dated December 21, 2016(**Annexure-SR17**) submitted that he used to work in transfer department of the Noticee 1 and used to effect/validate transfers in the system as per Transfer Deed received and in

dividend department used to work for reissue of dividend to the parties as per their demand letters He used to prepare covering letter based on letter/documents received from shareholders for forwarding to the companies for reissue of dividend. The letter used to be signed by The Noticee 3. After signature of client manager i.e. The Noticee 3 the letter used to be couriered to the companies. He used to prepare covering letters for Asian Paints, Tata Communications, Navin Flourine, Britannia Industries Limited. He further, submitted that he is not an Income tax payee and his salary at the Noticee 1 was Rs. 14000/- pm only. He denied knowing or having any kind of relationship with Noticee 4. He further submitted that his Bharat Co-operative Bank account was opened by The Noticee 3 along with some other staff members She gave them Rs. 1000/ to open the bank account. The passbook and cheque book of the account has always been with him and he used to transact in the said account. Further, Demat account at SMC Global was opened at the instruction of The Noticee 3. He never operated the said accounts. The Noticee 3 used to operate the same. He was not aware of the transactions in the demat/trading account. Later, he received SMS regarding receipt of some shares in his account which he came to know at the Noticee 1 office is of some Balram Mukherjee (Noticee 4). He informed the matter to The Noticee 2 who stated that he will speak to The Noticee 3. As per his knowledge later she sold the shares. He never placed any order or request with the broker or DP for sale/purchase or transfer of shares. He never received or paid any amount/consideration for transfer/buy/sale of shares in those demat/trading accounts. He have never signed any cheque in favour of the broker or received any from the broker. He has not paid any consideration for the 600 shares received from Balaram Mukherjee.He has denied carrying out any transactions or placing orders with the broker for the sale of 600 shares of Asian Paints received from Balram Mukherjee (Noticee 4). There is no evidence on place to conclusively prove that

who actually was trading in the account with broker-SMC. However, SEBI observed that being employed in a RTA and an educated man he should not have provided his account to The Noticee 3 for such fraudulent transactions. Further, from the bank account statement of Bharat Cooperative Bank Account number 000910100103416 (**Annexure-BRBCBL; Page No. - 172**) of Sadashiv, it was noted that he has received Rs. 19802/ on July 06, 2015 as dividend on the shares of Asian Paints Limited (Dividend @4.3 per shares on 600 shares for effective date June 24, 2016). Out of the said amount he has transferred Rs. 10000/ to The Noticee 3 on July 14, 2015 and rest withdrawn in cash. As per his own admission he was himself transacting in the said bank account. Hence, it is alleged that The Noticee 3 and Sadashiv were hand in glove in the matter. The amount of dividend on the 600 shares of Asian Paints transferred by Balram to Sadashiv is given to The Noticee 3 corroborates that Sadashiv was being used as front entity by The Noticee 3 however, Sadashiv has willingly cooperated in the arrangement. Moreover, the 600 shares of Asian Paints were transferred by Balram to Sadashiv without any consideration (as admitted by Sadashiv) strengthened that these were just attempts to hide the fraudulent transactions. It is alleged that the Noticee 3 is hand in glove in the matter.

25. SEBI observed that with regard to this transaction the Noticee 1 failed to exercise the required due diligence, due care and independent professional judgment because of the following reasons:

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

ii. When the company, Britannia Industries Ltd. had not handed over any such "court order" tothe Noticee 1, at the least it was expected of the Noticee 1 that it would inquire about the matter with Britannia Industries Ltd. But admittedly (The

Noticee 2 statement dated December 29, 2015- **Annexure-SR16**), the Noticee 1 did not seek the comments of Britannia Industries Ltd. in the matter and sent the documents to Britannia Industries Ltd. along with "Transfer Register" as a routine transmission.

iii. The documents available with the Noticee 1 regarding The Noticee 4 indicate that at the relevant time, The Noticee 4 stayed at a rented premise in Thane and as per the income tax returns (available with the Noticee 1), his income for the last two years wasRs.2.71 lakhs and Rs. 2.49 lakhs. It does not appeal to reason that a person whose income tax returns indicate such meager income would not provide the "court order" to the Noticee 1 for year's altogether especially when the shares in question are of such high value.

iv. The Noticee 1 produced an electricity bill (**Annexure-SSR7; Page-28**) from Calcutta Electric Supply Company (CESC), as an address proof, wherein the address of The Noticee 4 was mentioned as a certain place in Kolkata.The Noticee 1 could have easily checked the genuineness of the said bill from the website of CESC by entering consumer number mentioned on the bill which would have revealed that the bill actually belonged to somebody else (viz. Bakhatmull Sohanlal) (Screen Shot from the website is placed at **Annexure-OD29**).Further, The CESC Limited vide letter dated December 14, 2015 also submitted the electricity bill of the said consumer number which indicates that another person as owner and address was also different(**Annexure-OD30**).

v. The purported court order produced by the Noticee 1 states that Mr. Biswanath Konar was the judge at the relevant time (viz. 1986). In fact, a Google search in public domain indicates that Mr. Biswanath Konar joined the West Bengal Judicial Service in 1988 i.e. after the purported "court order". These details are available at the website of Calcutta High Court viz.

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

vi. Even though the purported court decree had been submitted after almost 30 years contrary to reasonable norms of human behavior, the Noticee 1 treated the issue as entirely routine and did not discuss the matter with the Company. This was in spite of the fact that as per the purported court decree, Britannia was a party and therefore the Noticee 1 ought to have discussed the matter with the Company.The Noticee 1 transferred the shares and sent the court order along with other documents for approval of the company in routine manner. The company also failed to recognize the seriousness of the matter.

26. SEBI observed that:

- If SEBI investigation could find out through its advocate that the purported court order is forged documents, it was not difficult on part of the Noticee 1 to do the same. Especially, when the value of transactions was so high and the whole matter was of clear doubtful nature
- If SEBI could obtain RTI reply that no such court order exists,the Noticee 1 could have also obtained such information
- Information was available on public domain that the judge passing the purported order was never there in such court could have been obtained easily
- The credentials of Balram (Noticee 4) could have been easily verified by the Noticee 1 from available documents like online facility of electricity bill etc

In view of the above it is alleged that the Noticee 1 failed to do all that and rather was in a hurry to transfer the shares overlooking all the signs of forgery/anomalies.

27. The above mentioned failure to carry out required due diligence and certain additional observations points to the involvement of the Noticee 1 and its officials viz. the

Noticee 2, The Noticee 3 and Sadashiv Poojary in the conspiracy to siphon off the said shares by Balram Mukherjee (Noticee 4). These additional observations are as follows:

i. The Noticee 4 opened his bank account and demat account in 2015. There is apparently no available record for any other demat account before 2015.

ii. Further, the photograph and signature of The Noticee 4 on his PAN application form submitted by NSDL e-Governance Infrastructure Limited vide letter dated February 22, 2016 (**Annexure-OD32**) are vastly different from the photograph and signature on actual PAN Card provided by the Noticee 1 (**Annexure SSR7-Page No. 48**). This fact casts serious doubt on the very authenticity of existence of any natural person Mr. Balram Mukherjee (Noticee 4).

iii. There are off market share transactions of The Noticee 4 with entities related to the management of the Noticee 1 and/or related to The Noticee 3 including Mr. Sadashiv Poojary (office assistant of The Noticee 3), The Noticee 8, The Noticee 5 and the Noticee 9. These off-market transactions indicate that The Noticee 4 was related / known to the Noticee 3 and the management of the Noticee 1. The transfer of the shares to the Noticee 1 management (viz. The Noticee 3) related entities without any consideration and later reversal of the transactions, proves the involvement of the Noticee 1 officials in the conspiracy. It is alleged that the transfer of Britannia shares to The Noticee 5 and Asian Paints shares were actually sharing of the illegal gains but the same were reversed to blur the audit trail.

iv. Further, in addition to the facts and circumstances of the cases, the role of the Noticee 3 is also confirmed through the letter of the Noticee 18 dated May 13, 2016 (**Annexure-LIR7**) who has stated that 13290 shares of Asian Paint were transferred by the Noticee 3 from demat account of The Noticee 4 to his account

which were later returned/reversed on her instructions. Mr. Bhalakia has denied knowing or having any kind relationship or dealings with Balram Mukherjee.

v. Similarly, statements of Sadashiv Poojary also confirm the role of the Noticee 3 in the matter and the fact that the Noticee 2 was in knowledge of the wrong doing in the matter. Sharing of dividend on the ill-gotten shares of Asian Paints transferred by Balram to Sadashiv also proves that The Noticee 3 was the mastermind of the fraud. This explains the unusual favour by the Noticee 1 in going ahead with the fraudulent transfer transaction.

vi. The Noticee 4 has already withdrawn (in cash) almost all the money (Approx. Rs.9 Crore) credited by selling the shares of Britannia Industries Ltd. Further, The Noticee 4 has transferred some of the ill-gotten money (Approx. Rs.8 lakhs) to Mr. Suresh Unawane who is servant of The Noticee 3/The Noticee 5. While The Noticee 5 vide his statement dated September 27, 2016 (**Annexure-SR1**) has admitted that not only demat/bank account of Suresh were being operated by him and The Noticee 3 but all the shares/funds moving through his account belongs to them. The Noticee 5 has also admitted that his transactions with Balram were carried out on the direction of The Noticee 3 while he neither know nor have any kind of financial dealings with him. Further the transactions were not lending-borrowing and no consideration has moved between them. Regarding the shares transferred by Balram to The Noticee 5 which he returned later, he stated that The Noticee 3 told him that some shares will come in his account and he has to return the same. He could not answer why shares worth crores were transferred without any documentation, without any reason etc. It is apparent that the shares transferred to The Noticee 3 related entities were w.r.t. sharing of ill gotten money but later the same were reversed to obscure the audit trail. Later the shares were sold by Balram in market. The whole amount of sale was withdrawn in cash to avoid the audit trail. Shri Unawane in his statement

dated September 20, 2016 (**Annexure-SR3**) has admitted that he did not know Balaram Mukherjee (Noticee 4) and his demat/bank accounts were operated by The Noticee 5 and The Noticee 3.

vii. Balaram Mukherjee (Noticee 4) who was in touch with The Noticee 2 till start of the investigation and has become untraceable later. Summons sent on the available addresses could not be delivered to him except one summons which also remains non-complied.

Fraudulent Transfer of Debenture Redemption Payments of Britannia Industries Limited belonging to Sujit Gupta to The Noticee 3:

28. Investigation alleged that officials of the Noticee 1 deliberately made changes in payment master files of debenture redemption and submitted two different files to Britannia (on Mar 18, 2013) and to HDFC bank (on Mar 19, 2013).They changed name of the Folio No. - S005981 as Suresh Unavane in the file submitted to HDFC Bank while the folio originally owned by Sujit Gupta. Accordingly, HDFC Bank issued DDs no. - 202044 dated 04/04/2013 for Rs. 19, 85,627.93 which was encashed in Suresh Unawane's Bharat Co-op Bank a/c no. - 001810100074345 on 05/04/2013. The amount was ultimately transferred to The Noticee 3. It was noted that Rs. 19,85,627.93 were credited back to Britannia's a/c no. 50200000546177 on Jun 24, 2013 by transfer directly from The Noticee 3's Bharat Co-op Banka/c no. 001810100014802. It is further noted that DD no 767607 dated 02/07/2013 for Rs. 19,85,627.93 was issued against Folio no. S005981 in the name of Sujit Kumar Gupta on the request of the Noticee 1 vide letter dated June 26, 2013 signed by The Noticee 3 (Annexure-OD36). Then again on request of the Noticee 1 vide letter dated November 25, 2013 signed by The Noticee 3 (Annexure-OD33) fresh DD No. 360572 dated December 02, 2013 (against old DD) in favour of Sujit Kumar Gupta. The same was encashed on December 04, 2013 by one Mr. Sujitkumar Amarnath Gupta in his

Bank of India account no. 003910310001280 and he withdrew Rs. 19,00,000 in cash on December 06, 2013. It may be noted that the residential address of Sujitkumar Amarnath Gupta is of Andheri East, Mumbai 400 059 while original Sujit Gupta was resident of West Bengal. Further, he is a married person with two children whereas as per records submitted by the Noticee 1, Sujitkumar Gupta, original shareholder of Britannia Industries is dead since 1985 and he was not married and died without any issue. SEBI observed that Britannia Industries has forwarded to the Noticee 1 a letter dated March 12, 2009 from Aloka Choudhary (legal heir) where all the above mentioned facts are mentioned. Further, the Noticee 1 has replied to Aloka Choudhary vide letter dated March 26, 2009. Therefore, the Noticee 1 and Britannia knew these facts at the time of issuing DD in favour of 'Sujit Kumar Gupta' in 2013.

29. In view of the above it is alleged that The Noticee 3 first siphoned off the redemption payment through her servant and then paid back the same from her own account to avoid detection. Later, the amount was siphoned off through the account of another fake Sujit Gupta, though the Noticee 1 and The Noticee 3 were fully aware that the original investor was already dead. It is alleged that the Noticee 1 and The Noticee 3 were in conspiracy to siphon off assets of Sujit Gupta knowing full well that the original investor is already dead because the legal heirs were not fully aware of the complete details of the assets of Sujit Gupta. The complete details of the above fraudulent transactions w.r.t. debenture redemption along with supporting documents is provided in forthcoming at para no.- 34 to 39.

30. In view of the above it is alleged that the Noticee 1 not only failed to carry out required due diligence, but it (along with the officials including G.R.Rao) also actively participated in fraudulent transfers in the matter by Balram Mukherjee. It is also alleged that Shri G.R. Rao, The Noticee 3/The Noticee 5 and Balram can be considered the mastermind of the fraudulent transactions related to securities belonging to Sujit Gupta because of the following reasons:

- The Noticee 3 and The Noticee 2 approved the fraudulent transaction and sent the documents to the company as a routine matter.
- Ill-gotten shares of Balaram Mukherjee were parked in accounts of entities related to The Noticee 3/The Noticee 5; subsequently when they realized that this was leading to a clear audit trail, they returned the shares to Balaram Mukherjee so that the shares can be sold by Balaram Mukherjee and the proceeds can be withdrawn in cash
- At least part of the sale proceeds of the ill-gotten shares were traced to Suresh Unawane who admittedly is a front entity of The Noticee 3/The Noticee 5
- 600 shares of Asian Paints obtained by Balaram Mukherjee as a result of fraud are retained by Sadashiv Poojary , a front entity of The Noticee 3 and the dividend proceeds thereof are traced to The Noticee 3
- The Noticee 3 siphoned off the debenture proceeds of Shri Sujit Gupta and Sybil to her front entity viz. Suresh Unawane and Narayan D. Thereafter the funds were returned by The Noticee 3 since she realized that the earlier action was resulting in a clear audit trail
- The Noticee 3 wrote letter to Britannia to credit the account of one Sujit Gupta knowing fully well that the actual Sujit Gupta had died long back. Thus, she once again siphoned off the money which she had originally attempted through Suresh Unawane and used a fake entity viz. Sujitkumar Amarnath Gupta for the purpose

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

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
2	600 shares of Asian Paints Limited transferred to Sadashiv Poojary on 17/06/2015 not returned	Value= Rs. 426390 (Price @ NSE Rs. 710.65)	Value= Rs. 727590 (Price @ NSE Rs. 1,212.65)
3	7505 shares of Asian Paints Limited transferred to Sadashiv Poojary on June-July 2015and returned on August 07, 2015	Value= Rs. 5879266.9 (Avg Price during June-July @ NSE Rs. 783.38)	Value= Rs. 9100938.25 (Price @ NSE Rs. 1,212.65)
4	15000 shares of Asian Paints transferred to The Noticee 8 in June-July 2015 and returned back on August 06, 2015	Value= Rs. 11750700 (Avg Price during June-July @ NSE Rs. 783.38)	Value= Rs. 18189750 (Price @ NSE Rs. 1,212.65)
5	4605 shares of Asian Paints transferred to The Noticee 9 in June 23 & 25, 2015 and returned back on August 10, 2015	Value= Rs. 3469222.8 (Avg Price during June 23 & 25 @ NSE Rs. 753.36)	Value= Rs. 5584253.25 (Price @ NSE Rs. 1,212.65)
6	13290 shares of Asian Paints transferred to The Noticee 18 in July 2015 and returned back on August 06, 2015	Value= Rs. 10943517.6 (Avg Price during July @ NSE Rs. 823.44)	Value= Rs. 16116118.5 (Price @ NSE Rs. 1,212.65)
7	3500 shares of Britannia Industries Limited transferred to The Noticee 5 June-July 2015 and returned back on August 06, 2015	Value= Rs. 9682785 (Avg. Price during June-July Rs. 2766.51)	Value= Rs. 11818800 (Price @ NSE Rs. 3,376.80)

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

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

submitted in a CD by the Noticee 1 vide letter dated February 25, 2016 (**Annexure-SSR4**).

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

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

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

- The above mentioned instrument was encashed by Mr. Suresh Unawane in his Bharat Co-op Bank account no. 001810100074345 on January 14, 2015 (**Annexure-BRBCBL; Page No. - 256**). On January 16, 2015, Mr. Suresh transferred Rs. 250,000 to Bharat Co-op Bank account of Mr. Raju Landge (A/c No. 001810100075247) (**Annexure-BRBCBL; Page No. - 182**), Rs. 130,000 to bank account of The Noticee 3 (A/c No. 001810100087482 in Bharat Co-op Bank) (**Annexure-BRBCBL; Page No. - 204**) and withdrew Rs. 250,000 in cash.

- Mr. Krishna M Ghosh encashed above mentioned instrument in his Corporation Bank account no. SB/01/1700 on June 17, 2014. Rs. 20000 and Rs. 700,000 were withdrawn in cash by Mr. Ghosh on June 17, 2014 and June 18, 2014 respectively (**Annexure-BRMISC; Page No. - 188**).
- Mr. Sukhdev Bhosale encashed above mentioned instrument in his Bank of India account no. 075810110000078 on October 30, 2014. Rs. 648,000 was withdrawn in cash by Mr. Bhosale on November 03, 2014 (**Annexure-BRBKOI; Page No. - 105**). Mr. Bhosale appeared before the Investigating Authority on September 15, 2016 and his statement was recorded (**Annexure-SR7**). He has submitted that he is a farm labourer making about Rs. 6000/- per month and does not know anything about instrument no. 418495 deposited in his account. The deposit belongs to Mr. Rajesh Bhagat. Cash withdrawn after deposit was also handed over to him. He doesn't know The Noticee 3 or The Noticee 2. In this respect, Mr. Bhagat has accepted vide his statement dated September 15, 2016(**Annexure-SR5**) that Mr. Bhosale's submission is correct and it was done at The Noticee 3's instance.

35. Britannia vide its letter dated October 17, 2016 (**Annexure-CRBI5**) has submitted that it received payment data master files fromthe Noticee 1 on March 18, 2013 containing DDs to be issued which included following payments to be made.

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

Britannia have also submitted that the Noticee 1 changed names of investors as follows in payment data master files it shared with HDFC Bank on March 19, 2013.

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

Britannia has also submitted a letter dated March 09, 2016 (**Annexure-CRBI1**) received from HDFC Bank which states that 'Narayan' and 'Suresh' were indeed names communicated by the Noticee 1 to them.

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

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

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

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

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

Date	Transferor Name	TransferorBank a/c No	DD No.	Amount	Transferee Name	TransfereeBank a/c No
05/04/2013	Britannia Industries	HDFC Bank 50200000546177	202048	2352054.48	Narayan Devadiga	Bharat Co-op Bank 001810100074187
12/04/2013	Narayan Devadiga	Bharat Co-op Bank 001810100074187	579408	2350000.00	The Noticee 3	Bharat Co-op Bank 001810100014802

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

Narayan transferred Rs. 23, 50,000.00 to The Noticee 3 which she duly received in her Bharat Co-op Bank account no. 001810100014802on April 12, 2013 (**Annexure-BRBCBL; Page No. - 215**). Suresh transferred Rs. 19,00,000.00 to The Noticee 14 which he received in his Bharat Co-op Bank account no. 001810100094710on April 12, 2013 (**Annexure-BRBCBL; Page No. - 168**). The Noticee 14 further, transferred money to The Noticee 3 on May 29, 2013 in her HDFC Bank account no. 1461050077471(**Annexure-BRHDFC; Page No. - 103**).

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

in their account "by Cheque deposit MICR CLG Mumbai Clear 000000016323"from The Noticee 3 and Rs. 23,52,054.48 were transferred "vide FT CR 01461050077471"by The Noticee 3's. It was noted that the same amount is being debited (along with DD charges) from Bharat Co-op Bank a/c no. 001810100014802 of The Noticee 3 (**Annexure-BRBCBL; Page No. - 215**) on June 21, 2013 and debited from HDFC Bank a/c no. 1461050077471 of The Noticee 3 (**Annexure-BRHDFC; Page No. - 103**) on June 25, 2013.

38. In view of the above, it is alleged that the Noticee 1 deliberately submitted different payment master files of debenture redemption to Britannia and to bank. They changed names of original shareholders in file submitted to HDFC Bank so as to deprive original shareholders of their right and to benefit entities connected with client manager. As per letter dated December 07, 2015 submitted by the Noticee 1, The Noticee 3 was client manager for Britannia Industries. As per the statement of The Noticee 2 dated December 04, 2015 (Annexure-SR10) all dividend related functions viz. payment of dividend, re-issue of dividend, transfer of unpaid dividend to IEPF etc. are handled by client managers. Further, beneficiaries transferred funds to The Noticee 3 and her son, Mohit Karkera (Noticee 14). The Noticee 3 also tried to hide the fraud by returning the money from her own bank accounts. The Noticee 5 accepted vide his statement dated September 27, 2016 (Annexure-SR1) that he and The Noticee 3 were operating Suresh and Narayan's aforementioned accounts. All these facts show deliberate attempt on part of The Noticee 3 and the Noticee 1 to siphon off payments due to original shareholders.

39. It is noted from Britannia's reply dated March 09, 2016 (**Annexure-CRBI1**) to summons that the Noticee 1 subsequently requested for issuing demand drafts vide their letter signed by The Noticee 3 dated June 26, 2013 (copy of letter placed at **Annexure-OD36**) as under:

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

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

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

Britannia further submitted that DD No. 767607 issued to Sujit Kumar Gupta was not encashed and the Noticee 1 again requested through Britannia (copy of the Noticee 1 request letter signed by The Noticee 3 is placed at **Annexure-OD38**) for issuing fresh DD in favour of Sujit Kumar Gupta. Accordingly, HDFC Bank had issued DD No. 360572 dated December 02, 2013 in favour of Sujit Kumar Gupta. SEBI observed that the said DD no. - 360572 was encashed on December 04, 2013 by one Mr. Sujitkumar Amarnath Gupta in his Bank of India account no. 003910310001280 (**Annexure-BRBKOI; Page no. - 321**). Mr. Sujitkumar Amarnath Gupta withdrew Rs. 19, 00,000 in cash on December 06, 2013. As per bank's KYC records, his residential address is '202, Welfare Society, Nehru Nagar, Marol Pipe Line, Andheri East, Mumbai 400 059' and he opened his account on July 07, 2012. His date of birth is Oct 18, 1968. Further, as per his ration card submitted to bank, he is a married person with two children (Bank KYC information placed at **Annexure-OD39**). Whereas as per records submitted by the Noticee 1 and authenticated by the Noticee 2, Sujitkumar Gupta, original shareholder of Britannia Industries is dead since 1985. He was not married and died without any issue. SEBI observed that Britannia Industries has forwarded to the Noticee 1 a letter dated March 12, 2009 from Aloka Choudhary (legal heir) where all the above mentioned facts are mentioned. Further, the Noticee 1 has replied to Aloka Choudhary vide letter dated March 26, 2009 (Copies of Letter dated March 12, 2009 and March 26, 2009 is placed at **Annexure-OD20 & OD21**). Therefore, the Noticee 1 and Britannia knew this fact at the time of issuing request to Britannia in Jun 2013 and in November 2013 to in turn instruct HDFC Bank to issue

DD in favour of 'Sujit Kumar Gupta'. In spite of this they issued the request and deposited DD issued by HDFC Bank in account of some other Sujit Kumar Gupta. In view of the above it is alleged that there was malafide intentions on part of the Noticee 1, The Noticee 2 and The Noticee 3 and shear negligence by Britannia as they acted on advice of the Noticee 1 blindly.

40. The above facts corroborates that The Noticee 3 first siphoned off the redemption payment through her servants and then paid back the same from her own account to avoid detection. Later, the amount due to original Sujit Gupta was siphoned off through the account of another fake Sujit Gupta, though the Noticee 1 and The Noticee 3 were fully aware that the original investor was already dead. Thus, the Noticee 1, The Noticee 2 and The Noticee 3 were in conspiracy to siphon off assets of Sujit Gupta knowing fully well that the original investor is already dead because the legal heirs were not fully aware of the complete details of the assets of Sujit Gupta.

41. Valuation of redemption payment Misappropriated in this matter

Sr. No.	Shares Transferred to	Value of the Securitiesas on date of Siphoning	Remarks
1	Suresh Unawane siphoned off Debenture redemption payment amount due to Sonya Ruth Raymond on 14/01/2015	Rs. 639751.05	Mr. Suresh transferred Rs. 250,000 to Mr. Raju Landge, Rs. 130,000 to The Noticee 3 and withdrew Rs. 250,000 in cash. Suresh and Raju are the proxies of The Noticee 3/The Noticee 5
2	Krishna M Ghosh siphoned off Debenture redemption payment amount due to Fairgrowth Financial Services Limited on 17/06/2014	Rs. 724880	Withdrew in cash.
3	Sukhdev S Bhosale siphoned off Debenture redemption payment amount due to Centbank Financial & Custodial Services Ltd. on 30/10/2014	Rs. 708128.2	Withdrawn in cash on the instruction of Rajesh Bhagat who admitted the same. Rajesh alleged that he carried out on the instruction of The Noticee 3. Fraud could not have been possible withoutthe Noticee 1 and there is relation between Rajesh and The Noticee 3. Both hand in glove.

Sr. No.	Shares Transferred to	Value of the Securitiesas on date of Siphoning	Remarks
4	Narayan D siphoned off Debenture redemption payment amount due to Sybil Beatrice Hughes on 05/04/2013	Rs. 2352054.48	Narayan transferred the amount to The Noticee 3. Later paid back to Britannia from The Noticee 3's account.
5	Suresh Unawane siphoned off Debenture redemption payment amount due to Sujit Kumar Gupta on 05/04/2013	Rs. 1985627.93	Suresh transferred to Mohit who in turn transferred to The Noticee 3. Later paid back to Britannia from The Noticee 3's account.
6	One fake Sujit Gupta siphoned off Debenture redemption payment amount due to original Sujit Kumar Gupta on December 04, 2013	Rs. 1985627.93	Withdrawn in cash but the sequence showsthe Noticee 1 and The Noticee 3 hand in glove.

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

Noticee No.	Name of the Entity	Violations	Applicable Regulatory provisions
4	Balram Mukherjee	Fraudulent transactions, Forgery, Beneficiary of fraud, non-compliance of summons	Section 11C(2) and 11C(3) of SEBI Act , 1992 , Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
1	Sharepro Services (I) Pvt. Ltd.	Committed fraud, Failure to do due diligence	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1),(2)(3),(6),(16),(17),(18),(20),(25),(28),(30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations
2	G.R.Rao	Committed fraud, Approved the fraudulent transaction, Vicarious liability, failure to do due diligence	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	Indira Karkera	Committed fraud, beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
5	Prashant Karkera	Committed fraud, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
8	Anil Jathan	Beneficiary of fraud, Non compliance with summons	Section 11C(2) and 11C(3) of SEBI Act , 1992 , Section 12A(a)- (c) of SEBI Act, 1992, Regulation

Noticee No.	Name of the Entity	Violations	Applicable Regulatory provisions
			2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
9	Bhavani Jathan	Beneficiary of fraud, Non compliance with summons	Section 11C (2),11C(3) of SEBI Act, 1992, Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
18	Shrikant Bhalakia	Committed fraud, Beneficiary of fraud	Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
14	Mohit Karkera	Received ill gotten proceeds of debentures and transferred the same to Indira	Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
15	Sujitkumar Amarnath Gupta	Beneficiary of fraud	Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
17	Rajesh Bhagat	Instructed Sukhdev Bhosale and used his accounts	Section 12A(a)- (c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

B. Company Name: Asian Paints Limited (herein after referred to as 'Company/Asian Paints') (the Noticee 1 Back Office Code-A1A1)

The Company vide letter dated March 28, 2016 (**Annexure-CRAP6**) submitted its response to SEBI summons dated February 23, 2016 (**Annexure-SAP1**). The company submitted that the Noticee 1 was not authorized to effect any transfer of physical shares from one investor to another without informing and taking approval of the company. After obtaining complete documents and after doing all relevant due diligence w.r.t. the transfer the RTA (the Noticee 1) is required to generate draft agenda and the draft register of Transfer (or transmission, dematerialization, rematerialization as the case may be) for the approval of Share Transfer Committee (or Authorized Executive of the company; here in after STC) which relies, in good faith, on the due diligence carried out by the Noticee 1 for giving effect to the said transfer. On transfer being approved by the STC, the Noticee 1 generates a printed endorsement slip which contains the facsimile signature of the authorized signatory of the company and other memorandum of transfer and affixes the

same on the reverse side of the share certificate and makes entry in register of members The Noticee 1 is not authorized to sign any new share certificate.

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

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

43. SEBI observed that with respect to the complaint in the matter of Radha & Rajiv Manucha, the Noticee 1 explained (Copy of emails placed at **Annexure-SSR5 & SSR6**) that the bonus shares of 2003 and 2004 amounting to total 3360 were dispatched to Rajiv Manucha in 2004. Subsequently, they received the aforesaid shares for transfer from the Noticee 13. As per procedure they issued registered notices to the Noticee 13 and Rajiv Manucha. While Rajiv Manucha never replied but Jayshree quickly replied that she never lodged the share for transfer. Hence, the transactions were reversed. The Noticee 3 in her statement dated December 07, 2015 (Annexure-SR18) stated that the transactions were reversed after receipt of letter from the Noticee 13 and shares kept with the Noticee 1. Later, when Rajiv Manucha demanded the shares they transferred the shares to him in 2013. However, SEBI observed the below mentioned contradictory facts:

44. Radha Manucha and her son Rajiv Manucha resident of New York, held shares of Asian Paints Limited in folio 00060245 (Screen Shot of the folio from the back office software of the RTA is placed at **Annexure-SP1**). Radha Manucha died in the year 1995. Rajiv Manucha citing the death of his mother applied to get the 2400 shares (original number of shares) in the folio and dematerialized the same in May 2008 after completion of transmission (Demat documents placed at Annexure-B to the statement of The Noticee 3 dated December 07, 2015). The folio had additional 3360 share (Bonus shares of 1440

and 1920 for the year 2003 and 2004 respectively) but the existence of said shares were not informed to the surviving shareholder when he applied for demat of original shares. When there was no more communications from the shareholder for last many years, on January 14, 2012 (transaction date in Folio No. - 00060245 but approval date 20/01/2012) 3360 shares (certificate no. 834932; Distinctive No.s47406458 to 47407897 and 834933; Distinctive Nos. 72482068 to 72483987) transferred from folio 00060245 to folio 00115427 (viz. The Noticee 13) based on a "Transfer Deed" dated January 13, 2012 (Annexure-C to the statement of The Noticee 3 dated December 07, 2015). The said transfer deed is also signed by Radha Manucha while she has already died in 1995. It is alleged that the Noticee 1 was aware of death of Radha Manucha as Rajiv submitted Death certificate while dematerializing 2400 shares in 2008. The transfer of shares to Jayshree and the signature of Radha Manucha was approved by The Noticee 3, VP &Client Manager and Mr. G.R. Rao, MD of the Noticee 1 himself. It was noted from the share certificate print reconciliation register (**Annexure-OD43**) of the Noticee 1 that the new certificates (834932 & 834933) were printed just few days before (viz. on January 03, 2012) the transfer to the Noticee 13. The share certificates transferred to Noticee 13 are the newly printed shares. The Noticee 1 has falsely submitted that they had posted the bonus shares to Rajiv Manucha and they received the same shares for transfer from the Noticee 13 in 2012 is completely false &misleading because the share certificate is not same but newly printed share certificates. The submissions of the Noticee 1 fail to explain why the share certificates were printed? On whose request such re-printing was done? How the shares re-printed landed up in a matter of days after print with the Noticee 13 who is found to be known entity of the Noticee 3. It is alleged that new certificate was printed to fraudulently siphon off the share by transferring it to the Noticee 13. After the said transfer of shares to Noticee 13 folio, both certificates were merged (viz. consolidation of old certificate into new ones) and new certificate no. 834940 was printed on January 17, 2012. SEBI observed that there is a rectification entry dated as "25/01/2012" which reverses the 3360 shares back to folio no. - 00060245 of Rajiv

Manucha. It is alleged that the submission of the Noticee 1 is completely false that the Noticee 13 quickly reverted back with objection based on which transaction was cancelled because the letter of the Noticee 13 produced before investigation is dated April 11, 2013 (while Notice issued to her for filing objection was dated 16/01/2012; reply after more than a year while shares already transferred; both the documents are placed at **Annexure-E & F** to the statement of the Noticee 3 dated December 07, 2015). Hence, it is alleged that the explanations given by the Noticee 3 vide her statements dated December 02, 2015 (**Annexure-SR2**) and December 07, 2015 (**Annexure-SR18**) is just an afterthought and not true. The letter from Jayshree was apparently taken post facto and dated just before the request letter date of Rajiv Manucha. It is alleged that the rectification to have been carried out through back dated falsification in software system in 2013 after receipt of fresh communication from Rajiv Manucha. Later, in February 2013 (email communications with the Noticee 1 started in February 2013 but final request letter 12/04/2013; copy of the emails and request letter placed at **Annexure-OD41**) Rajiv Manucha realized that there should be more shares in the folio due to bonus shares. In May, 2013 transmission of 3360 shares to Rajiv Manucha was approved which he dematerialized. SEBI observed that the shares certificate through which 3360 shares were transmitted by Name Deletion was different from the single share certificate (No 834940) of 3360 transferred back from the folio of Noticee 13 to folio of Rajiv Manucha. It is alleged that yet another certificates (No. 835490 & 835491) were printed for the purpose of transmission so that Rajiv Manucha does not realize by looking at the old share certificate (which was printed in the folio no. - 00115427 of The Noticee 13) that an attempt was made to siphon off his shares. The share certificate print reconciliation/control register (**Annexure–OD42**) also shows that the certificates No. 835490 & 835491 were printed on April 27, 2013 i.e. days before transfer to Rajiv Manucha.

45. The Noticee 1 furnished data to its client companies regarding Annual Returns which are required to be filed by companies with RoC under Section 159 of the Companies Act, 1956. SEBI observed from the Annual Return data submitted by the Noticee 1 vide statement of the Noticee 2 dated March 23, 2016, that in 2012 total 3360 shares were transferred from the folio no 115427 (in the name of The Noticee 13) to Folio no. -00060245 (in the name of Radha Manucha) on 25/01/2012. (Screen Shot of Annual Return data placed at **Annexure-ARSP1**).

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

(i) The said transfer of 3360 shares Certificate Nos. 834932 and 834933 in Folio No. 00060245 Radha Manucha jointly with Rajiv Manucha to Folio no. 00115427 the Noticee 13 vide register dated 20th January, 2012 sent to the Company by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 20th January, 2012. As per the records maintained by the Company a copy of the Transfer Register, duly authenticated by the Authorized Signatory of the Noticee 1, dated 20th January, 2012 and copy of the Share Transfer Committee meeting minutes dated 20th January, 2012 approving the transfer in the name of the Noticee 13 and document ascertaining communication from the Noticee 1, w.r.t. forwarding of STC Agenda papers for meeting dated 20thJanuary, 2012 by the Noticee 1 to the Company was found. A copy of the aforesaid documents are placed at Appendix No. 40 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

(ii) As per the records maintained by Asian Paints, document ascertaining forwarding of 17 Share Certificates (certificate nos. 834917 -834933) including Certificate No. 834932 and 834933 pertaining to Folio No. 00060245 by the Noticee 1 to the Asian Paints for signature and seal, was received on 9th January, 2012. A copy of the said communication with the Noticee 1, is placed at Appendix No. 41 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

(iii) The 3360 shares on different certificates in Folio No. 00060245 were merged into one new share certificate no. 834940 vide register dated 17th January, 2012 sent to Asian Paints by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 20th January, 2012. A copy of the Register of Consolidation, duly authenticated by the Authorized Signatory of the Noticee 1, dated 17th January, 2012 and copy of the Share Transfer Committee meeting minutes dated 20th January, 2012 approving the consolidation of share certificates in the name of The Noticee 13 are placed at Appendix No. 42 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

As per the records maintained by Asian Paints, document ascertaining communication from the Noticee 1, w.r.t. forwarding of STC Agenda papers for meeting dated 20th January, 2012 by the Noticee 1 to the Company on 19th January, 2012 was found. Also, document ascertaining communication from the Noticee 1, w.r.t. forwarding of new Share Certificates (Certificate Nos. 834934 to 834940) including certificate no. 834940 pertaining to Folio no. 00060245 by the Noticee 1 (**viz. The Noticee 3**) to Asian Paints for signature and seal on 21st January, 2012 was found. On 25th January, 2012, 7 share certificates were signed, sealed and forwarded to the Noticee 1. A copy of the said communication along with the acknowledgement received from the authorized signatory of the Noticee 1, is placed at Appendix No. 43 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

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

(v) The said transmission of 3360 share certificates (Certificate Nos. 835490 and 835491) in Folio No. 00060245 Radha Manucha jointly with Rajiv Manucha to Folio No.

00115894 Rajiv Manucha vide authenticated register (**signed by The Noticee 3**) dated 17th May, 2013 sent to Asian Paints by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 17th May, 2013 are placed at Appendix No. 44 to the Asian Paints reply letter dated March 28, 2016 (**Annexure-CRAP6**).

As per the records maintained by the Asian Paints, document dated 15th May, 2013 ascertaining communication from the Noticee 1, w.r.t. forwarding of STC Agenda papers for meeting dated 17th May, 2013 by the Noticee 1 to the Asian Paints was found. A copy of the said communication along with the acknowledgement received from the authorized signatory of the Noticee 1, is placed at Appendix No. 45 to the company reply letter dated March 28, 2016 (**Annexure-CRAP6**).

Asian Paints vide letter dated August 19, 2016 (**Annexure-CRAP7**) submitted that as per records maintained by the company, they have received Dematerialization Register dated June 18, 2008 duly authenticated by the authorized signatory ofthe Noticee 1 w.r.t. demat of 2400 shares by Rajiv Manucha and the same has been approved in STC dated June 18, 2008. The copy of the Register and Minutes of the meeting are placed at Appendix No. - 4 to the company reply letter dated August 19, 2016 (**Annexure-CRAP7**). Further, they have not found any record w.r.t. transmission of said 2400 shares to Rajiv Manucha.

47. SEBI observed that the copy of different certificates printed during the period is not maintained in the records of the Noticee 1. The Noticee 3 in her statement dated December 07, 2015 (Annexure-SR18) has admitted that the same has been destroyed and no copy retained. The Noticee 3 in her statement could not explain why the share certificates transferred to the Noticee 13 were not dispatched for more than one year as against normal practice. Further, she could not explain why Rajiv Manucha was not confronted by the Noticee 1 that he has already sold the shares to the Noticee 13 in 2012 when he contacted the Noticee 1 in February 2013 as the Noticee 13 objection letter is dated 11/04/2013 (Annexure-F to the statement of the Noticee 3 dated December 07,

2015 i.e Annexure-SR18). There is complete contradiction in oral explanation by the Noticee 3 on 02/12/2015, statement dated 07/12/2015 and facts recorded from the systems of the Noticee 1 which was recorded in her statement before IA. Earlier, her stand was shares never transferred to the Noticee 13 as she quickly objected then changed in statement dated 07/12/2015 that it was transferred but reverted after her objection. There is no explanation how can the reversal reflect date of "25/01/2012" while the Objection letter is dated April 11, 2013. She also produced a letter dated 26/04/2013 to the Noticee 13 in reply to her letter dated 11/04/2013 (Annexure-G to statement of the Noticee 3 dated December 07, 2015 i.e Annexure-SR18) which states that the transfer of shares was rejected because of signature mismatch. SEBI observed that if the transactions were rejected due to signature mismatch then why the actual transfer was carried out and even consolidation of two share certificate into one share certificate was carried out in the folio of the Noticee 13. It was also observed that the transfer register was also sent vide the Noticee 1 communication dated 19th January, 2012 to the company Asian Paints Limited for approval of transfer in share transfer committee meeting dated communication dated 20th January, 2012. As per process explained by the Noticee 3, who is VP Sharepro, signatures are checked before and not after the due transfer by company. In view of the above, it is alleged that there is massive falsification of records, attempt to mislead the investigation to hide the fraudulent transactions.

48. Therefore, it is alleged that in this matter there are falsification of records, forgery, repeated printing of new certificates without any request or authorization from shareholder and fraudulent transfer transactions has taken place. Further, It is also alleged that the Noticee 1 has not only failed to maintain proper record, have proper internal checks & balances, have proper control over operations, failed to carry out due skill care and diligence but also made all possible effort to mislead the investigations and cover fraud done by the senior management ofthe Noticee 1. The Noticee 3 herself was processing the transactions as is evident from the copy of documents submitted by the company.

SEBI further observed that the Noticee 13 is the sister of the Noticee 18 in conspiracy with whom the Noticee 3 has illegally siphoned off many shares of the genuine investor which is explained in subsequent paragraphs. It is alleged that the Noticee 2 has himself authorized the transfer though the original investor was already dead. SEBI alleged that complicity at such high level is the reason that all checks & balances and systems at the Noticee 1 has failed.

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

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

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

50. In the Folio No. -00901392 belonging to one Laxchuman Ganeshan which is also subject matter of "the said complaint", the record shows that there are nil shares in the folio as on date. There is no entry in any other field of the Back Office Software Module of the Noticee 1 except dividend records (Screen Shot of Back Office Software records placed at Annexure-SP5). As per the Noticee 1 the investor has sold the shares in 1991 before the Noticee 1 had taken over the share transfer operations in around 2003 therefore they don't have any record in the matter (copy of the Sharepro's Emails dated November 21, 2015 Annexure-SSR6). It is alleged that the statement of the Noticee 1 is false because

as per dividend field in the software module this folio had 1842 shares and the last dividend was paid on 07/05/2011. In fact it was already proved in previous paragraphs dealing with siphoning off of dividend that many of the dividends from this portfolio went to the Noticee 1 management related entity- Raju Landge (Annexure B of dividend part of the IR) even though Raju Landge was not even a shareholder of the company. As per system, the last dividend went to L Ganeshan for the year 2010-11. Thereafter, the system shows zero holding though no transfer records are there. It is alleged that the change in shares held by L. Ganeshan has occured after the Noticee 1 has taken over i.e. during 2011. SEBI observed from the IR that reconciliation of change in shareholding electronic data during the year 2011 revealed the 1842 shares of L. Ganeshan has been fraudulently removed from his folio without any transfer records in 2011 and similar 1842 shares has reappeared in the Name of management linked entities or folios controlled by them. It is alleged that it appears to be the apparent reason that 1000 shares has appeared in and dematerialized from the folio no. - 00902848 of The Noticee 18 though it had nil balance as on the date of dematerialization i.e. 31/03/2011. Further, it is also observed that 1222 shares has reappeared in the folio number 00001493 (UTI) which is being used/controlled by entities linked to Management ofthe Noticee 1 (as per electronic data reconciliated but there is no visible entry in records of the said folio). It is alleged that the balance of 380 shares (i.e. 1222-842) are those shares which have been fraudulently removed from another Folio Number- 00068346 (belonging to one "Jacinta Desa") during the same year. The above mentioned details of reappearance of 1000 shares in folio no. - 00902848 and disappearance of 380 shares from 00068346 are also brought out in the observations w.r.t. said folios in subsequent para viz. (Para No - 85 to 88) and Page No.- 164 (Para no. - 129) respectively

51. Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) stated that the said share transfer from Letchumanan Ganeshan to any other investor, with the folio no. 00901392 staying constant, was not sent to it for approval in its 'Share Transfer

Committee' meeting. They also submitted that as per the Dividend Master issued by the Noticee 1 to Bank, Interim Dividend for the FY 2010-11 was paid on 4th November, 2010 to Letchumanan Ganesan, this further confirms that Letchumanan Ganesan was the holder of shares of the Company under Folio No. 00901392.

52. Asian Paints stated that they are not in possession of any documents/information w.r.t. the aforesaid transaction. It was noted from letter of the bank dated July 30, 2016 and July 28, 2016 (Placed at Appendix No. – 3 to the company reply letter dated August 19, 2016) submitted by the company vide reply dated August 19, 2016 (Annexure-CRAP7), that the dividend issued to L Ganeshan from 2006-07 onwards were later revalidated and finally issued to "L. Raju" (viz. Raju Landge). In view of the above it is alleged that L Ganeshan was not traceable investor and hence, his dividend and also the shares were allegedly siphoned off by the Noticee 1 management (viz. The Noticee 3) through falsification of records.

53. SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), SEBI observed that in 2009 and 2010 the folio no 00901392 with 1842 shares was in the name of "LETCHUMANAN GANESAN" while in Annual return for 2011 the folio has been omitted altogether. (Screen Shot of Annual Return data placed at Annexure-ARSP2).

54. SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 (**Annexure-SR12**) that the name of the folio no. – 00901392 was changed from Letchumanan Ganesan to L Raju on 28/04/2011 by administrator login id "CPRABHU" and again reversed on 22/07/2014 by User "ikarkera" Login Terminal "INDIRA1". It is alleged that the name of the folio has been changed from the name of original investor to another entity and again reversed to the name of original investor after siphoning the shares in the folio so as to avoid detection in any audit/inspection.

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

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	1000 shares (10000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to L Ganeshan misappropriated by The Noticee 18 and dematerialized through Folio No. - 00902848 on 31/03/2011	Value= Rs. 25,25,800 (Price @ NSE Rs. 2,525.80)	Value= Rs. 12,12,65,000 (Price @ NSE Rs. 1,212.65)
2	842 shares (8420 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to L Ganeshan reappeared as part of 1222 shares into Folio No. - 00001493(Controlled by the Noticee 1 related entities viz. The Noticee 3)	Exact date not available	Value= Rs. 1,02,10,513 (Price @ NSE Rs. 1,212.65)

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

57. The records of Folio Number: 00000029 in the Back Office Software Module of the Noticee 1 showed all dividends on 733 shares in the name of Ms. Amarjit Kaur Arora but currently the folio is shown in the name of the Noticee 18 jointly with Mr. Anand S. Bhalakia (Screen Shot of Back Office Software Module is placed at Annexure–SP6). SEBI observed that all the dividends (viz. for dividend issue dates 21/11/2001 to 04/11/2008) were being transferred to IEPF earlier which implies the entity Ms. Amarjit Kaur Arora was not traceable and/or she was not aware of her investment.

58. SEBI observed from statement of the Noticee 2 dated January 28, 2016 (Annexure-SR15), that the transferor's folio is never assigned to the transferee as folio is unique to an individual. In this matter, it is alleged that the folio name has just been changed from Ms. Amarjit Kaur Arora to the Noticee 18 without any record of transactions. In this context, vide summons dated February 12, 2016 and Summons No. MIRSD2/DB/SD /SSIL/6940/2016 dated March 08, 2016 the Noticee 1 was asked to explain how same folio was at one time in the name of Amarjit Kaur Arora and at another time in the name of The Noticee 18, a different person. The Noticee 1 was also asked with respect to 733 shares lying in the account of Amarjit Kaur Arora (later apparently transferred in the name of the Noticee 18), to provide authenticated copy of various documents. It is alleged that the Noticee 1 failed to reply to the said summons.

59. SEBI extracted "System Log for Changes in Folio Master" from the back end data base of the Noticee 1 and the same was taken on record vide statement dated March 23, 2016 of The Noticee 2 (MD, the Noticee 1). The said System Log is the electronic record of all changes in "Folio master data" during a particular period of time. SEBI observed from the log that the name of the folio no. -00000029 was changed from Amarjit Kaur Arora to The Noticee 18 (Joint Holder Anand S Bhalakia) on 08/11/2011 by User "administrator" login Terminal "CPRABHU".

60. SEBI observed from the "Signature" record of the folio no. -00000029 taken out from the system of "Signature Verification Department" as well as submitted by the Noticee 2 vide statement dated February 15, 2016 (Annexure-SR11) that the signature attached to the folio is still that of "Ms. Amarjit Kaur Arora". Therefore, this also corroborate the fact that the internal checks and balances and control system of the Noticee were compromised to transfer and then demat the shares belonging to one shareholder by another entity.

61. SEBI observed from the Noticee 1 system records that the 733 shares on different certificates in the Folio Number 00000029 were "merged" (viz. consolidation of old

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

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

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

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

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

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

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

63. Asian Paints vide reply dated March 28, 2016 submitted that in accordance with the Secretarial Standard – 4 on Registers and Records issued by the Institute of Company Secretaries of India, w.r.t. the erstwhile Companies Act, 1956, entries in register should be made forthwith, in chronological order and separate folios should be assigned to every person in whose name the investments are held. Accordingly, same folio cannot be allotted in the name of two different persons. However, in the matter of Folio of Amarjit Kaur Arora the same folio was allotted by the Noticee 1 to two different persons. Asian Paints observed that as per register of member provided to them by the Noticee 1 for submission to registrar of companies along with Form 20B (erstwhile Companies Act, 1956), as on 16th July, 2010, Folio no. 00000029 appeared in the name of Amarjit Kaur Arora and suddenly, as on 25th June, 2012, the said folio reflects the name of Shrikant C. Bhalakia. The extract of register on the said dates is placed at Appendix 3 to the company reply letter dated March 28, 2016 (Annexure-CRAP6). Asian Paints stated that there is no documentation in place that reflects the reason for the change in name and no approval to the Noticee 1 for the same has been provided by the Company. Further, Asian Paints has stated that it has not received any documentation with respect to any transfer of shares from Amarjit Kaur Arora to Shrikant C. Bhalakia Jt. With Anand S. Bhalakia, with the folio no. 00000029, from the Noticee 1 and such a transfer was never put before or sent to it for approval in any 'Share Transfer Committee' meeting. However,

Asian Paints on recommendations of the Noticee 1 approved the Demat of 733 shares held in Folio No. 00000029 at its Share Transfer Committee Meeting held on 25th November, 2011 (A copy of Register of dematerialization dated 25th November, 2011 signed by The Noticee 3 is placed at Appendix- 4 to the company reply letter dated March 28, 2016 (Annexure-CRAP6). Asian paints w.r.t. consolidation & re-print of shares certificate by the Noticee 18 stated that no change of name / transfer / rectification can be incorporated at the time of consolidation of share certificates. They also stated that 733 shares on different certificates in Folio No. 00000029 were merged into one new share certificate no. 834896 vide Register of Consolidation dated 8th November, 2011, sent to the Company by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 11th November, 2011 and the agenda paper for the same was received on November 08, 2011. Register of Consolidation & Challan for sending agenda paper by the Noticee 3 is placed at Appendix 5 & 6 to the company reply letter dated March 28, 2016 (Annexure-CRAP6). Asian Paints further stated that they do not have the record w.r.t. who signed the new certificates printed for the Noticee 18 but there is record of forwarding 7 certificates to the Noticee 1 (addressed to The Noticee 3) on November 14, 2011.

64. SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), reveal that in 2010 and 2011 the folio no 00000029 with 733 shares was in the name of Amarjit Kaur Arora while in Annual return (transaction file) for 2012 the 733 shares has been reported as Dematerialized by The Noticee 18 under the same folio while the Holding file for the same year i.e. 2012 shows folio no. - 00000029 in the name of two different entities viz. Systematix Shares and Stocks (India) Limited (18 shares) and Composite Investments Pvt. Ltd. (5 shares). (Screen Shot of Annual Return data is placed at AnnexureARSP1). Thus it is alleged that not only Shares were fraudulently misappropriated from the folio of one investor to

another entity but also falsification of the records as well as misreporting of the same to regulators by the Noticees.

65. There are re-printing of share certificate before dematerialization of the same by Shrikant. It is apparent that the new share certificates were fraudulently printed without authorization in the folio as the old certificates were not in the possession of the Noticee 1 or Mr. Bhalakia and moreover the old certificates would have been in the name of actual investor (viz. Amarjit Kaur Arora). It is alleged that if Mr. Bhalakia would have got the shares through a genuine transfer he would have possession of the share certificates and a new folio have been allotted to him and there would not have been any need of re-printing of share certificates. Further, his signature would have been attached to the new folio and this would have been recorded in the books of the company.

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

SEBI observed from the records submitted by the company viz. Register of dematerialization dated 25th November, 2011 signed by the Noticee 3 and Register of Consolidation & Challan for sending agenda paper by The Noticee 3. It is alleged that The Noticee 3 herself was processing such fraudulent transactions. In this matter same folio is allotted to two different persons in violation of Secretarial Standards and also own admitted practice of the Noticee 1 to fraudulently siphon off shares. It is alleged that it is done to blur audit trail because in such cases it becomes difficult to trace which shares belongs to which investors.

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

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

1	733 shares (7330 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Amarjit Kaur Arora transferred to The Noticee 18 vide back office entry on 08/11/2011	Value= Rs. 2316426.6 (Price @ NSE Rs. 3,160.20)	Value= Rs. 8888724.5 (Price @ NSE Rs. 1,212.65)

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

67. SEBI observed from the back office records of the Noticee 1, the below mentioned transfer of 960 shares of Asian Paints Limited were transferred from folio no. -00094738 (in the name of Profile Systems Limited; Screen Shot placed at **Annexure-SP6**) to Folio No. - 00000029 (Actual Owner Amarjit Kaur Arora but transferred to The Noticee 18) as **"Rectification Entry"** (Inward No. - 800393 andTransaction no. - 800097):

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

SEBI observed from the Annual Return data submitted by the Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), that in 2012 total 960 shares were transferred from the folio no. 00094738 (in the name of Profile System Limited) to Folio no. -00000029 (in the name of The Noticee 18). (Screen Shot of Annual Return data placed at **Annexure-ARSP1**)

68. Further, as per data obtained by investigation team from the back end database of the Noticee 1, the 960 shares on different certificates in the Folio Number - 00000029 were

"merged" (viz. consolidation of old certificate into new ones) into two share certificates on 05/12/2011. The details of the transactions are as below:

Original CertificateNo.	New CertificateNo.	Dist Nos From	Dist Nos To	Date
643664	834915	40096765	40096814	05/12/2011
643665	834915	40096815	40096864	05/12/2011
643666	834915	40096865	40096914	05/12/2011
643667	834915	40096915	40096964	05/12/2011
643668	834915	40096965	40097014	05/12/2011
643669	834915	40097015	40097064	05/12/2011
643670	834915	40097065	40097114	05/12/2011
643671	834915	40097115	40097164	05/12/2011
779757	834915	48281017	48281096	05/12/2011
	834916	48281097	48281256	05/12/2011
827235	834916	73173248	73173567	05/12/2011

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

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

DRN	ISIN	Demat Account No	Name	Certificate No	Dist NosFrom	Dist NosTo
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	40096765	40096814
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	40096815	40096864
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	40096865	40096914
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	40096915	40096964

DRN	ISIN	Demat Account No	Name	Certificate No	Dist NosFrom	Dist NosTo
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	40096965	40097014
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	40097015	40097064
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	40097065	40097114
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	40097115	40097164
10000000009467	INE021A01018	IN300749-11010340	The Noticee 18	834915	48281017	48281096
10000000009466	INE021A01018	IN300749-11010340	The Noticee 18	834916	48281097	48281256
10000000009466	INE021A01018	IN300749-11010340	The Noticee 18	834916	73173248	73173567

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

70. The details in regard to transactions in the Folio Number- 00094738 were sought from the Noticee 1 vide Summons Dated February 12, 2016 (Hand delivered to The Noticee 2 on February 15, 2016) and followed up with many reminder summons but it is alleged that the Noticee 1 has failed to provide the same.

Asian Paints Limited vide its email dated February 11, 2016 (**Annexure-CRAP8**) and letter dated March 28, 2016 (**Annexure-CRAP6**) has informed that the shares held by Profile System Ltd. were transferred to buyer folio no. 00000029 by passing a rectification entry in the Register of Members of the Company by the Noticee 1 and the said

transaction has not been intimated to the Company nor any approval was taken from them. Further, they stated that the 960 shares on different certificates in Folio No. 00000029 were merged into two new share certificates no. 834915 and 834916 of 480 shares each vide consolidation register dated 5th December, 2011, sent to Asian Paints by the Noticee 1 and was placed before the Share Transfer Committee at its meeting held on 9th December, 2011. A copy of the consolidation/split register, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3) dated 5th December, 2011 and a copy of the Share Transfer Committee meeting minutes dated 9th December, 2011 approving the same is placed at Appendix 7 of reply of the company dated March 28, 2016 **(Annexure-CRAP6)**. As per the records maintained by Asian Paints, document ascertaining receipt of communication from the Noticee 1, w.r.t. Agenda Papers for share transfer committee meeting dated 9th December, 2011 was received on 7th December, 2011 (Challan No 8179 signed by The Noticee 3). Document recording forwarding of 5 Share Certificates (certificate nos. 834912 -834916) by the Noticee 1 to the Company for signature and seal, was received on 12th December, 2011. On 13th December, 2011, the 5 share certificates received from the Noticee 1 were, in good faith and on the basis of the Noticee's recommendation, signed, sealed and forwarded by the Company to the Noticee 1. A copy of the said communications with the Noticee 1, is placed as Appendix No. 8 of reply of the company dated March 28, 2016 **(Annexure-CRAP6)**.

71. SEBI observed from the statement of The Noticee 2 dated January 28, 2016 (Annexure-SR15) "Rectification Entry" is passed to correct mistakes in cases of changes in folio due to mistake by RTA, deletion of name for transmission of shares to joint holder's folio and correction of names which entails change of folio number. SEBI observed that Profile System Limited could not have changed its name to The Noticee 18, nor is there a possibility of transmission of shares from Profile System to The Noticee 18.

Further, it was stated by the Noticee 2 that cases where value of transaction is more than Rs. 5 lakhs the "Rectification Entry" needs approval of M.D. i.e. the Noticee 2 himself.

The value of transaction in this case was more than Rs. 5 lakh (960*2,854.05 =Rs.27,39,888/-; NSE closing price of December 05, 2011). Therefore, it is alleged that the "Rectification Entry" which is to be used in exceptional circumstances for genuine reasons has been used to siphon off shares belonging to actual shareholder. It is alleged that this act is the result of complete subversion of internal checks and balances as such transactions could not have happened without the express knowledge of the Noticee's management at the highest level. That is apparently is the reason for the Noticee's 1 non-compliance to submit various documents.

In this matter, SEBI observed that the new share certificates were printed in the folio before dematerialization by the Noticee 18 as the old certificates were not in the possession of the Noticee 1 or Mr. Bhalakia, and moreover the old certificates may have been in the name of actual investor viz. Profile System Limited. SEBI observed that if the Noticee 18 would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates.

It is alleged that 960 shares of Asian Paints were illegally transferred from folio of Profile Systems to another folio controlled by the Noticee 18 who is linked to Management of the Noticee 1 (viz. The Noticee 3) without any records. Then new share certificates were printed and the shares were dematerialized by the Noticee 18. The documents submitted by the company viz. copy of the split register dated 5th December, 2011 signed by the Noticee 3 and communication Challan No 8179 signed by the Noticee 3 for sending Agenda Papers for share transfer committee meeting dated 9th December, 2011, reveals that the Noticee 3 herself was processing such fraudulent transactions. As per statement of The Noticee 2 the transaction must have been cleared by MD himself. In view of above it is alleged that the Noticee 1 is also trying to hide the same by not submitting the required documents.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	960 shares (9600 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Profile System Ltd. transferred to The Noticee 18 vide rectification entry on 05/12/2011	Value= Rs. 2739888 (Price @ NSE Rs. 2,854.05)	Value= Rs. 11641440 (Price @ NSE Rs. 1,212.65)

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

73. SEBI observed from the Back Office Module of the Noticee 1, the folio name of the Folio Number-00902848 for all dividend records for issue date from 20/08/1998 to 19/07/2010 (last dividend issue date 19/07/2010 on 480 shares) was in the name of Jardine Fleming Int'l Mgt Inc. The folio name for dividend records for issue date of 10/06/2011 on 500 shares is in the name of the Noticee 18. Currently, Folio is in the name of The Noticee 18 (Screen Shot of Back Office software placed at **Annexure-SP62**). In view of the above, it is alleged that the folio name has been changed from the name of Jardine Fleming Int'l Mgt Inc. to the Noticee 18 between 19/07/2010 and 10/06/2011. SEBI also observed that no records are available in back office software of the Noticee to explain how this has occurred. In this context, vide Summons dated February 12, 2016 the Noticee 1 was asked to explain how same folio was at one time in the name of Jardine Fleming Int'l Mgt Inc and at another time in the name of the Noticee 18, a different person. The Noticee 1 was also asked to provide the authenticated copy of various documents to prove the genuineness of the transactions and internal approvals at the Noticee 1. However, it is alleged that the Noticee 1 failed to submit the reply.

SEBI observed from the Annual Return data submitted by the Noticee 2 vide statement dated March 23, 2016 (**Annexure-SR12**), that in 2009 and 2010 the folio no. 00902848 with 480 shares was in the name of Jardine Fleming Int'l Mgt Inc while in Annual return for 2011 the folio has been shown in the name of The Noticee 18 with 500 shares. In the Annual return for 2012 (transaction file) the Noticee 18 dematerialized 500 shares under

the same folio while in the holding file of 2012 the folio is omitted. (Screen Shots of Annual Returns placed at **Annexure-ARSP3**).

Asian Paints vide their reply dated March 28, 2016 submitted that no approval was provided by the company to change the name in the said folio. Further, the Company has not received any documentation with respect to any transfer of shares from Jardine Fleming Int'l Mgt Inc to the Noticee 18, with the folio no. 00902848, from the Noticee 1 and such a transfer was never put before or sent to the Company for approval in any 'Share Transfer Committee' meeting.

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

74. SEBI observed that if the shares transferred from Jardine to Shrikant in genuine transactions a new folio would have been allotted to him and his signatures would have been attached to the new folio. The old folio still having "Signature records" of Jardine proves illegal transfer of shares from Jardine to Shrikant and also failure of systems & procedure of the Noticee 1 across departments. Therefore, It is alleged that not only the folio and shares in it were illegally taken over by management related entity viz. Shrikant without any records or taking approval from the company but the internal checks and balances and control system of the Noticee 1 were also compromised. Further, it is also alleged that the same folio is allotted to two different entities which is in violation of secretarial standards and own practice of the Noticee 1 to blur the audit trail.

75. SEBI observed from the back office records of the Noticee 1 that 500 shares of Asian Paints Limited were transferred in the Folio Number- 00902848 (Original owner Jardine but illegally taken over by Shrikant) from folio number-00001493 (belonging to UTI but being controlled by the Noticee 1 related entities as there are transfers without any documents) as "Rectification Entry" (Inward no. - 800070) on 10/06/2011. Details of the transactions are as below:

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

76. Though, the Noticee 1 did not respond to SEBI Summons dated February 12, 2016 however, Asian Paints vide their reply dated March 28, 2016 (Annexure-CRAP6) submitted that the said share transfer from Folio No. 00001493 of UTI to Folio No. 00902848 (originally of Jardine Fleming Int'l Mgt Inc,) was not sent to the Asian Paints for approval in its 'Share Transfer Committee' meeting and any entries made by the Noticee 1 by way of 'Rectification Entry' were not intimated to the Company. SEBI was also informed by the Asian Paints that the said folio no. 00001493 held in the name of UTI is under dispute and a suit has been filed with the High Court, Bombay, w.r.t. the ownership of the said shares vide Suit No. 7992 of 1998 (details of documents submitted vide letter dated August 19, 2016 (**Annexure-CRAP7**) is placed at Appendix 1 & 2 of the said letter dated August 19, 2016 of the company), accordingly and since the year 1998, no transactions like transfer were permitted by the Asian Paints unless directed by the Court or any other competent authority. Asian Paints submitted emails dated May 10, 2007, November 27, 2007 and November 29, 2007 (also CC to The Noticee 3) received from the employee of the Noticee 1 viz. Lalit Jathan (lalitj@shareproservices.com) whereby complete details of disputed cases (including the details of the above mentioned folio) is provided to employees of Asian Paints (copy of the emails are placed as part of the said Annexure-CRAP7). Similarly, Asian Paints also submitted details of disputed cases provided to employees of Asian Paints vide emails of The Noticee 3 dated October 16,

2010 (including details of Folio Nos. 00053317, 00060509 & 00001493), March 14, 2011 (including details of Folio Nos. 00053317, 00060509 & 00001493), January 07, 2012 (including details of Folio No. - 00001493), October 04, 2013 (including details of Folio Nos. 00053317 & 00001493), March 08, 2014 (including details of Folio Nos. 00053317 & 00001493) and October 06, 2015 (including details of Folio Nos. 00053317 & 00001493) (copy of the emails are contained as part of said Annexure-CRAP7)

In view of the above, it is alleged that the Noticee 1 has fraudulently transferred the shares from folio no. - 00001493 of UTI through "rectification entry" (which as per the statement dated January 28, 2016 of the Noticee 2 {Annexure-SR15} is not allowed in such cases) to folio no. - 00902848 (which is now being illegally controlled by management linked entity viz. Shrikant) without informing the company to avoid any possibility of scrutiny. It was also noted from the documents (mostly emails) submitted by the company that the Noticee 1 and its employees including The Noticee 3 had the full knowledge of ongoing court cases w.r.t. the said folio.

77. It was further observed from the electronic records of the Noticee 1 that 480 shares of Asian Paints Limited on 7 share certificates were "merged" (viz. consolidation of old certificate into new ones)(vide Inward no. - 1562995) on 30/08/2010 into single share certificate of 480 with same distinctive number and the new certificate was printed in the Folio Number- 00902848:

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

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

78. In the records of Folio Number- 00902848, SEBI observed that 480 shares of Asian Paints Limited were dematerialized on 16/09/2010 in the demat account of The Noticee 18. Details of the transactions are as below:

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

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

79. Asian Paints vide its reply dated March 28, 2016 (Annexure-CRAP6) submitted that the 480 shares on different certificates in Folio No. 00902848 were renewed and merged into one new share certificate (Certificate no. 834195) vide authenticated renewal register dated 30th August, 2010 sent to the Asian Paints by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 3rd September, 2010. A copy of the Renewal Register, duly authenticated by the Authorized Signatory of the Noticee 1, dated 30th August, 2010 and copy of the Share Transfer Committee meeting minutes dated 3rd September, 2010 approving the renewal of share certificates in the name of The Noticee 18 and Noticee 7 are placed at Appendix No. 19 of the company reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints further stated that these 480 shares were subsequently dematerialized vide authenticated demat register dated 1st October, 2010

sent to it by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 1st October, 2010. A copy of the Demat Register, duly authenticated by the Authorized Signatory of the Noticee 1, dated 1st October, 2010 and copy of the Share Transfer Committee meeting minutes dated 1st October, 2010 is placed at Appendix No. 20 of the Asian Paints reply dated March 28, 2016 (Annexure-CRAP6). They also stated that no other documents ascertaining receipt of any communication from the Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to the Company for signature and seal, was found in their records.

In the matter of these 480 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by the Noticee 18 as the old certificates were not in the possession of the Noticee 1 or Noticee 18, and moreover the old certificates would have been in the name of actual investor. SEBI observed that if Mr. Bhalakia would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. After re-printing of shares the same were dematerialized by management related entity viz. Shrikant.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	480 shares (4800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Jardine Fleming Int'l Mgt Inc. dematerialized by The Noticee 18 vide back office entry on 16/09/2010	Value= Rs1344336 (Price @ NSE Rs2,800.70)	Value= Rs. 5820720 (Price @ NSE Rs. 1,212.65)

81. SEBI observed from the back office records of the Noticee 1 that 500 shares of Asian Paints Limited received on 10/06/2011 from 00001493 (UTI) were dematerialized on 27/06/2011 through the Folio Number- 00902848. However, SEBI observed that the certificate number w.r.t. the earlier shares and the certificate number submitted for demat are different but the distinctive numbers are same. Thus it is alleged that certificate with

same distinctive numbers was re-printed after merging 10 certificates received from folio no. - 00001493. Though there is no entry in the Back Office Software Module of the Noticee 1 but data obtained by investigation team from "Back end database" of the Noticee 1 indicate following transaction:

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

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

82. SEBI further observed that 500 shares of Asian Paints Limited (received earlier on 10/06/2011 from Folio no. - 00001493 to the Folio Number- 00902848 for which new certificate no 834709 was reprinted on 14/06/2011) were dematerialized on 27/06/2011 in demat account No. - IN30074911010340 of the Noticee 18. Details of the transaction is as below:

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

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

83. The Noticee 1 did not reply to summons dated February 12, 2016. Asian Paints vide its reply dated March 28, 2016 (Annexure-CRAP6) submitted that the 500 shares on different certificates in Folio No. 00902848 were consolidated into one new share certificate (Certificate no. 834709) vide authenticated register dated 15th June, 2011 sent to the Company by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 16th June, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. the Noticee 3), dated 15th June, 2011 and copy of the Share Transfer Committee meeting minutes dated 16th June, 2011 approving the consolidation of share certificates in the name of the Noticee 18 and Noticee 7 are placed at Appendix No. 21 of the company reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints also stated that no document ascertaining receipt of any communication from the Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to the Asian Paints for signature and seal, was found in their records. Further, these 500 shares were subsequently dematerialized vide authenticated register dated 6th July, 2011 sent to Asian Paints by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 6th July, 2011. A copy of the Demat Register, dated 6th July, 2011, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3) and copy of the Share Transfer Committee meeting minutes dated, dated 6th July, 2011 is placed at Appendix No. 22 of the Asian Paints reply dated March 28, 2016 (Annexure-CRAP6).

84. In the matter of these 500 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by the Noticee 18 as the old certificates were not in the possession of the Noticee 1 or the Noticee 18, and moreover the old certificates would have been in the name of actual investor viz. UTI. SEBI observed that if the Noticee 18 would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. Further, it is also alleged that the records of re-printing are erased from back

office electronic records of the Noticee 1 to avoid audit trail. After re-printing of shares the same were dematerialized by management related entity viz. Shrikant. It was also noted from the reply of the Asian Paints that the Consolidation Register dated June 15, 2011 for re-printing and Demat Register dated July 06, 2011 for demat of the said 500 shares was signed by The Noticee 3. Therefore, The Noticee 3 herself was processing the said fraudulent transactions.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	500 shares (5000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI transferred to The Noticee 18 vide back office entry on 10/06/2011 from folio no. - 00001493	Value= Rs. 1550425 (Price @ NSE Rs. 3,100.85)	Value= Rs. 60.63.250 (Price @ NSE Rs. 1,212.65)

86. It was also observed from the back office records of the Noticee 1 that from the Folio Number- 00902848, 1000 shares of Asian Paints Limited were dematerialized on 31/03/2011 in demat account number- IN 300907-10287487 (apparently belonging to The Noticee 18). Details of transactions are as below:

Confirmation Date	Inward Date	Folio No	Demat A/c No	DRN	ISIN	Certificate No	Dist Nos From	Dist Nos To	No of shares
31/03/2011	29/03/2011	00902848	IN300907-10287487	1000000 0000867	INE021A01018	834562	1593 3550	15934 049	500
31/03/2011	29/03/2011	00902848	IN300907-10287487	1000000 0000867	INE021A01018	834563	1593 4050	15934 549	500

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

87. Further, SEBI observed that on 31/03/2011 the Folio Number- 00902848 had "nil" balance but 1000 shares of Asian Paints (certificate nos. 834562 & 834563) were dematerialized on the same date. Therefore, it is alleged that more shares are being dematerialized than

are available in the folio. This indicates that shares of some other investor was transferred to this folio without any record in the system of the Noticee 1.

In this regard, the Noticee 1 was asked to explain the transaction and provide various documents to prove the genuineness of the transaction of transfer of these 1000 shares to the folio 00902848. It was noted that from the share certificate print reconciliation/ control register (**Annexure-OD47**) that the certificate No 834562 (Dist Nos. 15933550 to 15934049) & 834563(Dist Nos. 15934050 to 15934549) were printed on March 15, 2011. Therefore, the Noticee 1 was also asked to provide various documents w.r.t. the re-printing of the share certificate including the history of ownership (Name, Address and Folio number) of said share Dist Nos. 15933550 to 15934049 and Dist Nos. 15934050 to 15934549 (of Asian Paints Limited) for last three transfers/change of hands/possessions before 31/03/2011. However, it is alleged that the Noticee 1 failed to submit any detail/information/documents.

88. Asian Paints vide its reply dated March 28, 2016 (Annexure-CRAP6) submitted that any entries made by the Noticee 1 by way of 'Rectification Entry' were not intimated to it and the said share transfer of 1000 shares to Folio No. 00902848 before dematerialization was not sent to Asian Paints for approval in its 'Share Transfer Committee' meeting. These 1000 shares were subsequently dematerialized vide authenticated demat register dated 15th April, 2011 sent to the Asian Paints by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 15th April, 2011. A copy of the Demat Register, dated 15th April, 2011 and copy of the Share Transfer Committee meeting minutes, dated 15th April 2011 is placed at Appendix No. 23of the company reply dated March 28, 2016 (Annexure-CRAP6). The 1000 shares on different certificates in Folio No. 00902848 were merged into two new share certificates (Certificate no. 834562 and 834563) vide consolidation register dated 15th March, 2011 sent to the Company by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 18th March, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the

Noticee 1 (**viz. The Noticee 3**), dated 15th March, 2011 and copy of the Share Transfer Committee meeting minutes dated 18th March, 2011 approving the consolidation of share certificates in the name of The Noticee 18 and Noticee 7 are placed at Appendix No. 24 of the company reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints further stated that as per the records maintained by it, no document ascertaining receipt of any communication from the Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to the Company for signature and seal, was found. Asian Paints could not provide the details w.r.t. the past ownership of the said 1000 share distinctive numbers as in accordance with the SEBI (Registrar to an Issue/ Share Transfer Agent) Regulations, 2003, the Noticee 1 maintains the historic data of shareholders, including share transfers / change / possessions / all forms / communications, etc.

89. SEBI alleged that records pertaining to 1000 shares of Asian Paints has been erased from the back office systems w.r.t. Folio Number- 00901392 of Laxchuman Ganeshan during the same year. It is alleged that the 1000 shares appearing in the folio 00902848 during the same year are the same one. Thus, it is alleged that the Noticee 1 has not only fraudulently falsified the electronic records but also not cooperated in the investigation. Therefore, even in this matter of 1000 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by the Noticee 18 as the old certificates were not in the possession of the Noticee 1 or Mr. Bhalakia, and moreover, SEBI suspects that the old certificates would have been in the name of actual investor viz. L Ganeshan. SEBI observed that if Mr. Bhalakia got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. After re-printing of shares the same were dematerialized by management related entity viz. Shrikant. Further, from the copy of the Consolidation Register dated 15th March, 2011 (w.r.t. re-printing of the certificate) signed by **the Noticee 3** it is observed that The Noticee 3 herself was processing the said

fraudulent transactions. The valuation w.r.t. the above transaction is already given in paragraph dealing with folio of L. Ganeshan.

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

90. SEBI observed from back office software module of the Noticee 1 that the Folio name of the Folio No. -00902855 (Screen Shots placed at **Annexure-SP7**) for dividend records of the issue date till 30/10/2009 is in the name of Govt. of Singapore Investment Corp but in dividend records for issue date 19/7/2010 onwards the folio is in the name of the Noticee 18 (on 432 shares) and the currently folio is in the name of the Noticee 18 with "nil" shares. Name of the folio changed from Govt. of Singapore Investment Corp to the Noticee 18 between 30/10/2009 and 19/07/2010. There is no record of any transfer from Government of Singapore Investment Corp to The Noticee 18 in the back office software. In this context, the Noticee 1 was asked to explain how same folio was at one time in the name of Govt. of Singapore Investment Corp and at another time in the name of The Noticee 18, a different person. They were also asked to provide the authenticated copy of various documents to prove the genuineness of the transactions and internal approvals at the Noticee 1. However, it is alleged that the Noticee 1 has failed to submit the reply.

Asian Paints vide its reply dated March 28, 2016 submitted that the said share transfer from Govt. of Singapore Investment Corp to Shrikant C. Bhalakia(Noticee 18) Jt. With Anand S. Bhalakia(Noticee 7) , with the folio no. 00902855 staying constant, was not sent to the Asian Paints for approval in its 'Share Transfer Committee' meeting and the Noticee 1 has done it without any approval from the Asian Paints.

SEBI observed from the "System Log for Changes in Folio Master" extracted from the Noticee 1 System by Investigation Team and as taken on record vide statement dated

March 23, 2016 of The Noticee 2 (**Annexure-SR12**) that there is clear anomaly in several cases as there is no log records for changes in the folio master. An explanation regarding the same was sought by SEBI from The Noticee 2 who submitted that changes in folio master may not get included in system log in case of (i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is failure to enable it. SEBI further observed that all changes in folio master log is absent for Asian Paints for the period August 01, 2007 to October 31, 2011 for which the Noticee 2 explained that it could have been for aforesaid reasons. In this regard SEBI observed that there is no change in Log Table and further 2007 to 2011 is too long a period in which nobody noticed that no "System log" is generated/maintained for vital changes in electronic data of ownership of shares. Thus, it is alleged that not only the Folio names has been fraudulently changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail of fraudulent transactions. Further, the allotment of one folio to different entities is in violation of secretarial standards and own admitted practice of the Noticee 1 as it tampers the audit trail and integrity of transactions.

91. SEBI observed from the system records of the Noticee 1 that 432 shares of Asian Paints Limited in the Folio No. - 00902855 were re-printed as "merge" entry (inward no. - 1532084) on 22/06/2010, the reprinting details are as below:

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

The physical share certificate print reconciliation/control register (**Annexure-OD45**) of the Noticee 1 also shows that the certificate No 834080- to 834085 were printed on June 22, 2010.

92. Asian Paints vide its reply dated March 28, 2016 (Annexure-CRAP6) submitted that the 432 shares on different certificates in Folio No. 00902855 were renewed and merged into 6 new share certificates (Certificate no. 834080 - 834085) vide authenticated register dated 22nd June, 2010 sent to it by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 25th June, 2010. A copy of the Renewal Register dated 22nd June, 2010 and copy of the Share Transfer Committee meeting minutes dated 25th June, 2010 approving the renewal of share certificates in the name of the Noticee 18 and Noticee 7 are placed at Appendix No. 36 of the company reply dated March 28, 2016 (Annexure-CRAP6). Further, Asian Paints also submitted that they have no document in their record to suggest forwarding of Share Certificates by the Noticee 1 to the Company for signature and seal.

93. As per the Noticee 1 records, 432 shares on the Certificates re-printed on 22/06/2010 (as above) were dematerialized on 20/07/2010 (Transaction no. 715845; Inward No. 314208) in the Folio No. - 00902855 (Code-A1A1-Asian Paints Limited).

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

Asian Paints vide its reply dated March 28, 2016 submitted that these 432 shares were dematerialized vide demat register dated 23rd July, 2010 sent to it by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 23rd July, 2010. A copy of the Demat Register dated 23rd July, 2010 and a copy of the Share Transfer Committee meeting minutes dated 23rdJuly, 2010 is placed at Appendix No. 35 of the company reply dated March 28, 2016 (Annexure-CRAP6).

94. SEBI observed from the Annual Return data submitted by the Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), that in 2009 the folio no. 00902855 with 432 shares was in the name of Govt. of Singapore Investment Corp while in Annual return for 2010 the folio with 432 shares stands in the name of the Noticee 18. In 2011 total 432

shares dematerialized by the Noticee 18 as per transaction file of 2011 while the folio has been omitted altogether from holding file of the Annual return. (Screen Shots of Annual Return data placed at **Annexure-ARSP4**)

From the "Signature" record of the folio no. - 00902855 taken out from the system of "Signature Verification Department" SEBI observed that the signature attached to the folio is that of "Authorized signatory of Deutsch Bank AG" and not that of the Noticee 18.

In view of the above, it is alleged that shares were transferred with fraudulent back end modifications and new share certificates were printed in the folio as the old certificates were not in the possession of the Noticee 1 or Shrikant and moreover the old certificates would have been in the name of actual investor viz. Government of Singapore Investment Corp. SEBI observed that if the Noticee 18 would have got the shares through a genuine transfer the share certificates would have come in his possession and a new folio would have been allotted to him and his signatures would have been attached with the same.

Therefore, it is alleged that the internal checks and balances and control system of the Noticee 1 was compromised to fraudulently transfer the folio along with share in it and then demat the shares belonging to one shareholder by another entity who is linked with the management of the Noticee 1. Further, it is also alleged that an attempt has been made to blur the audit trail of any investigation by deleting system logs.

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

Sr. No	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	432 shares (4320 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Govt. of Singapore Investment Corp. misappropriated by The Noticee 18 vide back office printing entry on **22/06/2010** (and demat on 20/07/2010)	Value= Rs. 1024142.4 (Price @ NSE Rs. 2,370.70)	Value= Rs. 5238648 (Price @ NSE Rs. 1,212.65)

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

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

In this regard, the Noticee 1 was asked to explain the transfer transaction and provide various documents to prove the genuineness of the transaction of transfer of these 365 shares to the folio 00902855. It was noted that from the share certificate print reconciliation/control register (**Annexure-OD47**) that the certificate No 834339, 834340, 834341 were printed on November 02, 2010. Hence, the Noticee 1 was also asked to provide various documents w.r.t. the re-printing of the share certificate including the history of ownership (Name, Address and Folio number) of said share Dist Nos. 69736320 to 69736447, 44485405 to 44485545 & 44485189 to 44485284 (of Asian Paints Limited) for last three transfers/change of hands/possessions before 22/11/2010. However, the Noticee 1 has failed to submit any detail/information/documents.

97. Asian Paints vide its reply dated March 28, 2016 submitted that the 365 shares on different certificates in Folio No. 00902855 were renewed and merged into 3 new share certificates (Certificate no. 834339 - 834341) vide authenticated register dated 1st November, 2010 sent to it by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 3rd November, 2010. A copy of the Renewal Register, duly

authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3), dated 1st November, 2010 and copy of the Share Transfer Committee meeting minutes dated 3rd November, 2010 approving the renewal of share certificates in the name of the Noticee 18 and Noticee 7 are placed at Appendix No. 37 of the company reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints further stated that they have no record that the said certificates were sent to it for signature or seal. Further, as per the internal records of Asian Paints the said shares with the distinctive numbers (44485405 – 44485545; 44485189 – 44485284; 69736320 - 69736447) belonged to UTI under folio no. - 00001493.

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

SEBI observed from the copy of DRF dated 12.11.2010 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same shares (viz. Certificate No. 834339, 834340, 834341) were found to be dematerialized in Demat a/c No. - IN30090710287487 of the Noticee 18.

Asian Paints vide its reply dated March 28, 2016 submitted that these 365 shares were dematerialized vide authenticated register dated 26th November, 2010 sent to it by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 26th November, 2010. A copy of the Demat Register, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. **The Noticee 3**), dated 26th November, 2010 and a copy of the Share Transfer Committee meeting minutes dated 26th November, 2010 approving the dematerialization is placed at Appendix No. 38 of the company reply dated March 28, 2016 (Annexure-CRAP6).

99. Therefore, even in this matter of 365 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by The Noticee 18 as the old certificates

were not in the possession of the Noticee 1 or Mr. Bhalakia, and moreover SEBI suspects that the old certificates would have been in the name of actual investor. SEBI observed that if Mr. Bhalakia got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. After re-printing of shares the same were dematerialized by management related entity viz. Shrikant. Further, SEBI observed from the copy of the Renewal Register (for re-printing of shares) dated November 01, 2010 and Demat Register dated November 26, 2010 submitted by the company that the same was signed by the Noticee 3 which coroborates that the Noticee 3 herself was processing the said fraudulent transactions. Moreover, it is alleged that the records are completely falsified to destroy the evidence and blur the audit trail.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1.	365 shares (3650 Post 1: 10 split on 30/07/2013) of Asian Paints Limited possibly belonging to UTI misappropriated by The Noticee 18 vide back office printing entry on **01/11/2010** (and demat on 22/11/2010)	Value= Rs. 987343.25 (Price @ NSE Rs. 2,705.05)	Value= Rs. 4426172.5 (Price @ NSE Rs. 1,212.65)

101. SEBI further, observed from the Noticee 1 systems that on 27/01/2011, 500 shares (Certificate No. 834403) of Asian Paints was dematerialized in the Folio No. - 00902855. How these shares came into this folio is not shown in back office software Module. SEBI observed that there is no entry in the back office software Module for re-printing but back end database of the Noticee 1 extracted by investigation which shows that before dematerializing these shares were reprinted on 5/01//2011 as below:

Orig Certificate No	New Certificate No	Dist No From	Dist No To	Creation Date	No of shares
216181	834403	15933050	15933099	5/1/2011	50
216182	834403	15933100	15933149	5/1/2011	50

216183	834403	15933150	15933199	5/1/2011	50
216184	834403	15933200	15933249	5/1/2011	50
216185	834403	15933250	15933299	5/1/2011	50
216186	834403	15933300	15933349	5/1/2011	50
216187	834403	15933350	15933399	5/1/2011	50
216188	834403	15933400	15933449	5/1/2011	50
216189	834403	15933450	15933499	5/1/2011	50
216190	834403	15933500	15933549	5/1/2011	50

In this regard, the Noticee 1 was asked to explain the transfer transaction and provide various documents to prove the genuineness of the transaction of transfer of these 500 shares to the folio 00902855. SEBI also observed from the share certificate print reconciliation/control register (**Annexure-OD47**) that the certificate No. 834403 was printed on January 06, 2010. Hence, the Noticee 1 was also asked to provide various documents w.r.t. the re-printing of the share certificate including the history of ownership (Name, Address and Folio number) of said share Dist Nos. 15933050 to 15933549 (of Asian Paints Limited) for last three transfers/change of hands/possessions before 27/01/2011. However, the Noticee 1 failed to submit any detail/information/documents.

102. Asian Paints vide reply dated March 28, 2016 submitted that the 500 shares on different certificates in Folio No. 00902855 were renewed and merged into one new share certificate (Certificate no. 834403) vide authenticated register dated 5th January, 2011 sent to the Company by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 7th January, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3), dated 5th January, 2011 and copy of the Share Transfer Committee meeting minutes dated 7th January, 2011 approving the consolidation of share certificates in the name of the Noticee 18 and Noticee 7 are placed at Appendix No. 39 of Asian Paints reply dated March 28, 2016 (Annexure-CRAP6). Asian Paints further, stated that they have no record that the said certificates were sent to it for signature or seal. Further, since all the data is being

maintained by the Noticee 1, Asian Paints is not able to identify from their internal records the past ownership of said shares with the distinctive numbers (15933050 to 15933549).

103. SEBI observed that in the Folio No. - 00902855 (Code-A1A1-Asian Paints Limited) on 27/01/2011 total 500 shares (Certificate No. 834403; Dist Nos. 15933050 to 15933549) dematerialized (Transaction No.: 716360; inward no.: 100000000; DRN 10000000000331). These shares are found to be dematerialized in Demat account number IN300907-10287487 {joint account of Shrikant (Noticee 18) and Anand Bhalakia (Noticee 7)} on January 31, 2011.

SEBI observed from the copy of DRF dated 20.01.2011 provided by NSDL vide email dated November 29, 2016 (placed at **Annexure-OD44**), the same shares (viz. Certificate No. 834403) were found to be dematerialized in Demat a/c No. -IN30090710287487 of the Noticee 18.

104. Therefore, even in this matter of 500 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by the Noticee 18 as the old certificates were not in the possession of the Noticee 1 or the Noticee 18, and moreover SEBI alleged that the old certificates would have been in the name of actual investor. SEBI alleged that if Mr. Bhalakia would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. SEBI observed that after re-printing of shares the same were dematerialized by management related entity viz. Shrikant. Further, SEBI observed that from the copy of the Consolidation Register (for re-printing of shares) dated January 05, 2011 submitted by the company that the same was signed by the Noticee 3 thus it is alleged that the Noticee 3 herself was processing the said fraudulent transactions. Further, it is alleged that there is falsification of the records to erase the source and ownership of these shares.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	500 shares (5000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by The Noticee 18 vide back office printing entry on **05/01/2011** (and demat on 27/01/2011)	Value= Rs. 1440250 (Price @ NSE Rs. 2,880.50)	Value= Rs. 6063250 (Price @ NSE Rs. 1,212.65)

106. SEBI observed from the back office records of the Noticee 1 that on 06/08/2011 through "Rectification entry" (Transaction no. 800079 & Inward no. 800381) 460 shares of Asian Paints Limited (certificate no 784154; Distinctive 51572867 to 51573326) transferred from folio no. - 00001493 (belonging to UTI but allegedly controlled by Sharepro management related entities) to folio no. - 00902855.

Asian Paints vide letter dated March 28, 2016 submitted that the said transfer of 460 shares from Folio No. 00001493 to Folio No. 00902855, was not sent to Asian Paints for approval in its 'Share Transfer Committee' meeting and there is no documentation in place that reflects the reason for the transfer. Further, it is alleged that any entries made by the Noticee 1 by way of 'Rectification Entry' were not intimated to the Company.

107. SEBI also observed that on 02/09/2011 the 460 shares of Asian Paints Limited received earlier as "rectification entry" from folio no. - 00001493 to folio 00902855 with Distinctive nos. 51572867 to 51573326 (But with new certificate no. - 834764) was dematerialized (with Transaction No. 716886; inward no.: 100000000; DRN 10000000007077). The above shares are observed to be dematerialized in demat account number IN300749-11010340 (joint account of the Noticee 18 & Noticee 7). There is no record in the back office Module of the Noticee 1 regarding how certificate number changed from 784154 to 834764 for the same distinctive numbers but back end database extracted indicates on 08/08/2011 there is re-printing from certificate no 784154 to 834764 for same distinctive numbers The physical share certificate print reconciliation/control register (Annexure-OD46) also shows that the certificate No 834764 was printed on August 03, 2011.

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

Therefore, even in this matter of 460 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by the Noticee 18 as the old certificates were not in the possession of the Noticee 1 or Mr. Shrikant Bhalakia (Noticee 18), and moreover the old certificates would have been in the name of actual investor. It is alleged that the Noticee 18 would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates. Further, the transfer would have been effected through normal "transfer entry" and not through "Rectification entry" (which as per the statement dated January 28, 2016 of The Noticee 2 is not allowed in such cases). After re-printing of shares the same were dematerialized by management related entity viz. Shrikant (Noticee 18). As already explained and noted that the shares were transferred from the folio 00001493 which is under dispute and the Noticee 1 & its employees including The Noticee 3 were aware of the same.

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

Sr No	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	460 shares (4600 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI transferred to The Noticee 18 vide back office rectification entry on 06/08/2011	Value= Rs. 1407094 (Price @ NSE Rs. 3,058.90 on 05/08/2011)	Value= Rs. 5578190 (Price @ NSE Rs. 1,212.65)

109. SEBI observed from the back office records of the Noticee 1 that on 12/08/2011 by "rectification entry" (Transaction No 800082, Inward No. - 8000384) 450 shares of Asian Paints Limited (Certificate no. from 216181 to 216189; Dist No. from 15933050 to 15933499) were transferred from folio 00902855 to folio 00001493. SEBI also alleged that that these are the same shares (except Certificate No 216190; Distinctive No.s 15933500 to 15933549) which were reprinted on 05/01/2011 and later dematerialized on 27/01/2011. Therefore, with regard to rectification entry, the Noticee 1 was summoned to

provide various documents to prove the authenticity of the transaction and also explain how shares already dematerialized can be transferred to another entity? However, it is alleged that the Noticee 1 failed to submit a reply.

110. SEBI alleged that there is no corresponding debit in any of the demat account of the Noticee 18. In view of the foregoing, it is alleged that shares belonging to some other investor is siphoned off and transferred to folio no. - 00001493 through folio no. - 00902855 controlled by the Noticee 18 (and the Noticee 1 related entities especially the Noticee 3) and the electronic records are falsified to blur the audit trail. As already mentioned that similar fraudulent transactions were observed from the reconciliation of change in shareholding data during the year 2011 which has revealed that 1842 shares of L. Ganeshan has just vanished from his folio without any transfer records in 2011 and similar 1842 shares has reappeared in the Name of management linked entities or folios controlled by them. It is alleged that this is the reason that 1000 shares have appeared in and dematerialized from the folio no. - 00902848 of the Noticee 18 though it had nil balance as on the date of demat i.e. 31/03/2011. Further, 1222 shares has reappeared in the folio number 00001493 (UTI) which is being used by entities linked to Management of the Noticee 1. The balance of 380 (i.e. 1222-842) shares appear to be those shares whose records has been erased from Folio Number- 00068346 (Jacinta Desa) during the same year. Thus, it is alleged that the electronic records are falsified by the Noticee 1 in an attempt to hide the misappropriation of shares of genuine investors by The Noticee 3/her linked entities.

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

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

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

112. SEBI observed the following demat transactions were noted in the Joint demat account of The Noticee 18 and Noticee 7. These transactions cover dematerialization of all the above shares siphoned off by the Noticee 18 with the help of the Noticee 1 management viz. The Noticee 3 herself. SEBI observed that most of the time after demat the shares were transferred to Broker-AFN Langarana in "On Mkt transaction":

DP ID	Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Description	Opening Balance	Debit	Credit	Closing Balance
IN300749	11010340	The Noticee 18	AGJPB6222E	INE021A01018	ASIAN PAINTS LIMITED EQ	27-Apr-2011	By The Noticee 18 IN30090710287487	0.0	0.0	177	177
		Second Holder Name	**Second Holder PAN**			27-Jun-2011	By Dematerialisation	177	0.0	500	677
		Anand Bhalakia	AABPB9293K			28-Jun-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112062	677	150	0.0	527
						30-Jun-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112064	527	150	0.0	377
						01-Jul-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112065	377	100	0.0	277
						02-Sep-2011	By Dematerialisation	277	0.0	460	737
						05-Sep-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112108	737	205	0.0	532
						21-Nov-2011	By Dematerialisation	532	0.0	733	1,265
						01-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112166	1,265	150	0.0	1,115

DP ID	Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Description	Opening Balance	Debit	Credit	Closing Balance
						05-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112169	1,115	150	0.0	965
						07-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112170	965	183	0.0	782
						10-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112172	782	150	0.0	632
						13-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112174	632	150	0.0	482
						22-Dec-2011	By Dematerialisation	482	0.0	480	962
						22-Dec-2011	By Dematerialisation	962	0.0	480	1,442
						26-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112183	1,442	175	0.0	1,267
						27-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112184	1,267	185	0.0	1,082
						28-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112185	1,082	190	0.0	892
						29-Dec-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112186	892	110	0.0	782
						03-Jan-2012	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112189	782	135	0.0	647
						01-Aug-2013	To STOCK SPLIT	647	647	0.0	0.0
				INE021A01026	ASIAN PAINTS LIMITED EQ NEW FV Re. 1/-	01-Aug-2013	By STOCK SPLIT	0.0	0.0	6,470	6,470
						12-Aug-2015	To The Noticee 18 IN30014210743077	6,470	5,000	0.0	1,470
IN300907	10287487	The Noticee 18	AGJPB6222E	INE021A01018	ASIAN PAINTS LIMITED EQ	20-Jul-2010	By Dematerialisation	0.0	0.0	432	432
		Second Holder Name	**Second Holder PAN**			22-Jul-2010	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011081	432	200	0	232
		Anand Bhalakia	AABPB9293K			26-Jul-2010	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011083	232	150	0	82
						16-Sep-2010	By Dematerialisation	82	0	480	562
						17-Sep-2010	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011121	562	160	0	402

DP ID	Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Description	Opening Balance	Debit	Credit	Closing Balance
						21-Sep-2010	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011122	402	140	0	262
						01-Nov-2010	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011152	262	150	0	112
						22-Nov-2010	By Dematerialisation	112	0	365	477
						23-Nov-2010	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011167	477	100	0	377
						06-Dec-2010	To CM AFN LANGRANA SH AND STBR, ROLLING MKT LOT / 1011176	377	100	0	277
						08-Dec-2010	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011178	277	150	0	127
						31-Jan-2011	By Dematerialisation	127	0	500	627
						15-Feb-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011225	627	200	0	427
						01-Mar-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011235	427	150	0	277
						04-Mar-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011237	277	125	0	152
						29-Mar-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011254	152	100	0	52
						31-Mar-2011	By Dematerialisation	52	0	1,000	1,052
						06-Apr-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112005	1,052	400	0	652
						08-Apr-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112007	652	175	0	477
						11-Apr-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112009	477	150	0	327
						18-Apr-2011	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1112012	327	150	0	177
						27-Apr-2011	To The Noticee 18 IN30074911010340	177	177	0	0
IN300142	10743077	The Noticee 18	AGJPB6222E	INE021A01026	ASIAN PAINTS LIMITED EQ NEW FV Re. 1/-	12-Aug-2015	By The Noticee 18 IN30074911010340	0	0	5,000	5,000

The DRF of the above transactions is provided by NSDL vide email dated November 29, 2016 (**Annexure-OD44**). SEBI observed that both the Noticee 18 and Anand (Noticee 7) has signed on the same.

113. In view of the above, SEBI observed that that all the shares belonging to other shareholders siphoned off by Shrikant Bhalakia is transferred to his broker AFN Langrana Share and Stock Broker Limited except 647 (which has become 6470 after split in 2013) which he still holds. SEBI also observed from the details (sauda book, ledger and payment/receipt) submitted by the broker vide email dated May 02, 2016 (Annexure-OD104), the Noticee 18 has minimal trading transactions apart from the sale of shares siphoned off by him. He has also brought nominal funds (Rs. 29241.64/- For FY 2010-11; Rs. 122498.22 for FY 2011 to16) to his trading account with the broker and funds are generated from sale of said shares. SEBI observed that during April 2010 to March 2012 (i.e. the period when the siphoned off shares were transferred to the broker AFN Langarana) the broker has transferred approx. Rs. 14359204.76 from his bank account Number 8620100001771 with Stock Exchange Branch, Bank of India to The Noticee 18 which was deposited in the bank account number 4710100018523 (Bank of India, Walkeshwar) of Anand Bhalakia (Noticee 7). The copy of Statement of the said bank account of the Noticee 7 is placed at Annexure-BRBKOI; Page No. - 101.

SEBI also observed that during the same period approx. Rs. 1,03,72,364/- was transferred from the said bank account of the Noticee 7 to the Noticee 1 related entities as below:

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

The balance of sale proceeds retained by the Noticee 18 as his share of the fraudulent transactions is Rs. 39, 86,840.76/-. It is alleged that the Noticee 18 was getting funds from broker AFN Langarana even after the said period mostly out of the sale of shares which were earlier bought allegedly from the sale proceeds of siphoned off shares of Asian Paints Limited. However, no amount was found to be directly transferred from that account to the accounts of the Noticee 1 related entities rather the amount so received was mostly withdrawn in cash to avoid audit trail. The movement of funds from Broker-AFN Langrana to Shrikant/Anand then ultimately to the Noticee 3 related entities is placed at **Annexure-BRFA1**. SEBI alleged that the shares were being sold and the amount was being transferred to the Noticee 7 who in turn was paying to the Noticee 1 management (viz. The Noticee 3) related entities i.e. to Narayan Devadiga, Raju Landge, Suresh Unavane, and Nagesh Karkera. Narayan was in turn transferring money to The Noticee 3 and Mohit (Noticee 14). Similarly, Suresh was also transferring the said funds to Mohit and The Noticee 3. Nagesh after receiving the funds was in turn transferring to the Noticee 14, The Noticee 3, The Noticee 5 and Satyam Brush Industries. In the same manner Raju Landge was transferring the funds received from the Noticee 7 to The Noticee 3, Mohit, and The Noticee 5 and also withdrawing in cash. As per Bank of India letter dated December 26, 2016 (Annexure-BRBKOI; Page No. - 101), Anand Bhalakia transferred Rs. 1,00,000 from his Bank of India bank account number 004710100018523 to Bank of India bank account number 004710100017698 of Dina Bhalakia(Noticee 12) on May 18, 2010 indicating that Dina Bhalakia (Noticee 12) was also the recipient of the ill-gotten proceeds.

114. Summons no. MIRSD2/LS/2016/10938 dated 12/04/2016(Annexure-SSB) were issued to The Noticee 18 to inter-alia explain the details of his relationship/dealings/ transactions including the nature, purpose, and considerations etc. of the dealings/transactions with Amarjit Kaur Arora, Profile System Ltd, Jardine Fleming Int'l Mgt Inc., Govt. of Singapore

Investment Corp etc. He vide his letter dated May 13, 2016 (Annexure-LIR7) has denied knowing the above entities.

Further, he was asked point wise detailed questions regarding above mentioned various transactions viz. transfer of shares (to and from his folio), change of folio from other investor to in his name, re-print of shares of other investors in his, dematerialization of shares etc. Question were related to audit trails, correspondence exchanged with entities/ the Noticee 1, identity of counterparties, consideration paid/received, rationale for the transactions such as reckless re-printing of share certificates, copy of documentations required for such transactions viz. FIR/Affidavit/Newspaper Adv./copy of old shares, nature & details of correspondence withthe Noticee 1 etc. In this regard it is alleged that the Noticee 18 replied to the summons dated 12/04/2016 but only partially complied as he provided only generalized answers, not transaction specific replies.

He has submitted in reply to the SEBI summons that he assists people in dematerializing their shares. If any person does not have Demat account, he helps them by transferring the shares in his own name and thereafter dematerializing the shares and depositing the said shares in his own demat account and sell the said shares through broker and pay the sale amount to such persons after deducting his charges which are in form of funds or part of the shares. In respect of dealings in the shares of Asian Paints Limited as mentioned above he stated that in the year 2010 the Noticee 3 asked him to help few employees of Asian Paints in dematerializing their shares as they did not have demat account. The mode of their operation was (a) the Noticee 3 gave shares to him, (b) He transferred the shares in the joint name his Son Anand Bhalakia and himself, (c) He deposited the shares for demat after receiving the same from transfer, (d) he sold the shares as per instruction of the Noticee 3, (e) Issued the cheques in the name of transferor of shares and hand over the cheques to The Noticee 3, (f) withdraw cash amount from the bank and handover the same to the Noticee 3. As per Annexure-4 of the The Noticee

18's reply dated May 13, 2016 he has admitted the receipt and deposit in his demat account of below mentioned shares of Asian Paints Limited:

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

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

Particulars	Numbers
Shares received	18720
Less Shares returned	13290
Less Shares Sold	4783
Shares in hand	**647 (6470 after stock split of 2013)**

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

Particulars	Numbers	Amount
Kansai Nerolac	925	1279648
Asian Paints	4783	13084184
Total		**14363832**
Paid to The Noticee 3 related entities by cheques		**10372364**

Balance		**3991468**

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

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

115. It was noted that he has not provided any supporting documents for his above mentioned assertions except demat, bank account statements and few contract notes for sale of shares. He also failed to provide details regarding how many shares were bought from which entity and at what price. It was also observed that though he has tried to couch his illegal siphoning of shares in connivance with The Noticee 3 as "helping others" who do not have demat account but virtually accepted the murky dealings where he received the share certificates, transferred that in his name, dematerialized the same and sold. The bounty was later shared with The Noticee 3. He himself denied knowing or having any dealings with the persons viz. Amarjit Kaur Arora, Profile System Ltd, Jardine Fleming Int'l Mgt Inc., Govt. of Singapore Investment Corp etc. whose shares were transferred to him (and his son Anand Bhalakia). He goes on to state that he paid the shares sale proceed amount to purported employees of Asian Paint Limited viz. Raju L, Suresh U, K Nagesh, Narayan D etc. while as per Asian Paints email dated June 06, 2016 (Annexure-CRAP9) these entities were never employees of Asian Paints. It is apparent that he never made any attempt to find out their antecedents. Further opening Demat account requires mere Identity proof and address proof. It is impossible proposition that so called

employees of reputed companies like Asian Paints who had even bank accounts were not able to open demat accounts. It was also noted that most of these entities actually had demat accounts. SEBI observed that having or not having demat account is nominal issue, as participant in financial market it must have been known to the Noticee 18 that transfer of shares (which is actually ownership rights) belonging to third party (who is not related to him in any manner) in own name without any consideration and without documentations or based on forged documents is illegal. He has accepted that he used to receive shares from The Noticee 3 and then himself get it transferred in his joint name. He should have noticed that these shares belonged to the entities as mentioned in preceding paragraphs and not the entities to whom he was making payments. It is also absurd proposition that shares worth crores of rupees were transferred due to lack of demat accounts and "charges" running into lakhs of rupees were being collected for mere "help" in dematerializing the shares while there is detailed rules/regulations/guidelines to be followed for transfer and dematerializing of shares in all kind of situations. He has stated that in addition to funds transfer through cheque he has given Rs. 22,65,000/- in cash to the Noticee 3 but not provided any proof for the same. He has retained Rs. 39, 86,840.76/- (disregarding cash transactions) as charges for just "helping" certain persons demat their shares which amounts to around 40% of the amount transferred to the entities. All the above makes it apparent that all these fraudulent transfers and siphoning of shares belonging to third party were going on with full connivance of the Noticee 18, the Noticee 3 and other such entities viz. Raju L, Suresh U, Nagesh K, Narayan D etc. During the initial investigation when the Noticee 3 was asked about his relationship or dealings with the Noticee 18, she vide her statement dated December 07, 2015 submitted that she knows the Noticee 18 as investor only and has no dealings with him or Jayshree. However, later the Noticee 5 vide his statement dated September 27, 2016 Annexure-SR1 admitted that the accounts of these people viz. Raju L, Suresh U, Nagesh K, Narayan D etc. were being managed by him & The Noticee 3 and all shares/money in their accounts belong to them. He further submitted that all dealing in the said accounts with

the Noticee 18 as well as other such persons viz. Anand Bhalakia, Akhil Dalal, and the Noticee 4 etc. is w.r.t. share dealings and on the behest of the Noticee 3. Thus it is alleged that the Noticee 3 has not only ensured fraudulent transactions at Sharepro (as VP)processing the same as evident from the documents but also is the direct beneficiary of the fraud but as well as mislead the investigation with false statements before IA.

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

116. SEBI observed from the back office software module of the Noticee 1 that Folio Number 00001493 (Screenshot attached at Annexure-SP8) is in the name of UTI. However, SEBI observed that dividend has been issued to Suresh Unavane for dividend issue dates 18/06/2009 and 30/10/2009 for 18000 shares and 15000 shares respectively. No records are available in the back office system to indicate any transaction whereby shares belonging to UTI has been transferred to Suresh Unawane. Currently, the folio stands again in the name of UTI. Hence, the Noticee 1 was summoned to provide various documents to prove the genuineness of the above transactions but they failed to reply.

SEBI observed from the Annual Return data submitted by the Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), reveals that in 2008, 2009, 2010 and 2011 the folio no 00001493 with 49509 shares of Asian Paints was in the name of Unit Trust of India while no transaction was shown in the folio. (Screen Shot of Annual Return data attached at **Annexure-ARSP5**)

Asian Paints vide reply dated March 28, 2016 submitted that the share transfer from UTI to Suresh Unawane, with the folio no. 00001493 staying constant, was not sent to it for approval by the Noticee 1 and it is alleged that the Noticee 1 effected this transfer on its own. Asian Paints further, stated that the said folio no. 00001493 held in the name of UTI is under dispute and a suit has been filed with the High Court, Bombay w.r.t. the ownership of the said shares vide Suit No. 7992 of 1998 (**Annexure-CRAP7**), accordingly and since the year 1998, no transactions like transfer were permitted by the Company unless directed by the Court or any other competent authority.

117. SEBI observed from back office software module of the Noticee 1 that in the Folio Number- 00001493 on 16/08/2011 there is receipt of 2100 shares of Asian Paints Limited from folio no. -00001491 (also belonging to UTI) by way of "Rectification Entry" (Transaction No. - 800084, Inward no. - 830388); details are given below:

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

It is alleged that the Noticee 1 failed to reply to the summons w.r.t. various information/documents to prove the genuineness of the transaction.

Asian Paints in reply to SEBI summons stated that the transfer of 2100 shares from Folio No. 00001491 to Folio No. 00001493 was not sent to it by the Noticee 1 and it is alleged that he Noticee 1 effected this transfer on its own and entries made by the Noticee 1 by way of 'Rectification Entry' appear to have been made solely by the Noticee 1 without any approval of or intimated to Asian Paints.

SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), that in 2010, 2011 and 2012 the folio no 00001491 is not there in holding statement file. However, in 2009 it is there in the name of Manojkumar Laxman Alimchandani with 1 share (Screenshot of Annual Return data attached at **Annexure-ARSP5**). Thus, it is alleged that not only the records at the Noticee 1 are massively falsified but there is wrong reporting to the regulators as well. Further, it is also alleged that by taking advantage of such falsification and mis-reporting the shares of investors.Thus illegally siphoned off shares by the Noticee 1 management themselves.

118. It is alleged that in the Folio Number- 00001493 on 16/08/2011 there was rematerialization of 177 shares on certificate no. - 834708 (Distinctive Nos. 44485098 to 44485098; 32807798 to 32807847; 32807898 to 32807902; 32807906 to 32807925; 32807939 to 32807939; 15935100 to 15935149; 15935050 to 15935099; 15935100 to

15935149; 44485098 to 44485098) through "rectification entry" (Transaction no. - 800085, inward No. - 800387).

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

Asian Paints vide its reply dated March 28, 2016 that the Noticee 1 did not inform nor provide any documentation for approval to the Company about the said rematerialization of 177 shares on certificate number 834708 and it did not receive any Remat request from the shareholder. Further, the said new printed certificate no. 834708 was not sent to the Company for signature. It is alleged that even in this matter the Noticee 1 has failed to provide any document to prove the genuineness of the transaction.

As described in subsequent paragraphs (para no.- 162 to 164) 177 shares of Asian Paints were transferred from Folio no 0001493 (UTI) to Rajesh Bhagat (Folio No. - 00115157) on June 10, 2011 by "Rectification" entry. Further the same 177 shares of Asian Paints with certificate No 834708 was dematerialized by Rajesh Bhagat (Folio No. - 00115157) on August 01, 2011 in demat account number 12011200234881. While the same certificate No 834708 which was dematerialized earlier is shown to have been rematerialized in Folio Number- 00001493 on 16/08/2011. SEBI observed that the share certificate once dematerialized cannot be rematerialized again because the same is cancelled and defaced. SEBI observed no such corresponding debit in the demat account of Rajesh Bhagat thus it is alleged that shares belonging to some other investor has been siphoned off to restore the shares of UTI siphoned off earlier by Rajesh Bhagat. It is also alleged that not only the shares has been fraudulently siphoned off but the records are falsified by the Noticee 1.

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

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

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

120. SEBI observed from back office software module of the Noticee 1 that the folio name for Folio Number- 00901494 (Screen Shot placed at Annexure–SP9) w.r.t. dividend issue date from 16/11/2000 to 04/11/2008 is showing in the name of Malpine Limited. Folio name from dividend issue date 18/06/2009 on 2994 shares changed in the name of Suresh Unavane. Currently, the folio with "nil" shares is also shown in the name of Suresh Unavane. No records are available in the Noticee's 1 back office to explain how this has occurred.It is alleged that the Noticee 1 was summoned to provide explanation for the transaction and also various documents to prove the genuineness of the transaction but failed to reply.

SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), that in 2008 the folio no 00901494 with 2994 shares was in the name of Malpine Limited while in Annual return for 2009 the folio has been changed in the name of Suresh Unavane with 2994 shares. While both for 2008 and 2009 there is no entry for any transaction in transaction file (Screen Shot of Annual Return data attached at **Annexure-ARSP6**).

Asian Paints vide reply dated March 28, 2016 submitted that the Noticee 1 is responsible for the same folio being in the name of two different persons at the same time in violation of Secretarial Standards and no approval for the same has been provided by it. Asian Paints further stated that the said share transfer from Malpine Limited to Suresh Unawane, with the folio no. 00901494 staying constant, was never sent to it for approval in its 'Share Transfer Committee' meeting.

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

Original Certificate No	New Certificate No	Dist Nos From	Dist Nos To	No of Shares	Date
31213	833350	4164711	4164735	25	29/12/2008
37307	833350	4403386	4403410	25	29/12/2008
37911	833350	4428036	4428085	50	29/12/2008
63593	833350	7382678	7382687	10	29/12/2008
79249	833350	7225296	7225345	50	29/12/2008
86779	833350	7407077	7407091	15	29/12/2008
112831	833350	8291291	8291340	50	29/12/2008
112832		8291341	8291350	10	29/12/2008
184363	833350	12434012	12434061	50	29/12/2008
184364		12434062	12434111	50	29/12/2008
184365		12434112	12434141	30	29/12/2008
299880	833350	19894308	19894357	50	29/12/2008
299881		19894358	19894407	50	29/12/2008
299882		19894408	19894457	50	29/12/2008
299883		19894458	19894507	50	29/12/2008
299884		19894508	19894517	10	29/12/2008
299885		19894518	19894541	24	29/12/2008
618508	833350	38841113	38841162	50	29/12/2008
618509		38841163	38841212	50	29/12/2008
618510		38841213	38841262	50	29/12/2008
618511		38841263	38841312	50	29/12/2008
618512		38841313	38841362	50	29/12/2008
618513		38841363	38841412	50	29/12/2008
618514		38841413	38841462	50	29/12/2008
618515		38841463	38841512	50	29/12/2008
618516		38841513	38841562	50	29/12/2008
618517		38841563	38841612	50	29/12/2008
618518		38841613	38841662	50	29/12/2008
618519		38841663	38841712	50	29/12/2008
618520		38841713	38841732	20	29/12/2008
618521		38841733	38841735	3	29/12/2008
618522		38841736	38841736	1	29/12/2008
784198	833350	51609756	51610503	748	29/12/2008
830339	833350	76886619	76887616	998	29/12/2008

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD48**) that the certificate No 833350 was printed on January 05, 2009. It is alleged that the Noticee 1 failed to respond to the SEBI summons w.r.t. queries to prove the genuineness of the transactions.

Asian Paints vide reply dated March 28, 2016 (Annexure-CRAP6) submitted that the 2994 shares on different certificates in Folio No. 00901494 were consolidated into one new share certificate (Certificate nos. 833350) vide authenticated register of consolidation dated 29th December, 2008, sent to it by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 2nd January, 2009. A copy of the Register of Consolidation, duly authenticated by the Authorized Signatory of the Noticee 1, dated 29th December, 2008, and copy of the Share Transfer Committee meeting minutes dated 2nd January, 2009 approving the consolidation of share certificates in the name of Suresh Unawane are placed at Appendix No. 17 of the company vide reply dated March 28, 2016 (Annexure-CRAP6). As per the records maintained by Asian Paints, Certificate No. 833350 along with other certificates were signed, sealed and forwarded to the Noticee 1 (**addressed to The Noticee 3**). A copy of the said communication is placed at Appendix No. 18 of Asian Paints vide reply dated March 28, 2016 (Annexure-CRAP6).

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

123. SEBI observed from the "Signature" record of the folio no. – 00901494 taken out from the system of "Signature Verification Department" that the signature attached to the folio is that of "Manager, Bank of Baroda on behalf of Malpine Limited" as per the original signature data received from the company and there is no other signature available with the Noticee 1 (Annexure-SR11). SEBI also observed that in the "Signature Verification" software there is one message entry which states "DON'T REJECT REFER INDIRA

15/12/2009". Thus, it is alleged that the dematerialization transaction in 2009 in favour of Suresh Unavane was carried out under the direction of The Noticee 3 despite complete signature mismatch.

124. Therefore, even in this matter of 2994 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Mr. Suresh Unavane as the old certificates were not in the possession of the Noticee 1 or Mr. Unavane, and moreover it is alleged that the old certificates would have been in the name of actual investor viz. Malpine Limited. It is alleged that if Mr. Suresh would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates, a new folio would have been allotted to him and there would have been his signature records in the new folio. After re-printing of shares the same were dematerialized by management related entity viz. Suresh whose demat/bank accounts are controlled by The Noticee 5/The Noticee 3.

Thus it is alleged that the folio is illegally (in violation of secretarial standards as well as established practice atthe Noticee 1 as the statement of G.R.Rao) taken over by Suresh (i.e. actually by The Noticee 5 and The Noticee 3) along with the shares in it. It was also observed that the "System Logs" for the same period were observed to have been either disabled or deleted to avoid audit trail. Therefore, it is alleged that the internal checks and balances and control system of the Noticee 1 was compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity.

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

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

126. SEBI observed the following demat transactions in the demat account of Suresh Unavane. After demat the shares were transferred to Broker-Sharekhan Limited in "On Mkt transaction" and 800 shares were transferred to The Noticee 5 in "Off-market transaction":

DP id/ Client id	First holder name	First holder PAN	ISIN	Scrip name	Date	Description	Debit	Credit
IN30 0513 1327 1158	Suresh Unawane	AAXPU 3881C	INE021 A01018	Asian Paints Ltd. EQ	30/12/2009	By Demater ialisation	0	2994
IN30 0513 1327 1158	Suresh Unawane	AAXPU 3881C	INE021 A01018	Asian Paints Ltd. EQ	12/01/2010	To CM Sharekhan Limited, Normal / 2010007	294	0
IN30 0513 1327 1158	Suresh Unawane	AAXPU 3881C	INE021 A01018	Asian Paints Ltd. EQ	15/01/2010	To CM Sharekhan Limited, Normal / 2010010	300	0
IN30 0513 1327 1158	Suresh Unawane	AAXPU 3881C	INE021 A01018	Asian Paints Ltd. EQ	05/02/2010	To CM Sharekhan Limited, Normal / 2010024	400	0
IN30 0513 1327 1158	Suresh Unawane	AAXPU 3881C	INE021 A01018	Asian Paints Ltd. EQ	17/03/2010	To CM Sharekhan Limited, Normal / 2010050	1000	0
IN30 0513 1327 1158	Suresh Unawane	AAXPU 3881C	INE021 A01018	Asian Paints Ltd. EQ	23/04/2010	To CM Sharekhan Limited, Normal / 2010074	200	0
IN30 0513 1327 1158	Suresh Unawane	AAXPU 3881C	INE021 A01018	Asian Paints Ltd. EQ	04/07/2011	To The Noticee 5 IN3005131 2752672	800	0

127. Suresh Unavane and The Noticee 5 were issued Summons to explain the above mentioned transactions however, it is alleged that they failed to comply with the same. Later Suresh appeared for statement recording and vide statement dated September 20, 2016 (Annexure-SR3) admitted that he is servant of the Noticee 5/the Noticee 3 and all transactions in his demat/bank account are being done by them. The Noticee 5 vide statement dated September 27, 2016 (Annexure-SR1) admitted the same. Suresh has

also stated that transactions are carried out at the behest of the Noticee 3 and he has not paid any consideration for the same. He also admitted that all money/shares in his demat/bank accounts actually belongs to them i.e. The Noticee 3 and The Noticee 5.

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

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

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

AccCode	Comp Nm	DocDt	DocRef	Chq No	Narr	Dr Amt	Cr Amt	Run Bal
W312204	NSE Cash	15/01/2010	BP/201001 /33458	6033275	For bank transfer withdrawal	540000	0	-2022.58
W312204	NSE Cash	25/01/2010	BP/201001 /51670	6085235	For bank transfer withdrawal	570000	0	-2557.1
W312204	NSE Cash	11/02/2010	BP/201002 /16984	6219255	For bank transfer withdrawal	780000	0	-5541.89
W312204	NSE Cash	22/03/2010	BP/201003 /41538	6415561	For bank transfer withdrawal	1950000	0	-6979.56
W312204	NSE Cash	29/04/2010	BP/201004 /54329	6597669	For bank transfer withdrawal	415000	0	-6300.06

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

Date	Transferor Name	Transferor Bank a/c No	Chq.No.	Amount	Transferee Name	Transferee Bank a/c No	Remarks
15/01/2010	Sharekhan		6033275	540000	Suresh Unawane	ICICI Bank 623801517792	As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page 442)

Date	Transferor Name	Transferor Bank a/c No	Chq.No.	Amount	Transferee Name	Transferee Bank a/c No	Remarks
25/01/2010	Sharekhan		6085235	570000	Suresh Unawane	ICICI Bank 623801517792	As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page-442)
25/01/2010	Suresh Unawane	ICICI Bank 623801517792	850810	500000	The Noticee 5	ICICI Bank 623801115552	Annexure-BRICIC; Page-21)
27/01/2010	Suresh Unawane	ICICI Bank 623801517792	850811	610000	The Noticee 5	ICICI Bank 623801115552	Annexure-BRICIC; Page-21)
11/02/2010	Sharekhan		6219255	780000	Suresh Unawane	ICICI Bank 623801517792	As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page 442)
16/02/2010	Suresh Unawane	ICICI Bank 623801517792	850812	400000	The Noticee 5	ICICI Bank 623801115552	Annexure-BRICIC; Page-20)
20/02/2010	Suresh Unawane	ICICI Bank 623801517792	850813	200000	The Noticee 5	ICICI Bank 623801115552	Annexure-BRICIC; Page-20)
26/02/2010	Suresh Unawane	ICICI Bank 623801517792	850814	175000	Satyam Brush Industries	Bharat Co-op Bank 001812100026498	Annexure-BRBCBL; Page-265)
22/03/2010	Sharekhan		6415561	1950000	Suresh Unawane	ICICI Bank 623801517792	As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page 442)
26/03/2010	Suresh Unawane	ICICI Bank 623801517792	850816	1950000	Satyam Brush Industries	Bharat Co-op Bank 001812100026498	Annexure-BRBCBL; Page-265)
29/04/2010	Sharekhan		6597669	415000	Suresh Unawane	ICICI Bank 623801517792	As reflected in Bank account of Mr. Unavane (Annexure-BRICIC; Page 442)
03/05/2010	Suresh Unawane	ICICI Bank 623801517792	850818	415000	Satyam Brush Industries	Bharat Co-op Bank 001812100026498	Annexure-BRBCBL; Page-265)

Thus, it is alleged that not only the illegally siphoned off shares were transferred to the Noticee 5 but amount realized from sale of shares were being transferred to the Noticee 5 who is husband of the Noticee 3, VP of the Noticee 1. It is alleged that the Noticee 5 and the Noticee 3 are the actual beneficiaries of the fraud and have used their servant Shri Suresh Unawane for that purpose.

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

130. SEBI observed from the Back Office Software Module of the Noticee 1 that Folio Number-00068346 (Screen Shot attached at Annexure-SP10) is in the name of Jacinta Desa for the dividend issue date 04/11/2010 (Interim Dividend) on 480 shares while final dividend dated 10/06/2011 is shown on 100 shares. There is no record in the system how, whom and when 380 shares has been removed. The Noticee 1 was summoned to explain the transaction and also submit various documents for the transaction but it is alleged that the Noticee 1 failed to comply.

The company vide letter dated March 28, 2016 submitted that no documents/ information pertaining to the aforesaid transaction of rectification or transfer / transmission of 380 shares is available, as per the records maintained by the Company and the Company does not have any communication fromthe Noticee 1 w.r.t. the aforesaid transfer of 380 shares from the folio 00068436 Jacinta Desa.

SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), that in 2010 the folio no 00068436 with 480 shares was in the name of Jacinta Desa while in Annual return for 2011 the folio has been in the name of Jacinta Desa but with 100 shares. But there was no entry in 2010 or 2011 for any transfer in transfer file. (Screen Shot of Annual Return data attached at **Annexure-ARSP7**). Therefore, it is alleged that the shares have been removed from the folios without making any entry in the system and the records are falsified.

SEBI observed that there is appearance of shares in the folios controlled by management related entities during the same year. It is alleged that there is not only falsification of the records by the Noticee 1 but also the shares has been siphoned off illegally.

131. Valuation of Share Misappropriated on replacement cost basis in this matter is as under.

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

1	380 shares (3800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Jacinta Desa misappropriated by the Noticee 1 management in 2011	Exact date not available	Value= Rs. 4608070 (Price @ NSE Rs. 1,212.65)

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

132. SEBI observed from the records of back office system of the Noticee 1 that in Folio Number- 00042325 (Screenshot placed at Annexure-SP11) all the dividends on the shares of Asian Paints Limited have been issued in the name of one Kirtida Desai; Currently the folio is in the name of Ganesh Nimbalkar and has "nil" shares. No records are available in the back office software of the Noticee 1 to explain how this has occurred. In this context, the Noticee 1 was summoned to explain how same folio was at one time in the name of Kirtida Desai and at another time in the name of Ganesh Nimbalkar, a different person and also provide various documents to provide genuineness of the transaction. However it is alleged that the Noticee 1 failed to reply.

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

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

Asian Paints vide reply dated March 28, 2016 (Annexure-CRAP6) submitted that as per the Register of Members provided by the Noticee 1 for submission to the Registrar of

Companies along with Form 20B (erstwhile Companies Act, 1956), as on 16th July, 2010, folio no. 00042325 appeared in the name of Kirtida B Desai and on 25th June, 2012, the Register of Members provided by the Noticee 1 does not reflect the name of Kirtida B Desai while there is no documentation in place that reflects the reason for the change in name. A copy of the Register of Members as on the aforementioned dates, provided in soft copy format, is placed at Appendix No. 9 of the company vide reply dated March 28, 2016 (Annexure-CRAP6). Further, it is the Noticee 1 who is responsible for the same folio being in the name of two different persons at the same time in violation of Secretarial standards and no approval for the same has been provided by the Company. Asian Paints also stated that it has not received any documentation with respect to any transfer of shares from Kirtida B Desai to Ganesh Nimbalkar, with the folio no. 00042325 staying constant, from the Noticee 1 and such a transfer was never put before or sent to the Company for approval in any 'Share Transfer Committee' meeting. Therefore, it is alleged that the transfer is effected solely by the Noticee 1.

SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), reveal that in 2010 and 2011 the folio no. 00042325 with 576 shares was in the name of Kirtida B Desai. In Annual return for 2012 the folio has been omitted altogether in holding file while in transaction file 576 shares has been shown to be dematerialized by Ganesh Nimbalkar through the said folio (Screen Shot of Annual Return data placed at **Annexure-ARSP8**). Thus, it is alleged that not only there is falsification of records but shares belonging to one investor is siphoned off through another entity from the same folio without there being any change of actual ownership.

133. SEBI observed from back office records of the Noticee 1, in the Folio Number- 00042325 on 08/11/2011 the 576 shares of Asian Paints Limited on different share certificates were "merged"(viz. consolidation of old certificate into new ones)(vide inward No. - 1741704) into single shares certificate No. - 834897. The details of the transactions are as below:

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

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

Asian Paints vide reply dated March 28, 2016 submitted that the said 576 shares on different certificates in Folio No. 00042325 were merged into one new share certificate no. 834897 vide register of consolidation dated 8th November, 2011, sent to Asian Paints by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 11th November, 2011. A copy of the Register of Consolidation, duly authenticated by the Authorized Signatory of the Noticee 1, dated 8th November, 2011 and copy of the Share Transfer Committee meeting minutes dated 11th November, 2011 approving the consolidation of share certificates in the name of Ganesh Nimbalkar based on the recommendations of the Noticee 1, are placed at Appendix No. 10 of the company vide reply dated March 28, 2016 (Annexure-CRAP6). As per the records maintained by Asian Paints, document ascertaining receipt of communication fromthe Noticee 1, w.r.t. Agenda Papers for share transfer committee meeting dated 11th November, 2011 was received on 8thNovember, 2011. Further, no document ascertaining receipt of any communication from the Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to Asian Paints for signature and seal, was found. However, on 14th November, 2011, 7 share certificates were signed, sealed and forwarded tothe Noticee 1 (details w.r.t. distinctive & share certificate nos. are not available). A copy of the said communication along with the

acknowledgement received from the authorized signatory of the Noticee 1, is placed at Appendix No. 11 of the company vide reply dated March 28, 2016 (**Annexure-CRAP6**).

134. SEBI observed from back office records of the Noticee 1, the below mentioned demat transactions (inward no. - 603914) were observed in demat account number 1201120000235716 (which belongs to Ganesh Bhaskar Nimbalkar) on 17/11/2011 in the Folio No. -00042325.

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

135. Therefore, even in this matter of 576 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Mr. Nimbalkar as the old certificates were not in the possession of the Noticee 1 or Mr. Nimbalkar, and moreover the old certificates would have been in the name of actual investor viz. Kirtida B Desai. It is also alleged that if Mr. Nimbalkar had got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any need of re-printing of share certificates, a new folio would have been allotted to him and there would have been his signature records in the new folio. After re-printing of shares the same were dematerialized by The Noticee 3 related entity viz. Ganesh Nimbalkar.

Therefore, it is alleged that the internal checks, balances and control system of the Noticee 1 were compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity.

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

Date of Txn	Transaction Particulars	Credit/ Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
17/11/2011	**Demat 05962211 Close - Cr Confirmed Balance**	**C**	**576**	**120112000023 5716**	**Ganesh Bhaskar Nimbalkar**			**Demat**
18/11/2011	OF-DR TD:432868 TX:310820 1201120000234881	D	300	120112000023 5716	Ganesh Bhaskar Nimbalkar	120112000023 4881	RajeshBhagat	Off-Market Transfer within CDSL
24/11/2011	EP-DR Txn:719555 CtBo:11000010000126 42 1110001112162 ExId:11	D	76	120112000023 5716	Ganesh Bhaskar Nimbalkar	110000100001 2642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
25/11/2011	EP-DR Txn:804559 CtBo:11000010000126 42 1110001112163 ExId:11	D	100	120112000023 5716	Ganesh Bhaskar Nimbalkar	110000100001 2642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
29/11/2011	EP-DR Txn:982213 CtBo:11000010000126 42 1110001112165 ExId:11	D	100	120112000023 5716	Ganesh Bhaskar Nimbalkar	110000100001 2642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
09/02/2012	OF-CR TD:114828 TX:580890 1201120000255684	C	400	120112000023 5716	Ganesh Bhaskar Nimbalkar	120112000025 5684	Chandrakant Hanumant Pawar	Off-Market Transfer within CDSL
10/02/2012	EP-DR Txn:524897 CtBo:11000010000126 42 1110001112217 ExId:11	D	150	120112000023 5716	Ganesh Bhaskar Nimbalkar	110000100001 2642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
13/02/2012	EP-DR Txn:682903 CtBo:11000010000126 42 1110001112218 ExId:11	D	100	120112000023 5716	Ganesh Bhaskar Nimbalkar	110000100001 2642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
15/02/2012	EP-DR Txn:009069 CtBo:11000010000126 42 1110001112220 ExId:11	D	100	120112000023 5716	Ganesh Bhaskar Nimbalkar	110000100001 2642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
21/02/2012	SETTLEMENT-DR SETT 1110001112221 EX 11 201290	D	50	120112000023 5716	Ganesh Bhaskar Nimbalkar		Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
04/10/2012	INTDEP-CR 87360014CTRBO IN609966 1110001213129	C	76	120112000023 5716	Ganesh Bhaskar Nimbalkar	IN609966	Inventure Growth And Securities Ltd.IGSL	Inter-Depository On-Market Transfer
10/10/2012	OF-CR TD:389842 TX:263609 1201120000234881	C	500	120112000023 5716	Ganesh Bhaskar Nimbalkar	120112000023 4881	RajeshBhagat	Off-Market Transfer within CDSL
10/10/2012	INTDEP-DR 88162724CTRBO IN301151 23860966	D	576	120112000023 5716	Ganesh Bhaskar Nimbalkar	IN301151 23860966	Bhalendu Kusumray Desai (Pan-ACKPD1256F)	Inter-Depository Off-Market Transfer

As seen from the above table, out of the 576 shares which were misappropriated, 300 shares were transferred to Rajesh Bhagat and the rest were sold in the market. He further, received 400 shares from Chandrakant Pawar and sold them in market. SEBI observed that these 400 shares which were received from Chandrakant Pawar are also siphoned off shares from the Folio No. - 00900943 (as detailed in subsequent paragraphs). On 4/10/2012, he bought 76 shares from market and received 500 shares from Rajesh Bhagat and thereafter these 576 shares were transferred by Ganesh to Bhalendu Kusumray Desai (whose Demat account is Joint account with Kirtida Desai and address as per NSDL records and RTA records is similar). Bhalendu Kusumray Desai is alleged to be Husband of Kirtida Desai whose same number of shares were siphoned by Ganesh about one year earlier. It is alleged that after siphoning off the 576 shares, Ganesh restored the shares to Bhalendu Desai. As described in subsequent paragraphs, the 500 shares which Rajesh Bhagat had given to Ganesh Nimbalkar on October 10, 2012 were received in Off-Market transaction from the Noticee 5 (Demat A/c IN300513 12752672) on October 09, 2012. Thus, it is alleged that these entities (Ganesh Nimbalkar, Chandrakant Pawar and Rajesh Bhagat) were just front for the Noticee 5/The Noticee 3 and they (The Noticee 5 & The Noticee 3) were the actual beneficiaries of the shares siphoned off that's the reason when the genuine investor appeared and demanded his shares, the same were being restored by off market transfer from the Noticee 5. The above fact is also corroborated by the statement dated September 23, 2016 (**Annexure-SR19**) of Rajesh Bhagat and statement dated September 23, 2016 (Annexure-SP8) of Ganesh Nimbalkar. Further, the Noticee 5 also vide his statement dated September 27, 2016 (**Annexure-SR1**) admitted that the transaction was entered at the behest of The Noticee 3.

137. In addition to above transactions many other transactions were observed whereby Ganesh was found to be dematerializing 1040 shares (230+310+250+250) and either transferring the same to his broker for sale or to Rajesh Bhagat. Further, Ganesh is

observed to have transferred shares to the Noticee 5 after receiving from other entities (including Rajesh) and buying from market. Both Ganesh and Rajesh has admitted that the said transactions also related to transactions entered on the instructions of the Noticee 3. The details of such transactions are placed at Annexure-DA1.

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

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Running Bal.	Remark by investigation
5267	BSE_ CASH	26/08/2011	SJ5531	Bill Entry For N-2011104	0	0	422720.5	422681.47	Sale of 130 Asian Paint
5267	BSE_ CASH	29/08/2011	SJ5530	Bill Entry For N-2011105	0	0	324667.8	747349.27	Sale of 100 Asian Paint
5267	BSE_ CASH	30/08/2011	BP7898	Bank of India-BSE Client A/C	44314	422681.5	0	324667.8	Paid to the client
5267	BSE_ CASH	02/09/2011	BP7971	Bank of India-BSE Client A/C	44328	324667.8	0	0	Paid to the client
5267	BSE_ CASH	23/09/2011	SJ5636	Bill Entry For N-2011122	0	0	495641.7	495602.73	Sale of 160 Asian Paint
5267	BSE_ CASH	27/09/2011	BP9092	Bank of India-BSE Client A/C	44618	495602.7	0	0	Paid to the client
5267	BSE_ CASH	29/09/2011	SJ5672	Bill Entry For N-2011126	0	0	385232.6	385232.58	Sale of 125 Asian Paint
5267	BSE_ CASH	04/10/2011	BP9315	Bank of India-BSE Client A/C	44664	385232.6	0	0	
5267	BSE_ CASH	17/10/2011	SJ5751	Bill Entry For N-2011137	0	0	392184.2	391918.19	Sale of 125 Asian Paint
5267	BSE_ CASH	19/10/2011	BP9899	Bank of India-BSE Client A/C	44791	200000	0	191918.19	Paid to the client
5267	BSE_ CASH	19/10/2011	BP9900	Bank of India-BSE Client A/C	44792	191918.2	0	0	
5267	BSE_ CASH	02/11/2011	SJ5786	Bill Entry For N-2011148	0	0	412112	412112.02	Sale of 500 Kansai Nerolac
5267	BSE_ CASH	03/11/2011	SJ5791	Bill Entry For N-2011149	0	0	394034.6	806146.58	Sale of 477 Kansai Nerolac
5267	BSE_ CASH	04/11/2011	SJ5794	Bill Entry For N-2011150	0	0	18992.68	825139.26	Sale of 23 Kansai Nerolac
5267	BSE_ CASH	04/11/2011	BP10427	Bank of India-BSE Client A/C	44908	200000	0	625139.26	Paid to the client
5267	BSE_ CASH	04/11/2011	BP10428	Bank of India-BSE Client A/C	44909	212112	0	413027.24	Paid to the client
5267	BSE_ CASH	08/11/2011	BP10517	Bank of India-BSE Client A/C	44926	200000	0	213027.24	Paid to the client
5267	BSE_ CASH	08/11/2011	BP10519	Bank of India-BSE Client A/C	44927	194034.6	0	18992.68	Paid to the client

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Running Bal.	Remark by investigation
5267	BSE_ CASH	09/11/2011	BP10563	Bank of India-BSE Client A/C	44947	18992.68	0	0	Paid to the client
5267	BSE_ CASH	18/11/2011	SJ5840	Bill Entry For N-2011158	0	0	427464.6	427300.55	Sale of 500 Kansai Nerolac
5267	BSE_ CASH	21/11/2011	SJ5846	Bill Entry ForN-2011159	0	0	244504.1	671804.63	Sale of 286 Kansai Nerolac
5267	BSE_ CASH	22/11/2011	BP11038	Bank of India-BSE Client A/C	45067	200000	0	471804.63	Paid to the client
5267	BSE_ CASH	22/11/2011	BP11040	Bank of India-BSE Client A/C	45069	227300.6	0	244504.08	Paid to the client
5267	BSE_ CASH	23/11/2011	BP11089	Bank of India-BSE Client A/C	45075	244504.1	0	0	Paid to the client
5267	BSE_ CASH	24/11/2011	SJ5859	Bill Entry For N-2011162	0	0	215259.4	215259.42	Sale of 76 Asian Paint
5267	BSE_ CASH	25/11/2011	SJ5863	Bill Entry For N-2011163	0	0	293095.5	509275.2	Sale of 100 Asian Paint
5267	BSE_ CASH	28/11/2011	BP11225	HDFC BSE CLIENT A/C	103519	215259.4	0	294015.78	Paid to the client
5267	BSE_ CASH	29/11/2011	SJ5873	Bill Entry For N-2011165	0	0	294188.1	588203.92	Sale of 100 Asian Paint
5267	BSE_ CASH	29/11/2011	BP11295	HDFC BSE CLIENT A/C	103553	294015.8	0	294188.14	Paid to the client
5267	BSE_ CASH	01/12/2011	BP11364	HDFC BSE CLIENT A/C	103588	294188.1	0	0	Paid to the client
5267	BSE_ CASH	10/02/2012	SJ6196	Bill Entry For N-2011217	0	0	463174.5	462843.45	Sale of 150 Asian Paint
5267	BSE_ CASH	13/02/2012	SJ6190	Bill Entry For N-2011218	0	0	304612.6	767456.01	Sale of 100 Asian Paint
5267	BSE_ CASH	14/02/2012	BP14540	Bank of India-BSE Client A/C	45962	200000	0	567456.01	Paid to the client
5267	BSE_ CASH	14/02/2012	BP14541	Bank of India-BSE Client A/C	45963	262843.5	0	304612.56	Paid to the client
5267	BSE_ CASH	15/02/2012	SJ6201	Bill Entry For N-2011220	0	0	306144.8	610757.34	Sale of 100 Asian Paint
5267	BSE_ CASH	15/02/2012	BP14637	Bank of India-BSE Client A/C	45982	150000	0	460757.34	
5267	BSE_ CASH	15/02/2012	BP14638	Bank of India-BSE Client A/C	45983	154612.6	0	306144.78	Paid to the client
5267	BSE_ CASH	16/02/2012	SJ6207	Bill Entry For N-2011221	0	0	153071.6	459216.35	Sale of 50 Asian Paint
5267	BSE_ CASH	21/02/2012	BP14897	HDFC BSE CLIENT A/C	104603	229608.2	0	229608.18	Paid to the client
5267	BSE_ CASH	21/02/2012	BP14898	HDFC BSE CLIENT A/C	104604	229608.2	0	0	Paid to the client
5267	BSE_ CASH	01/10/2012	SJ7036	Bill Entry For N-2012129	0	301975.6	0	-301975.57	Buy 76 Asian Paints
5267	BSE_ CASH	04/10/2012	BR6228	ICICI BANK LTDMICR :400229003 BANKACNO:0011 01538940	440620	0	301976	0.43	Received from client
5267	BSE_ CASH	07/06/2013	SJ7890	Bill Entry For N-2013050	0	462341.8	0	-463181.4	Buy 100 Asian Paints
5267	BSE_ CASH	12/06/2013	BR1715	ICICI BANKMICR :400229003	621846	0	463181.4	0	Received from client

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Running Bal.	Remark by investigation
				BANKACNO:0011 01538940					

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

G-1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Running Bal.	Remark by investigation
5267	BSE_CASH	24/11/2011	SJ5859	Bill Entry For N-2011162	0	0	215259.4	215259.42	Sale of 76 Asian Paint
5267	BSE_CASH	25/11/2011	SJ5863	Bill Entry For N-2011163	0	0	293095.5	509275.2	Sale of 100 Asian Paint
5267	BSE_CASH	28/11/2011	BP11225	HDFC BSE CLIENT A/C	103519	215259.4	0	294015.78	Paid to the client
5267	BSE_CASH	29/11/2011	SJ5873	Bill Entry For N-2011165	0	0	294188.1	588203.92	Sale of 100 Asian Paint
5267	BSE_CASH	29/11/2011	BP11295	HDFC BSE CLIENT A/C	103553	294015.8	0	294188.14	Paid to the client
5267	BSE_CASH	01/12/2011	BP11364	HDFC BSE CLIENT A/C	103588	294188.1	0	0	Paid to the client
5267	BSE_CASH	10/02/2012	SJ6196	Bill Entry For N-2011217	0	0	463174.5	462843.45	Sale of 150 Asian Paint
5267	BSE_CASH	13/02/2012	SJ6190	Bill Entry For N-2011218	0	0	304612.6	767456.01	Sale of 100 Asian Paint
5267	BSE_CASH	14/02/2012	BP14540	Bank of India-BSE Client A/C	45962	200000	0	567456.01	Paid to the client
5267	BSE_CASH	14/02/2012	BP14541	Bank of India-BSE Client A/C	45963	262843.5	0	304612.56	Paid to the client
5267	BSE_CASH	15/02/2012	SJ6201	Bill Entry For N-2011220	0	0	306144.8	610757.34	Sale of 100 Asian Paint
5267	BSE_CASH	15/02/2012	BP14637	Bank of India-BSE Client A/C	45982	150000	0	460757.34	
5267	BSE_CASH	15/02/2012	BP14638	Bank of India-BSE Client A/C	45983	154612.6	0	306144.78	Paid to the client
5267	BSE_CASH	16/02/2012	SJ6207	Bill Entry For N-2011221	0	0	153071.6	459216.35	Sale of 50 Asian Paint
5267	BSE_CASH	21/02/2012	BP14897	HDFC BSE CLIENT A/C	104603	229608.2	0	229608.18	Paid to the client
5267	BSE_CASH	21/02/2012	BP14898	HDFC BSE CLIENT A/C	104604	229608.2	0	0	Paid to the client
5267	BSE_CASH	01/10/2012	SJ7036	Bill Entry For N-2012129	0	301975.6	0	-301975.57	Buy 76 Asian Paints
5267	BSE_CASH	04/10/2012	BR6228	ICICI BANK LTDMICR :400229003 BANKACNO:0011 01538940	440620	0	301976	0.43	Received from client
5267	BSE_CASH	07/06/2013	SJ7890	Bill Entry For N-2013050	0	462341.8	0	-463181.4	Buy 100 Asian Paints
5267	BSE_CASH	12/06/2013	BR1715	ICICI BANKMICR :400229003 BANKACNO:0011 01538940	621846	0	463181.4	0	Received from client

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

SEBI observed that the general pattern of the transactions are such that any amount received from the broker is mostly immediately withdrawn in cash or transferred to Rajesh Bhagat. In certain instances, it was transferred to other entities which in turn withdrew the amount in cash. In one case approx. three lakhs were transferred to Omkar Enterprise (proprietary firm of Chandrakant Pawar) and similar amount later received back and used for buying 76 shares of Asian Paints (through broker Inventure) which were transferred to Bhalendu Kusumray Desai (PAN- ACKPD1256F) along with 500 shares received from Rajesh Bhagat in Off-Market. Similarly, five lakhs received from Chandrakant Pawar were used for buying 100 shares of Asian Paints which were transferred in off market to the Noticee 5 along with 100 shares received from Rajesh Bhagat & 300 shares received from other entities.These transactions clearly bring about the relationship between Ganesh Nimbalkar, Chandrakant, Rajesh Bhagat and the Noticee 5.This also reveals the co-ordinated efforts/conspiracy on their part to siphon the shares and also to restore the same when the fraud comes to light.

141. Various information/documents/explanation were sought from Ganesh Nimbalkar. Ganesh Nimbalkar replied vide letter dated April 22, 2016. He has stated that demat account no. - 1201120000235716 with Inventure Growth is opened in his name by Rajesh Bhagat and all the transactions are done by Rajesh Bhagat without his knowledge. He has also enclosed an indemnity bond from Rajesh Bhagat stating that the said demat account has been opened and operated by him. However, he has failed to provide the point wise reply w.r.t. summons issued to him. He has also not provided explanation for funds transfer in his bank account. Later vide his statement dated September 23, 2016 before IA (Annexure-SR8) he stated that he doesn't know Kirtida B Desai, Amrit Lal,

Bhalerao Ganesh Prabhakar, The Noticee 3, The Noticee 5, Nagesh Narayan Karkera, and Noticee 2. He further stated that all transactions in his bank account with Rajesh Bhagat or his family members or Chandrakant Pawar or Omkar Enterprises (firm of Chandrakant) are w.r.t. the shares dealings in his account carried out by Rajesh Bhagat. There are no other business or personal financial dealings with these people. He could not explain or provide any documents regarding various transactions in his name including the transactions in his demat account except stating that the same were carried out by Rajesh Bhagat. He has stated that certain documents were signed by him on request of Rajesh Bhagat, but he never paid any consideration for transfer of any shares to him. He further stated that he has signed DIS slip and given to Rajesh. He has never given any instruction for sale himself. Rajesh was carrying out transaction and also depositing cheques directly. However, when any payment was received in his bank account, he used to go to bank with Rajesh Bhagat and hand over the amount in cash after withdrawing the same. He stated that he has not gained anything out of the transactions and allowed use of his account just for the sake of his relationship with Rajesh Bhagat.

Rajesh Bhagat was also present during the statement of Ganesh and later same questions were also asked from him. Rajesh in his statement dated September 23, 2016 (**AnnexureSR19**) admitted whatever stated by Ganesh. Rajesh has admitted that he has opened Demat-cum-trading account with broker Inventure Growth and Securities Ltd. on behalf of Ganesh & Chandrakant on the instruction of The Noticee 3. All the DIS slips signed by them were handed over to her. He used to transfer shares in the name of his related entities (himself, Chandrakant, Ganesh etc) and after dematerialization used to place the orders with the broker (Inventure) as per instruction of The Noticee 3. The amount so received after sale from broker was mostly withdrawn in cash and handed over to the Noticee 3 at her Chabhaya Park residence or below the Noticee 1 office at Andheri. She used to tell him that some party has shares which they cannot demat and if he helps

her in dematerializing the shares through the demat account of other entities, he will be paid per transaction Rs. 5,000 to 10,000/-. He used to get the work done and hand over the amount after sale of shares to her. In return he used to get the said amount in cash per transaction from her. He further stated that the Noticee 3 used to give him Transfer Deeds duly signed by some party (Seller) and used to asked for signature (and details) of fake buyers viz. Ganesh, Chandrakant, himself etc. He used to give the details and signature of Chandrakant, Ganesh, himself etc. and hand over the Transfer Deeds to her. He has not kept any copy of the documents. He confirmed that he has never paid any consideration for transfer of such shares in his or his related party's (Ganesh, Chandrakant etc.) name. Afterwards she used to give them shares certificate duly endorsed in their names for depositing in demat account. He used to deposit the same in demat account and sell the same as per her instructions. Some time share certificate used to be printed on their name. She used to explain that it was for consolidation of folios and multiple certificates. After sale, the sale proceeds used to be withdrawn in cash and handed over to her. Sometimes she also got the shares transferred to the accounts of her parties. Regarding the share re-printing transactions, he stated that he is not aware of the details and the Noticee 3 might have got the shares reprinted as they have not given any request for re-print of shares. He further stated that the shares were dematerialized in the accounts and transferred to different accounts before sale as the Noticee 3 has instructed not to sale all shares in one account. Similarly, proceeds of sale was also sometimes transferred to different account before final withdrawal in cash. Sometime she used to give him cash to deposit in their bank account and buy certain shares which were transferred to her party's account. On being asked why did they rotate the shares and money in different accounts? Why she did not buy shares herself? He stated that he has done it on her advise as she convinced him that it is important for tax purposes. She asked them to buy in their accounts by saying that it is required to close some entry. Regarding the buying of 576 shares of Asian Paints Limited and transfer to Bhalendu Desai, He stated that the Noticee 3 gave him cash which was deposited in some of the

bank accounts and shares were bought and the same were transferred by her to her party. He doesn't remember exactly in which account the cash was deposited. He stated that the shares were transferred by the Noticee 3 to the account and then transferred shares to the Noticee 5 who is her husband. He further submitted that the transfer of shares from demat account of Chandrakant to Nagesh Karkera (which he came to know is her brother in law) and from demat account of Ganesh to The Noticee 5 proves his point that shares were transferred under instruction of The Noticee 3. The Noticee 5 vide his statement dated September 27, 2016 (**Annexure-SR1)** initially denied knowing or having any kind of dealings with Ganesh Nimbalkar but later when confronted with the demat transactions with him, he stated that the shares came through The Noticee 3.

142. From the pattern of the transactions, it is alleged that the 576 shares of genuine investor viz. Kirtida were illegally being transferred, folio being mis-appropriated through back end changes in electronic records, share certificates re-printed without authorization and the shares finally sold in the market or transferred to The Noticee 3 related entities. It is alleged that 1040 shares also were shares which siphoned off from folio of some investors but Ganesh and Rajesh being front entities could not provide any details of the same though accepted that the shares were transferred to them under instruction of the Noticee 3 and they have not paid any consideration for these as well all other shares. However, due to complete non compliance of the Noticee 1 and inability of the Noticee 5, Rajesh and Ganesh to explain the transactions the original owner of the shares could not be identified. At the same time Ganesh/Rajesh themselves admitted that the said shares belonged to same dealings with the Noticee 3 where they have not paid any consideration for transfer of the shares, therefore they cannot escape the responsibility of wrong doing in their part w.r.t. these 1040 shares as well.

Role of the Noticee 1 and The Noticee 3 in the matter is clear from the fact that folios along with shares in it were illegally transferred by making back end entries without any payment of considerations and shares certificates were being printed without

authorizations etc. This could not have been possible without the Noticee 1 management viz. The Noticee 3 being in conspiracy with these entities for siphoning off shares. Demat transactions in the accounts of these entities and The Noticee 3 related entities also proves their relation as well their coordinated efforts. These circumstances are further corroborated by the statements of Ganesh, Rajesh Bhagat and The Noticee 5.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	230 shares (2300 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 25/08/2011	Value= Rs. 750904 (Price @ NSE Rs. 3,264.80)	Value= Rs. 2789095 (Price @ NSE Rs. 1,212.65)
2	310 shares (3100 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 22/09/2011	Value= Rs. 961434 (Price @ NSE Rs. 3,101.40)	Value= Rs. 3759215 (Price @ NSE Rs. 1,212.65)
3	250 shares (2500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 28/09/2011	Value= Rs.783525 (Price @ NSE Rs. 3,134.10)	Value= Rs. 3031625 (Price @ NSE Rs. 1,212.65)
4	250 shares (2500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 14/10/2011	Value= Rs. 786600 (Price @ NSE Rs. 3,146.40)	Value= Rs. 3031625 (Price @ NSE Rs. 1,212.65)
5	576 shares (5760 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Kirtida Desai misappropriated by Ganesh Nimbalkar vide back office print entry on 08/11/2011	Value= Rs. 1820275.2 (Price @ NSE Rs. 3,160.20)	Value= Rs. 6984864 (Price @ NSE Rs. 1,212.65)

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

144. SEBI observed that Folio 00900943 (Screen Shot is placed at Annexure-SP12) is showing in the name of Chandubhai Jiwanbhai Patel for "dividend issue date" till Nov 2011 (Dividend records for issue date 02/11/2011 on 2764 shares of Asian Paints Limited). Folio name from dividend records for issue date between Jun 2012 to Jun 2013 (issue date 26/06/12, 02/11/2012, 25/06/2013 on 1264 shares and issue date 30/06/2014 on 12640 shares) is showing in name of Chandrakant H Pawar. Folio is again showing in

name of Chandubhai Patel from dividend issue date 30/06/2014 on 12640 shares (1:10 split in 2013). It is alleged that folio name was changed to Chandrakant Pawar between Nov 2011 and Jun 2012 and then the folio name was reverted back to Chandubhai Patel. No records are available in the back office software of the Noticee 1 to explain how this has occurred. In this context, the Noticee 1 was summoned to explain how same folio was at one time in the name of Chandubhai Jiwanbhai Patel and at another time in the name of Chandrakant H Pawar, a different person and also to provide various documents to prove the genuineness of the transaction. However, it is alleged that the Noticee 1 did not complied with the same.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of the Noticee 2 (Annexure-SR12) that the name of the folio no. – 00900943 was changed from Chandubhai Jiwanbhai Patel, Manjulaben Chandubhai Patel and Ravindrakumar Chandubhai Patel to Chandrakant H Pawar on 22/11/2011 by User "administrator" login Terminal id "CPRABHU" and again reversed on 10/05/2014 by User "ikarkera" Login Terminal "INDIRA1". In view of the foregoing it is alleged that the name of the folio has been cleverly changed from the name of original investor to another entity and again reversed to the name of original investor after siphoning the shares in the folio so as to avoid detection in any audit/ inspection. Signature records of the folio is in the name of said "Patels".

SEBI observed from the Annual Return data submitted by the Noticee 1 vide statement of the Noticee 2 dated March 23, 2016 that in 2011 the folio no 00900943 with 2764 shares was in the name of Chandubhai Jiwanbhai Patel while in Annual return for 2012 the folio has been omitted altogether. However, Transaction file for 2011 shows no entry but transaction file for 2012 shows 500 shares dematerialized by Chandrakant Pawar under the same folio with transaction no. - 603929. (Screen Shot of the Annual Return data is placed at **Annexure-ARSP9**). Thus, it is alleged that the Noticee 1 was falsifying

the records and also filing wrong information with the regulators to hide the fraud being perpetrated at their end.

145. Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) submitted that as per the Register of Members provided to them by the Noticee 1 for submission to the Registrar of Companies along with Form 20B (erstwhile Companies Act, 1956), as on 16th July, 2010, folio no. 00900943 appeared in the name of Chandubhai Jiwanbhai Patel and on 25th June, 2012, the said folio does not reflected the name of Chandubhai Jiwanbhai Patel, but reflects the name of Chandrakant H. Pawar. However, as on 26th June, 2014, the folio no. 00900943 once again name reflected the name of Chandubhai Jiwanbhai Patel. They also stated that there is no documentation in place that reflects the reason for change in name. A copy of the Register of Members as on the aforementioned dates, is placed at Appendix No. 14 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). The company also stated that no approval for the said name changes has been provided by the Company thus it is alleged that the Noticee 1 is responsible for the same folio being in the name of two different persons at the same time in violation secretarial standards.

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

146. SEBI observed from the back office software of the Noticee 1 that in the Folio 00900943 the share certificate holding 2764 shares re-printed on 22/11/2011. The details of the

"merge/split" transaction (Inward No. 1746613. Merge/split No. 1277) for re-printing certificates is as below:

Original Certificate No	New Certificate No	Dist Nos From	Dist Nos To	No of Shares	Date
24848	834906	3897039	3897088	50	22/11/2011
24849	834906	3897089	3897138	50	22/11/2011
24850	834906	3897139	3897188	50	22/11/2011
111110	834906	8214374	8214423	50	22/11/2011
111111	834906	8214424	8214463	40	22/11/2011
182329	834906	12344616	12344665	50	22/11/2011
182330	834906	12344666	12344715	50	22/11/2011
182331	834906	12344716	12344725	10	22/11/2011
182332	834906	12344726	12344735	10	22/11/2011
297487	834906	19788235	19788284	50	22/11/2011
297488	834906	19788285	19788334	50	22/11/2011
297489	834906	19788335	19788374	40	22/11/2011
	834907	19788375	19788384	10	22/11/2011
297490	834907	19788385	19788434	50	22/11/2011
297491	834907	19788435	19788450	16	22/11/2011
612692	834907	38593529	38593578	50	22/11/2011
612693	834907	38593579	38593628	50	22/11/2011
612694	834907	38593629	38593678	50	22/11/2011
612695	834907	38593679	38593728	50	22/11/2011
612696	834907	38593729	38593778	50	22/11/2011
612697	834907	38593779	38593828	50	22/11/2011
612698	834907	38593829	38593878	50	22/11/2011
612699	834907	38593879	38593928	50	22/11/2011
612700	834907	38593929	38593952	24	22/11/2011
	834908	38593953	38593978	26	22/11/2011
612701	834908	38593979	38594028	50	22/11/2011
612702	834908	38594029	38594078	50	22/11/2011
612703	834908	38594079	38594098	20	22/11/2011
612704	834908	38594099	38594101	3	22/11/2011
612705	834908	38594102	38594102	1	22/11/2011
612706	834908	38594103	38594104	2	22/11/2011
783979	834908	51400731	51401078	348	22/11/2011
	834909	51401079	51401421	343	22/11/2011
830180	834909	76731366	76731522	157	22/11/2011
	834910	76731523	76732022	500	22/11/2011
	834911	76732023	76732286	264	22/11/2011

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

The company vide letter dated March 28, 2016 submitted that the 2764 shares on different certificates in Folio No. 00900943 were merged (viz. consolidation of old certificate into new ones) into 6 new share certificates (Certificate nos. 834906 – 834911) vide authenticated register of consolidation dated 22nd November, 2011, sent to the Company by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 25th November, 2011. A copy of the Register of Consolidation, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3), dated 22ndNovember, 2011 and copy of the Share Transfer Committee meeting minutes dated 25th November, 2011 approving the consolidation of share certificates in the name of Chandrakant H Pawar are placed at Appendix No. 15 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). The company further stated that as per the records maintained by them, 14 share certificates for seal and signature (share certificate nos. 834898 - 834911) including the 6 certificates mentioned above were forwarded by the Noticee 1 to the Company on 29th November, 2011. A copy of the said communication received from the authorized signatory of the Noticee 1, is placed at Appendix No. 16 of the company vide letter dated March 28, 2016 (Annexure-CRAP6).

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

DRN	Confirmation Date	Inward Date	ISIN	Demat Account No	Certificate No	Dist Nos From	Dist Nos To	No of shares
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	3897039	3897088	50
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	3897089	3897138	50

DRN	Confirmation Date	Inward Date	ISIN	Demat Account No	Certificate No	Dist Nos From	Dist Nos To	No of shares
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	3897139	3897188	50
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	8214374	8214423	50
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	8214424	8214463	40
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	12344616	12344665	50
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	12344666	12344715	50
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	12344716	12344725	10
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	12344726	12344735	10
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	19788235	19788284	50
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	19788285	19788334	50
5975277	05/12/2011	05/12/2011	INE021A01018	12011200-00255684	834906	19788335	19788374	40
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	19788375	19788384	10
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	19788385	19788434	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	19788435	19788450	16
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593529	38593578	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593579	38593628	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593629	38593678	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593679	38593728	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593729	38593778	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593779	38593828	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593829	38593878	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593879	38593928	50
5985315	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834907	38593929	38593952	24
5985309	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834908	38593953	38593978	26
5985309	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834908	38593979	38594028	50
5985309	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834908	38594029	38594078	50
5985309	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834908	38594079	38594098	20
5985309	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834908	38594099	38594101	3
5985309	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834908	38594102	38594102	1
5985309	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834908	38594103	38594104	2
5985309	22/12/2011	21/12/2011	INE021A01018	12011200-00255684	834908	51400731	51401078	348

SEBI observed that the demat account is of Chandrakant Pawar.

148. Therefore, even in this matter, it is alleged that the new share certificates were printed in the folio before dematerialization by Mr. Chandrakant Pawar as the old certificates were not in the possession of the Noticee 1 or Mr. Chandrakant Pawar, and moreover the old certificates would have been in the name of actual investor viz. the Patel. SEBI observed that if Mr. Chandrakant Pawar would have got the shares in a genuine transaction the share certificates would have come in his possession and there would not have been any

need of re-printing of share certificates, a new folio would have been allotted to him and there would have been his signature records in the new folio. Further, it is alleged that the folio was changed from the name of one entity to another in violation of not only the secretarial standards but also the own policy/practice of the Noticee 1 (as explained by the Noticee 2 vide statement dated January 28, 2016) in attempt to hide the illegal nature of the transactions. After re-printing of shares the same were dematerialized by the Noticee 3 related entity viz. Chandrakant Pawar. Further it was observed that from the copy of the Consolidation Register (for re-printing of shares) dated November 22, 2011 submitted by the company that the same was signed by the Noticee 3 which proves that the Noticee 3 herself was processing the said fraudulent transactions.

Therefore, it is alleged that the internal checks and balances and control system of the Noticee 1 was compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity.

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

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

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

Date of Txn	Transaction Particulars	Credit/Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
05/12/2011	Demat 05975277 Close - Cr Confirmed Balance	C	500	1201120000255684	Chandrakant Pawar			Demat
07/12/2011	EP-DR Txn:472561 CtBo:1100001000012642 1110001112170 ExId:11	D	150	1201120000255684	Chandrakant Pawar	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
08/12/2011	EP-DR Txn:559154 CtBo:1100001000012642 1110001112171 ExId:11	D	150	1201120000255684	Chandrakant Pawar	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL

Date of Txn	Transaction Particulars	Credit/Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
09/12/2011	EP-DR Txn:628751 CtBo:1100001000012642 1110001112172 ExId:11	D	50	12011200 00255684	Chandrakant Pawar	11000010 00012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
13/12/2011	SETTLEMENT-DR SETT 1110001112172 EX 11 679049	D	150	12011200 00255684	Chandrakant Pawar		Inventure Growth And Securities Ltd	On-Market Transfer Within CDSL
22/12/2011	Demat 05985315 Close - Cr Confirmed Balance	C	500	12011200 00255684	Chandrakant Pawar			Demat
22/12/2011	Demat 05985309 Close - Cr Confirmed Balance	C	500	12011200 00255684	Chandrakant Pawar			Demat
09/02/2012	OF-DR TD:114829 TX:580891 1201120000234881	D	400	12011200 00255684	Chandrakant Pawar	12011200 00234881	RajeshBhagat	Off-Market Transfer within CDSL
09/02/2012	OF-DR TD:114828 TX:580889 1201120000235716	D	400	12011200 00255684	Chandrakant Pawar	12011200 00235716	Ganesh Bhaskar Nimbalkar	Off-Market Transfer within CDSL
09/02/2012	EP-DR Txn:362355 CtBo:1100001000012642 1110001112216 ExId:11	D	200	12011200 00255684	Chandrakant Pawar	11000010 00012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
19/08/2013	SETTLEMENT-CR SETT 1110001314097 EX 11	C	190	12011200 00255684	Chandrakant Pawar		Inventure Growth And Securities Ltd	On-Market Transfer Within CDSL
19/08/2013	INTDEP-CR 16934934CTRBO IN609966 1110001314097	C	810	12011200 00255684	Chandrakant Pawar	IN609966	Inventure Growth And Securities Ltd	Inter-Depository On-Market Transfer
26/08/2013	SETTLEMENT-CR SETT 1110001314102 EX 11	C	100	12011200 00255684	Chandrakant Pawar		Inventure Growth And Securities Ltd	On-Market Transfer Within CDSL
26/08/2013	INTDEP-CR 17563953CTRBO IN609966 1110001314102	C	400	12011200 00255684	Chandrakant Pawar	IN609966	Inventure Growth And Securities Ltd	Inter-Depository On-Market Transfer
27/08/2013	SETTLEMENT-CR SETT 1110001314103 EX 11	C	500	12011200 00255684	Chandrakant Pawar		Inventure Growth And Securities Ltd	On-Market Transfer Within CDSL
30/08/2013	INTDEP-CR 18014464CTRBO IN609966 1110001314106	C	1000	12011200 00255684	Chandrakant Pawar	IN609966	Inventure Growth And Securities Ltd	Inter-Depository On-Market Transfer
06/09/2013	EP-DR Txn:081935 CtBo:1100001000012642 1110001314113 ExId:11	D	1000	12011200 00255684	Chandrakant Pawar	11000010 00012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
25/10/2013	SETTLEMENT-CR SETT 1110001314143 EX 11	C	950	12011200 00255684	Chandrakant Pawar		Inventure Growth And Securities Ltd	On-Market Transfer Within CDSL
25/10/2013	INTDEP-CR 22647121CTRBO IN609966 1110001314143	C	50	12011200 00255684	Chandrakant Pawar	IN609966	Inventure Growth And Securities Ltd	Inter-Depository On-Market Transfer
28/10/2013	SETTLEMENT-CR SETT 1110001314144 EX 11	C	70	12011200 00255684	Chandrakant Pawar		Inventure Growth And Securities Ltd	On-Market Transfer Within CDSL
28/10/2013	INTDEP-CR 22777513CTRBO IN609966 1110001314144	C	230	12011200 00255684	Chandrakant Pawar	IN609966	Inventure Growth And Securities Ltd	Inter-Depository On-Market Transfer
27/11/2013	INTDEP-DR 25639336CTRBO IN300513 20939266	D	1600	12011200 00255684	Chandrakant Pawar	IN300513 20939266	Nagesh Narayan Karkera	Inter-Depository Off-Market Transfer
29/11/2013	OF-DR TD:791603 TX:499747 1201120000234881	D	100	12011200 00255684	Chandrakant Pawar	12011200 00234881	RajeshBhagat	Off-Market Transfer within CDSL

Date of Txn	Transaction Particulars	Credit/Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
29/11/2013	INTDEP-DR 25886975CTRBO IN300513 20939266	D	1600	12011200 00255684	Chandrakant Pawar	IN300513 20939266	Nagesh Narayan Karkera	Inter-Depository Off-Market Transfer

The 1500 shares siphoned off were dematerialized and then transferred to the broker "Inventure" for on-market transactions or transferred in Off-market to Rajesh Bhagat or Ganesh Nimbalkar. Further, 3300 shares bought from market were either transferred in Off-market to Rajesh Bhagat (100 shares) or Nagesh Karkera (3200 shares). In view of the foregoing it is alleged that Chandrakant Pawar, Rajesh Bhagat and The Noticee 3 (as Nagesh Karkera is front entity for The Noticee 3/The Noticee 5) are closely related.

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

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Running Bal.	Remarks by Investigation
4537	BSE_CASH	07/12/2011	SJ5888	Bill Entry For N-2011170	0	0	425489.6	425890.56	Sale of 150 Asian Paint shares
4537	BSE_CASH	08/12/2011	SJ5914	Bill Entry For N-2011171	0	0	421551.7	847442.21	Sale of 150 Asian Paint shares
4537	BSE_CASH	09/12/2011	SJ5896	Bill Entry For N-2011172	0	0	562361.7	1409803.92	Sale of 200 Asian Paint shares
4537	BSE_CASH	09/12/2011	BP11677	Bank Of India-Bse Client A/C	45144	425890.6	0	983582.36	Paid to the client
4537	BSE_CASH	12/12/2011	BP11753	Bank Of India-Bse Client A/C	45159	421220.7	0	562361.71	Paid to the client
4537	BSE_CASH	13/12/2011	BP11793	Bank Of India-Bse Client A/C	45176	562361.7	0	0	Paid to the client
4537	BSE_CASH	09/02/2012	SJ6195	Bill Entry For N-2011216	0	0	604267	603971.02	Sale of 200 Asian Paint shares
4537	BSE_CASH	13/02/2012	BP14433	Bank Of India-Bse Client A/C	45946	300000	0	303518.02	Paid to the client
4537	BSE_CASH	13/02/2012	BP14434	Bank Of India-Bse Client A/C	45947	303518	0	0	Paid to the client
4537	BSE_CASH	14/08/2013	SJ8104	Bill Entry For N-2013097	0	442973.5	0	-443012.52	Buy of 1000 Asian Paints Shares
4537	BSE_CASH	20/08/2013	BR4033	JANKALYAN SAHAKARI BANKMICR :400105019 BANKACNO:019301000005760	410717	0	443012.5	0	Received from client
4537	BSE_CASH	22/08/2013	SJ8128	Bill Entry For N-2013102	0	211649.8	0	-211649.83	Buy of 500 Asian Paints Shares

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Running Bal.	Remarks by Investigation
4537	BSE_CASH	23/08/2013	SJ8136	Bill Entry For N-2013103	0	211419.2	0	-423069.01	Buy of 500 Asian Paints Shares
4537	BSE_CASH	27/08/2013	BR4314	JANKALYAN SAHAKARI BANKMICR :400105019 BANKACNO:019301000005760	410720	0	423069	0	Received from client
4537	BSE_CASH	28/08/2013	SJ8154	Bill Entry For N-2013106	0	395405.5	0	-395405.47	Buy of 1000 Asian Paints Shares
4537	BSE_CASH	02/09/2013	BR4497	JANKALYAN SAHAKARI BANKMICR :400105019 BANKACNO:019301000005760	100031	0	395405.5	0	Received from client
4537	BSE_CASH	06/09/2013	SJ8177	Bill Entry For N-2013113	0	0	414080.9	414080.89	Sale of 1000 Asian Paints Shares
4537	BSE_CASH	12/09/2013	BP4888	HDFC BSE CLIENT A/C	115511	414080.9	0	0	Paid to the client
4537	BSE_CASH	23/10/2013	SJ8332	Bill Entry For N-2013143	0	521474.9	0	-521474.89	Buy of 1000 Asian Paints Shares
4537	BSE_CASH	24/10/2013	SJ8335	Bill Entry For N-2013144	0	157054.3	0	-678529.14	Buy of 300 Asian Paints Shares
4537	BSE_CASH	25/10/2013	BR5926	JANKALYAN SAHAKARI BANKMICR :400105019 BANKACNO:019301000005760	100032	0	678529.1	0	Received from client

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

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

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

153. Various information/documents/explanation were sought from Chandrakant Pawar by SEBI. Chandrakant replied vide letter dated April 22, 2016. He has stated that demat account no. - 1201120000255684 with Inventure Growth is opened in his name by Rajesh Bhagat and all the transactions are done by Rajesh Bhagat without his knowledge. He has also enclosed an indemnity bond from Rajesh Bhagat stating that the said demat account has been opened and operated by him. However, it is alleged that he has failed to provide the point wise reply w.r.t. summons issued to him. He has also not provided explanation for funds transfer in his bank account. Later Chandrakant Pawar appeared for before IA and in his statement dated September 23, 2016 (Annexure-SR9) submitted that he does not know any Chandubhai Patel, The Noticee 3, The Noticee 5, Nagesh Narayan Karkera, and the Noticee 2. He also submitted that he is not aware of details of any transactions in his account as it was carried out by Rajesh Bhagat. He stated that certain documents were signed by him on request of Rajesh Bhagat, but he never paid any consideration for transfer of any shares to him. He also stated that he has not requested for any re-print of shares. He submitted that he has signed DIS slip and given to Rajesh but he has never given any instruction for sale himself. Rajesh was carrying out transaction and also depositing cheques directly. However, when any payment was received in his bank account, he used to go to bank with Rajesh Bhagat and hand over the amount in cash after withdrawing the same. He submitted that he has not gained anything out of the transactions and allowed use of his account just for the sake of his friendship with Rajesh Bhagat. He further submitted that Omkar Enterprises is his proprietary firm. He further stated that all transactions in his bank account with Rajesh Bhagat or his family members or Ganesh Nimbalkar are w.r.t. the said shares dealings in his account by Rajesh Bhagat. There are no other business or personal dealings with them.

Rajesh was also present during his statement and during his own statement he admitted the submissions made by Chandrakant. The modus operandi regarding the transactions

is already explained in the preceding paragraphs dealing with siphoning of shares using name of Ganesh Nimbalkar. He admitted that the shares transferred to Chandrakant are w.r.t. dealings with and on the instruction of The Noticee 3 while they have not paid any consideration for the said shares.

154. On the basis of pattern of the transactions, it is alleged that the 1500 shares of genuine investor viz. Patels were illegally being transferred, folio being mis-appropriated through back end changes in electronic records, share certificates re-printed without authorization and the shares finally sold in the market and the proceeds were withdrawn in cash by Chandrakant Pawar. The relationship between Chandrakant Pawar and the Noticee 3 is clear from the demat transactions between him and Nagesh Karkera, brother in law of ghe Noticee 3 and front entity of The Noticee 3/The Noticee 5 as per admission of Nagesh and The Noticee 5. It is alleged that Chandrakant Pawar, Ganesh Nimbalkar and Rajesh Bhagat has siphoned off shares of Asian Paints and Kansai Nerolac and then sold that in market. It is also alleged that the sale proceeds of the siphoned off shares are withdrawn in cash to blur the audit trail. At around the same time 3300 shares of Asian Paints were bought from market in the account of Chandrakant Pawar and 3200 shares out of that were transferred in Off-market to Nagesh Karkera (3200 shares) who is a front entity of The Noticee 3/The Noticee 5. On the basis of abovementioned transactions it is alleged that Chandrakant Pawar, Rajesh Bhagat and The Noticee 3 (as Nagesh Karkera is front entity for the Noticee 3/the Noticee 5) are closely related and transferring gains of fraudulent transactions to the Noticee 3. Further, on the basis of reply of the Asian Paints it is alleged that the Noticee 3 herself processed the transactions and thus enabled the above fraudulent deals. It is thus alleged that the entire transaction was masterminded by the Noticee 3 with the help of her front entities.

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

155. SEBI observed from the back office records of the Noticee 1, the Folio name of the Folio No. - 00115157 (Screen Shot placed at AnnexureSP13) for dividend issue date 10/6/2011 on 506 shares of Asian Paints Limited is showing in the name of Rajesh Bhagat while the currently the folio showing in the name of Rajesh Bhargava with "nil" shares. SEBI observed that there is no record in the Noticee's back office software system how and when the name of the folio changed from Rajesh Bhargava to Rajesh Bhagat (for dividend issue date 10/06/2011) and back to Rajesh Bhargava. There is no record for any other dividends though there are many dividend issued by the company.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 (**Annexure-SR12**) of the Noticee 2 that the name of the folio no. - 00115157 was changed from Rajesh M Bhagat to Rajesh M Bhargava on 12/10/2011 by login Terminal id "RCHARI". However, there are no log records for other changes (viz. Rajesh M Bhargava to Rajesh M Bhagat) in the folio were visible in the back office software module of the Noticee 1. In this regard The Noticee 2 explained that changes in folio master may not get included in system log in case of (i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is failure to enable it. SEBI observed that all changes in folio master log is absent for Asian Paints Limited for the period August 01, 2007 to October 31, 2011 for which The Noticee 2 explained that it could have been for aforesaid reasons. In this regard SEBI observed that there is no change in Log Table and further 2007 to 2011 is too long a period in which nobody noticed that no "System log" is generated/maintained for vital changes in electronic data of ownership of shares. Thus it is alleged that not only the Folio names has been changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail.

As per the statement of The Noticee 2 dated February 15, 2016 (**Annexure-SR11**), there is no signature record for the folio no 00115157 as it is "No Card" case i.e. neither any

original data of signature was received from the company at the time of taking over share transfer work by the Noticee 1 nor such data subsequently available with the Noticee 1 and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee 1. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. Thus it is alleged that the Noticee 1 has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

Asian Paints vide letter dated March 28, 2016 submitted that the said name change in Folio No. 00115157 from Rajesh Bhargava to Rajesh Bhagat, was neither sent to it for approval in its 'Share Transfer Committee' meeting nor was any approval for the same granted by it. Asian Paints further, stated that the Noticee 1 is responsible for the same folio being in the name of two different persons in violation of Secretarial Standards.

156. SEBI observed that new certificates were printed by "merge entry" (viz. consolidation of old certificate into new ones) (Inward No. - 1663970) on 09/05/2011 for total 180 shares of Asian Paints Limited in the Folio No. - 00115157. The details of the transaction are as below:

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

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

Asian Paints vide letter dated March 28, 2016 submitted that as per the records maintained by them, no document ascertaining receipt of any communication fromthe

Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to the Company for signature and seal, was found.

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

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

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

158. Valuation of Share Misappropriated on replacement cost basis in this matter is as under.

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

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

Demat A/c	DRN	Confirmation Date	Inward Date	ISIN	Certificate No	Dist Nos From	Dist Nos To	No of shares
12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	15946100	15946115	16
12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	38790317	38790366	50
12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	38790367	38790416	50

12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	38790417	38790466	50
12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	38790467	38790516	50
12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	38790517	38790566	50
12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	38790567	38790616	50
12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	38790617	38790626	10
12011200-234881	5846173	21/06/2011	21/06/2011	INE021A01018	834692	38790648	38790650	3

Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) submitted that the 329 shares on different certificates in folio No. 00115157 were merged into one new share certificate (Certificate no. 834692) vide authenticated consolidation register dated 7th June, 2011 sent to it by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 10th June, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3), dated 7th June, 2011 and copy of the Share Transfer Committee meeting minutes dated 10th June, 2011 approving the consolidation of share certificates in the name of Rajesh M Bhagat are placed at Appendix No. 32 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). After demat the 329 shares were transferred to Inventure Growth and Securities Limited in On Mkt transaction.

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

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

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

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

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

Asian Paints vide letter dated March 28, 2016 submitted that as per the records maintained by them, no document ascertaining receipt of any communication fromthe Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to it for signature and seal, was found.

SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), reveal that in the years 2008, 2009 and 2010 the folio no. 00115157 is omitted from the holding file. While in Annual return for year 2011 the folio has been show in the name of Rajesh Bhagat with 177 shares. Again in the year 2012 the folio no 00115157 is omitted from the holding file.(Screen Shot of Annual Return data placed at **Annexure-ARSP10**). It is alleged that there is not only falsification of records but also misreporting of transactions to regulators

162. In the matter of these 180 and 329 shares, it is alleged that the new share certificates were printed in the folio before dematerialization by Mr. Rajesh as the old certificates were not in the possession of the Noticee 1 or Mr. Rajesh, and moreover the old certificates would have been in the name of actual investor viz. Rajesh Bhargava. It is also alleged tha if Mr. Rajesh would have got the shares in a genuine transaction the share certificates would have been his possession and there would not have been any need of re-printing of share certificates, a new folio would have been allotted to him and there would have been his signature records in the new folio. SEBI observed that after re-printing of shares

the same were dematerialized by management related entity viz. Rajesh. Further, it is also observed that The Noticee 3 herself was processing the transactions. This is coroborated from the fact that The Noticee 3 forwarded Consolidation Register (w.r.t. printing of certificate no. - 834692 in the name of Rajesh Bhagat after consolidation of various share certificates) dated June 07, 2011 to the company. It was also observed that System Log for changes in folio master was also disabled or deleted for the said period when the changes were carried out. Thus, it is alleged that the electronic records are falsified to hide the siphoning of shares by the Noticee 1 related entities. It is further, alleged that this could not have been possible without active support from the Noticee 1 and The Noticee 3 in this case. The above facts are also corroborated by Mr. Bhagat vide his statement dated September 23, 2016 that he was acting in the behest of The Noticee 3.

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

Trans action No	Transaction Date	Approval Date	Trans feror Folio	Trans feree Folio	Certif icate No	Dist No From	Dist No To	No of shares
800076	10/06/2011	10/06/2011	00001493	00115157	216221	1593 5050	1593 5099	50
800076	10/06/2011	10/06/2011	00001493	00115157	216222	1593 5100	1593 5149	50
800076	10/06/2011	10/06/2011	00001493	00115157	526143	3280 7906	3280 7925	20
800076	10/06/2011	10/06/2011	00001493	00115157	526139	3280 7798	3280 7847	50
800076	10/06/2011	10/06/2011	00001493	00115157	526141	3280 7898	3280 7902	5
800076	10/06/2011	10/06/2011	00001493	00115157	804523	4448 5098	4448 5098	1
800076	10/06/2011	10/06/2011	00001493	00115157	526146	3280 7939	3280 7939	1

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

164. The above 177 shares of Asian Paints having same Distinctive numbers were dematerialized by Folio No. - 00115157 on 01/08/2011 but the certificate number was 834708. This implies new certificate was printed between 10/06/2011 and 30/07/2011 with same distinctive numbers but there is no record of printing in the back office software module of the Noticee 1.

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

Asian Paints vide letter dated March 28, 2016 submitted that the 177 shares on different certificates in Folio No. 00115157 were merged into one new share certificate (Certificate no. 834708) vide authenticated consolidation register dated 15th June, 2011 sent to the Company by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 16th June, 2011. A copy of the Consolidation Register, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3), dated 15th June, 2011 and copy of the Share Transfer Committee meeting minutes dated 16th June, 2011 approving the renewal of share certificates in the name of Rajesh M Bhagat are placed at Appendix No. 33of the company vide letter dated March 28, 2016 (Annexure-CRAP6).

Further, as per the records maintained by the Company, document ascertaining receipt of communication from the Noticee 1, w.r.t. Agenda Papers for share transfer committee meeting dated 16th June, 2011 was received by them on 15th June, 2011. Further, document ascertaining forwarding of 17 Share Certificates (certificate nos. 834693 - 834709) including Certificate No. 834708 by the Noticee 1 to the Company for signature and seal, was received by them on 16th June, 2011. On 16th June, 2011, 17 share certificates were signed, sealed and forwarded tothe Noticee 1 by the company. A copy

of the said communication withthe Noticee 1, is placed at Appendix No. 34of Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6).

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

Demat A/c	DRN	Confirmation Date	Inward Date	ISIN	Certificate No	Dist Nos From	Dist Nos To	No of shares
12011200-234881	5883339	01/08/2011	29/07/2011	INE021A01018	834708	1593 5050	1593 5099	50
12011200-234881	5883339	01/08/2011	29/07/2011	INE021A01018	834708	1593 5100	1593 5149	50
12011200-234881	5883339	01/08/2011	29/07/2011	INE021A01018	834708	3280 7798	3280 7847	50
12011200-234881	5883339	01/08/2011	29/07/2011	INE021A01018	834708	3280 7898	3280 7902	5
12011200-234881	5883339	01/08/2011	29/07/2011	INE021A01018	834708	3280 7906	3280 7925	20
12011200-234881	5883339	01/08/2011	29/07/2011	INE021A01018	834708	3280 7939	3280 7939	1
12011200-234881	5883339	01/08/2011	29/07/2011	INE021A01018	834708	4448 5098	4448 5098	1

After demat the 177 shares were transferred to Inventure Growth and Securities Limited in On Mkt transaction. As already explained that the same certificate No 834708 which was dematerialized now is shown to have been rematerialized in Folio Number-00001493 later on 16/08/2011.The share certificate once dematerialized cannot be rematerialized again because the same is cancelled and defaced. No such corresponding debit was observed in the demat account of Rajesh Bhagat. It is alleged that not only the shares has been fraudulently siphoned off but the records are falsified by the Noticee 1.

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

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

1	177 shares (1770 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by Rajesh Bhagat vide back office rectification entry on 10/6/2011	Value= Rs. 5,48,850.45 (Price @ NSE Rs. 3,100.85)	Value= Rs. 21,46,390.5 (Price @ NSE Rs. 1,212.65)

167. SEBI observed from the back office system record of the Noticee 1 that there is re-print of certificates for 180 shares of Asian Paints Limited in the Folio No. -00115157 (originally belonging to Rajesh Bhargava but misappropriated by Rajesh Bhagat) on 09/05/2011 and the same shares were dematerialized on 23/05/2011. On 10/06/2011 there was receipt of 177 shares which was dematerialized on 01/08/2011. Further, 329 shares were dematerialized from the folio on 21/06/2011. It was noted that on dividend issue date 10/06/2011 there were 506 shares in the folio which prima-facie indicates that 329 shares dematerialized on 21/06/2011 were received in the folio before 10/06/2011. However, there is no record of receipt of 180 (Demat on 23/05/2011) and 329 (Demat on 21/06/2011) shares in the system. Details of the said shares are as below:

Original Certificate No	New Certificate No	Dist Nos From	Dist Nos To	New Certificate Printing Date	No of Shares
216378	834665	15942900	15942949	09/05/2011	50
216379	834666	15942950	15942999	09/05/2011	50
216380	834667	15943000	15943049	09/05/2011	50
623469	834668	15946120	15946149	09/05/2011	30
Total					180
Original Certificate No	**New Certificate No**	**Dist Nos From**	**Dist Nos To**	**New Certificate Printing Date**	**No of Shares**
617304	834692	38790317	38790366	04/06/2011	50
617305	834692	38790367	38790416	04/06/2011	50
617306	834692	38790417	38790466	04/06/2011	50
617307	834692	38790467	38790516	04/06/2011	50
617308	834692	38790517	38790566	04/06/2011	50
617309	834692	38790567	38790616	04/06/2011	50
617310	834692	38790617	38790626	04/06/2011	10
617315	834692	38790648	38790650	04/06/2011	3
Total					329

The Noticee 1 was summoned to provide explanation for the transaction and also to provide documents to prove the genuineness of the transaction including the history of ownership (Name, Address and Folio number) of said share distinction numbers (of Asian

Paints Limited) for last three transfers/change of hands/possessions (before 23/05/2011 for 180 shares and before 21/062011 for 329 shares). However it is alleged that the Noticee 1 failed to comply the same.

Asian Paints vide letter dated March 28, 2016 (**Annexure-CRAP6**) submitted that any entries made by the Noticee 1 by way of 'Rectification Entry' were not intimated to it. Asian Paints also stated that no internal record/forms suggesting a shareholder request for transfer of shares has been received, as per the records maintained by it and the said transaction was not approved by the Company. Further, Asian Paints is not in possession of any documents/information w.r.t. the aforesaid transaction.

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

Date of Txn	Transaction Particulars	C-Credit/ D-Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
23/05/2011	Demat 05817377 Close - Cr Confirmed Balance	C	180	1201120000234881	Rajesh Bhagat			Demat
23/05/2011	EP-DR Txn:355963 CtBo:1100001000012642 1110001112036 ExId:11	D	180	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
21/06/2011	Demat 05846173 Close - Cr Confirmed Balance	C	329	1201120000234881	Rajesh Bhagat			Demat
23/06/2011	EP-DR Txn:625982 CtBo:1100001000012642 1110001112059 ExId:11	D	150	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
24/06/2011	EP-DR Txn:732423 CtBo:1100001000012642 1110001112060 ExId:11	D	29	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
28/06/2011	SETTLEMENT-DR SETT 1110001112060 EX 11 784083	D	71	1201120000234881	Rajesh Bhagat		Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
28/06/2011	EP-DR Txn:990588 CtBo:1100001000012642 1110001112062 ExId:11	D	79	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
01/08/2011	Demat 05883339 Close - Cr Confirmed Balance	C	177	1201120000234881	Rajesh Bhagat			Demat
01/08/2011	EP-DR Txn:770044 CtBo:1100001000012642 1110001112086 ExId:11	D	100	1201120000234881	Rajesh Bhagat	1100001000	Inventure Growth And	On-Market Transfer

Date of Txn	Transaction Particulars	C-Credit/ D-Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
						012642	Securities Ltd.IGSL	Within CDSL
04/08/2011	SETTLEMENT-DR SETT 1110001112087 EX 11 891576	D	77	1201120000234881	Rajesh Bhagat		Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
23/09/2011	OF-CR TD:449059 TX:340735 1201120000235716	C	150	1201120000234881	Rajesh Bhagat	1201120000235716	Ganesh Bhaskar Nimbalkar	Off-Market Transfer within CDSL
23/09/2011	EP-DR Txn:114492 CtBo:1100001000012642 1110001112122 ExId:11	D	150	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
29/09/2011	OF-CR TD:968787 TX:480330 1201120000235716	C	125	1201120000234881	Rajesh Bhagat	1201120000235716	Ganesh Bhaskar Nimbalkar	Off-Market Transfer within CDSL
29/09/2011	EP-DR Txn:460103 CtBo:1100001000012642 1110001112126 ExId:11	D	125	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
14/10/2011	OF-CR TD:199374 TX:742529 1201120000235716	C	125	1201120000234881	Rajesh Bhagat	1201120000235716	Ganesh Bhaskar Nimbalkar	Off-Market Transfer within CDSL
17/10/2011	EP-DR Txn:430244 CtBo:1100001000012642 1110001112137 ExId:11	D	125	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
18/11/2011	OF-CR TD:432868 TX:310821 1201120000235716	C	300	1201120000234881	Rajesh Bhagat	1201120000235716	Ganesh Bhaskar Nimbalkar	Off-Market Transfer within CDSL
24/11/2011	EP-DR Txn:719556 CtBo:1100001000012642 1110001112162 ExId:11	D	100	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
25/11/2011	EP-DR Txn:804562 CtBo:1100001000012642 1110001112163 ExId:11	D	100	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
29/11/2011	EP-DR Txn:982214 CtBo:1100001000012642 1110001112165 ExId:11	D	100	1201120000234881	Rajesh Bhagat	1100001000012642	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
09/02/2012	OF-CR TD:114829 TX:580892 1201120000255684	C	400	1201120000234881	Rajesh Bhagat	1201120000255684	Chandrakant Hanumant Pawar	Off-Market Transfer within CDSL

Date of Txn	Transaction Particulars	C-Credit/ D-Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
10/02/2012	EP-DR Txn:524899 CtBo:1100001000012642 1110001112217 Exld:11	D	150	12011200 00234881	Rajesh Bhagat	11000 01000 01264 2	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
13/02/2012	EP-DR Txn:682904 CtBo:1100001000012642 1110001112218 Exld:11	D	100	12011200 00234881	Rajesh Bhagat	11000 01000 01264 2	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
15/02/2012	EP-DR Txn:009074 CtBo:1100001000012642 1110001112220 Exld:11	D	100	12011200 00234881	Rajesh Bhagat	11000 01000 01264 2	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
22/02/2012	EP-DR Txn:831580 CtBo:1100001000012642 1110001112224 Exld:11	D	50	12011200 00234881	Rajesh Bhagat	11000 01000 01264 2	Inventure Growth And Securities Ltd.IGSL	On-Market Transfer Within CDSL
09/10/2012	INTDEP-CR 87869174CTRBO IN300513 12752672	C	500	12011200 00234881	Rajesh Bhagat	IN300 513 12752 672	The Noticee 5	Inter-Depository Off-Market Transfer
10/10/2012	OF-DR TD:389842 TX:263608 1201120000235716	D	500	12011200 00234881	Rajesh Bhagat	12011 20000 23571 6	Ganesh Bhaskar Nimbalkar	Off-Market Transfer within CDSL
06/06/2013	INTDEP-CR 11092708CTRBO IN609966 1110001314047	C	100	12011200 00234881	Rajesh Bhagat	IN609 966	Inventure Growth And Securities Ltd.IGSL	Inter-Depository On-Market Transfer
04/07/2013	OF-DR TD:978296 TX:770867 1201120000235716	D	100	12011200 00234881	Rajesh Bhagat	12011 20000 23571 6	Ganesh Bhaskar Nimbalkar	Off-Market Transfer within CDSL
29/11/2013	OF-CR TD:791603 TX:499748 1201120000255684	C	100	12011200 00234881	Rajesh Bhagat	12011 20000 25568 4	Chandrakant Hanumant Pawar	Off-Market Transfer within CDSL

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

SEBI observed that the shares dematerialized by him and the shares received from Ganesh Nimbalkar & Chandrakant Pawar are transferred by him to his broker Inventure for "On Market Transactions". Further, he received 700 shares from Ganesh out of which 600 were later reverted back to him (which included 500 shares received from The

Noticee 5). As explained earlier out of 600 shares transferred to Ganesh, 500 shares were utilized by Ganesh to return the same to Bhalendu Desai while 100 shares were transferred By Ganesh to The Noticee 5. He was also found to be receiving large number of shares (5790) from certain entities and transferred most of the shares (4000) to Nagesh Karkera. Rajesh has admitted that these transactions were also on the behest of The Noticee 3. The transfer of shares between Rajesh, Nagesh, Ganesh and The Noticee 5 proves the relation between The Noticee 3 and Rajesh Bhagat (and entities controlled by him). Further, transfer of shares to Bhalendu Desai (Husband of Kirtida Desai whose shares were earlier siphoned off sold in the market by Ganesh and sale proceeds withdrawn in cash) by Ganesh from the shares provided by The Noticee 5, corroborates that The Noticee 5/The Noticee 3 were the mastermind and ultimate beneficiaries of the fraud. Hence, the claims of genuine investors whose shares were siphoned off were being met by them through the entities related to Rajesh Bhagat. Due to non-compliance by the Noticee 1, The Noticee 5 and inability of Rajesh & others to offer explanation, the original owner of other shares could not be identified. However, Rajesh has accepted that those shares are w.r.t. dealings with The Noticee 3.

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

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Runing Bal.	Remarks by Investigation
7388	BSE_ CASH	23/05/ 2011	SJ515 3	BILL ENTRY FOR N-2011036	0	0	519350	519317.04	Sale of 180 Asian Paints
7388	BSE_ CASH	25/05/ 2011	BP262 4	BANK OF INDIA-BSE CLIENT A/C	43179	519317	0	0	Paid to client
7388	BSE_ CASH	23/06/ 2011	SJ527 6	BILL ENTRY FOR N-2011059	0	0	434279.8	434125.82	Sale of 150 Asian Paints
7388	BSE_ CASH	24/06/ 2011	SJ527 9	BILL ENTRY FOR N-2011060	0	0	295900.9	730026.75	Sale of 100 Asian Paints
7388	BSE_ CASH	27/06/ 2011	BP440 5	BANK OF INDIA-BSE CLIENT A/C	43441	434125.8	0	295900.93	Paid to client

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Runing Bal.	Remarks by Investigation
7388	BSE_ CASH	28/06/ 2011	SJ528 6	BILL ENTRY FOR N- 2011062	0	0	245742	541642.94	Sale of 79 Asian Paints
7388	BSE_ CASH	29/06/ 2011	BP455 8	BANK OF INDIA-BSE CLIENT A/C	43470	295900.9	0	245742.01	Paid to client
7388	BSE_ CASH	30/06/ 2011	BP468 2	BANK OF INDIA-BSE CLIENT A/C	43509	245742	0	0	Paid to client
7388	BSE_ CASH	01/08/ 2011	SJ542 3	BILL ENTRY FOR N- 2011086	0	0	307678.6	307678.6	Sale of 100 Asian Paints
7388	BSE_ CASH	02/08/ 2011	SJ542 5	BILL ENTRY FOR N- 2011087	0	0	232082	539760.63	Sale of 77 Asian Paints
7388	BSE_ CASH	03/08/ 2011	BP675 2	BANK OF INDIA-BSE CLIENT A/C	44043	307678.6	0	232082.03	Paid to client
7388	BSE_ CASH	04/08/ 2011	BP680 0	BANK OF INDIA-BSE CLIENT A/C	44050	232082	0	0	Paid to client
7388	BSE_ CASH	23/09/ 2011	SJ563 6	BILL ENTRY FOR N- 2011122	0	0	464664.1	464664.13	Sale of 150 Asian Paints
7388	BSE_ CASH	27/09/ 2011	BP909 1	BANK OF INDIA-BSE CLIENT A/C	44617	464664.1	0	0	Paid to client
7388	BSE_ CASH	29/09/ 2011	SJ567 2	BILL ENTRY FOR N- 2011126	0	0	385244.8	385244.83	Sale of 125 Asian Paints
7388	BSE_ CASH	04/10/ 2011	BP931 6	BANK OF INDIA-BSE CLIENT A/C	44665	385244.8	0	0	Paid to client
7388	BSE_ CASH	17/10/ 2011	SJ575 1	BILL ENTRY FOR N- 2011137	0	0	383645	383644.98	Sale of 125 Asian Paints
7388	BSE_ CASH	19/10/ 2011	BP989 8	BANK OF INDIA-BSE CLIENT A/C	44790	383645	0	0	
7388	BSE_ CASH	24/11/ 2011	SJ585 9	BILL ENTRY FOR N- 2011162	0	0	283171.1	283171.07	Sale of 100 Asian Paints
7388	BSE_ CASH	25/11/ 2011	SJ586 3	BILL ENTRY FOR N- 2011163	0	0	293077.6	576248.69	Sale of 100 Asian Paints
7388	BSE_ CASH	28/11/ 2011	BP112 26	HDFC BSE CLIENT A/C	10352 0	283171.1	0	293077.62	Paid to client
7388	BSE_ CASH	29/11/ 2011	SJ587 3	BILL ENTRY FOR N- 2011165	0	0	294188.1	587265.76	Sale of 100 Asian Paints
7388	BSE_ CASH	29/11/ 2011	BP112 93	HDFC BSE CLIENT A/C	10355 2	293077.6	0	294188.14	Paid to client

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Runing Bal.	Remarks by Investigation
7388	BSE_ CASH	01/12/ 2011	BP113 63	HDFC BSE CLIENT A/C	10358 7	294188.1	0	0	Paid to client
7388	BSE_ CASH	10/02/ 2012	SJ619 6	BILL ENTRY FOR N- 2011217	0	0	463174.5	462832.45	Sale of 150 Asian Paints
7388	BSE_ CASH	13/02/ 2012	SJ619 0	BILL ENTRY FOR N- 2011218	0	0	304612.6	767445.01	Sale of 100 Asian Paints
7388	BSE_ CASH	14/02/ 2012	BP145 38	BANK OF INDIA-BSE CLIENT A/C	45960	200000	0	574442.53	Paid to client
7388	BSE_ CASH	14/02/ 2012	BP145 39	BANK OF INDIA-BSE CLIENT A/C	45961	262832.5	0	311610.08	Paid to client
7388	BSE_ CASH	15/02/ 2012	SJ620 1	BILL ENTRY FOR N- 2011220	0	0	306513.1	618123.14	Sale of 100 Asian Paints
7388	BSE_ CASH	15/02/ 2012	BP146 39	BANK OF INDIA-BSE CLIENT A/C	45984	150000	0	468123.14	Paid to client
7388	BSE_ CASH	15/02/ 2012	BP146 40	BANK OF INDIA-BSE CLIENT A/C	45985	154612.6	0	313510.58	Paid to client
7388	BSE_ CASH	21/02/ 2012	BP148 95	HDFC BSE CLIENT A/C	10460 1	153256.5	0	104833.19	Paid to client
7388	BSE_ CASH	21/02/ 2012	BP148 96	HDFC BSE CLIENT A/C	10460 2	153256.5	0	-48423.34	Paid to client
7388	BSE_ CASH	22/02/ 2012	SJ621 5	BILL ENTRY FOR N- 2011224	0	0	152823.6	104400.27	Sale of 50 Asian Paints
7388	BSE_ CASH	24/02/ 2012	BP152 83	HDFC BSE CLIENT A/C	10485 7	104400.3	0	0	Paid to client
7388	BSE_ CASH	04/06/ 2013	SJ788 4	BILL ENTRY FOR N- 2013047	0	476923.3 3	0	- 477338.33	Buy 100 shares of Asian Paints
7388	BSE_ CASH	07/06/ 2013	BR159 7	KURLA NAGARIK SAHAKARI BANK LTDMICR :400077010 BANKACNO: 5284	62894	0	477338.33	824.55	Received from Client
7388	BSE_ CASH	14/01/ 2015	SJ998 8	BILL ENTRY FOR N- 2014194	0	0	83251.02	85001.87	Sale of 100 Asian Paints
7388	BSE_ CASH	16/01/ 2015	BP138 28	HDFC BSE CLIENT A/C NEFT	0	85001.87	0	0	Paid to client
7388	BSE_ CASH	29/10/ 2015	SJ110 14	BILL ENTRY FOR N- 2015146	0	0	74299.42	74299.42	Sale of 90 Asian Paints

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Runing Bal.	Remarks by Investigation
7388	BSE_ CASH	03/11/ 2015	BP997 5	HDFC BSE CLIENT A/C NEFT	0	74299.42	0	198	Paid to client
7388	BSE_ CASH	28/03/ 2016	SJ115 61	BILL ENTRY FOR N- 2015246	0	0	211891.84	211547.84	Sale of 250 Asian Paints
7388	BSE_ CASH	29/03/ 2016	SJ115 75	BILL ENTRY FOR N- 2015247	0	0	379710.6	591258.44	Sale of 450 Asian Paints
7388	BSE_ CASH	18/04/ 2016	BP300	HDFC BSE CLIENT A/C RTGS	0	591258.4 4	0	0	Paid to client

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

171. In this regard, Rajesh Bhagat vide undated letter received by SEBI on April 25, 2016 submitted that he is holding one demat account (a/c No. - 234881) with Inventure Growth and Securities Limited. He does not know any details about the transactions in the said account as it has been done on the instruction of The Noticee 3 and he has signed all documents as per the instructions of The Noticee 3. He has failed to provide point wise reply for each of the transaction mentioned in the summons and also failed to explain the banking transactions in his bank account. However, later he appeared for before IA submitted his reply vide statement dated September 15, 2016 (**Annexure-SR5**) and September 23, 2016 (**Annexure-SR19**). His common reply w.r.t. Ganesh, Chandrakant and himself is already provided in preceding paragraphs. The Noticee 5 vide his statement dated September 27, 2016 (**Annexure-SR1**) initially denied knowing or having any dealings with Rajesh Bhagat but later when confronted with demat transactions with Rajesh through his own account and account of Nagesh Karkera, he explained that the shares came through The Noticee 3. Rajesh Bhagat also submitted that he has not paid any considerations for the said shares transferred to them by The Noticee 3.

172. Thus it is alleged that, in the matter related to shares transferred to or through Rajesh, the electronic records are falsified, folio records changed from back end, system log tampered with to avoid audit trail, new certificates printed without authorizations, transactions allowed without passing of any considerations, transactions carried out through "Rectification" entries (which is not required in such cases as per statement of G.R.Rao) rather than normal "transfer" entry. It is also alleged that all this have been done by the Noticee 1 and The Noticee 3 to facilitate fraudulent transactions and these transactions could not have been possible without the active involvement of the Noticee and The Noticee 3. Further, as explained many of the transactions were being processed by The Noticee 3 herself. The relation between Rajesh & his entities and The Noticee 3 & her entities is clear from the off market transfer of shares between them. Further, the fact that the shares were restored to Bhalendu Desai (whose shares were siphoned off earlier by Ganesh Nimbalkar) after getting the shares from The Noticee 5 supports that the ultimate beneficiary of these transfers was The Noticee 5 and The Noticee 3. All the above facts are further corroborated by the statements of Rajesh Bhagat and The Noticee 5 that all transactions were entered on the behest of The Noticee 3. While the Noticee 1 has failed to cooperate with the investigation and has not provided any information or documents w.r.t. the said transactions.

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

173. SEBI observed from back office software module of the Noticee 1, the Folio name of the Folio 00053317 (Screenshot placed at **Annexure-SP14**) for dividend issue date till 18/06/2009 (initially for various number of shares of Asian Paints Limited then on 18/06/2009 for 743 shares) was in name of Canara Bank. The folio name was changed to Akhil K Dalal for dividend issue date 30/10/2009 on 743 shares. Further, from dividend issue date 02/11/2011on 743 shares (then 7430 shares as 1:10 split in 2013) the folio name changes to Stock Holding Corporation of India Ltd. (SHCIL). Thus it is alleged that folio name has been changed from the name of Canara Bank to Akhil Dalal between

18/06/2009 to 30/10/2009 then folio was changed from the name of Akhil Dalal to SHCIL between 30/10/2009 to 02/11/2011. How and exact date when folio name changed from Canara to Akhil Dalal to SHCIL is not recorded in the software system. Hence, the Noticee 1 was summoned to provide various documents to prove the genuineness of the transaction and also to explain the transaction. However, it is alleged that the Noticee 1 failed to comply.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of Mr. G.R.Rao(**Annexure-SR12**) that the name of the folio no. – 00053317 was changed from Akhil K. Dalal to Stock Holding Corporation of India Limited on 08/08/2011 by User "administrator" login Terminal id "CPRABHU". However, there are no log records for other changes (viz. Canara Bank to Akhil Dalal) in the folio as visible in the front end software module of the Noticee 1. In this regard The Noticee 2 explained that changes in folio master may not get included in system log in case of (i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is failure to enable it. It was further observed that all changes in folio master log is absent for Asian Paints Limited for the period August 01, 2007 to October 31, 2011 for which The Noticee 2 explained that it could have been for aforesaid reasons. In this regard SEBI observed that there is no change in Log Table and further 2007 to 2011 is too long a period in which nobody noticed that no "System log" is generated/maintained for vital changes in electronic data of ownership of shares. Thus, it is alleged that not only the Folio names has been illegally changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail.

SEBI observed from the "Signature" record of the folio no. -00053317 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "authorized signatory of Canara Bank" (**Annexure-SR11**). It is alleged that if

Mr. Akhil would have got the shares in the folio through a genuine transfer the share certificates would have come in his possession and a new folio would have been allotted to him and his signature would have been attached with it.

174. Asian Paints vide letter dated March 28, 2016(Annexure-CRAP6) submitted that the said share transfer in Folio No. 00053317 held by Canara Bank to Akhil Dalal and then to Stock Holding Corporation of India, was neither sent to it for approval in its 'Share Transfer Committee' meeting nor any approval for the same have been granted by it. Asian Paints further, stated that the said folio no. 00053317 is under dispute (in case no. 2168 of 1991 with the Bombay City Civil Court in the matter of Bhogilal Parmar v/s Asian Paints Ltd. details of documents submitted vide letter dated August 19, 2016 is placed at Appendix 1 & 2 of Annexure-CRAP7) and no transactions like transfer, etc. were permitted from the same by the Company unless directed by the Court or any other competent authority. Asian Paints submitted emails dated May 10, 2007, November 27, 2007 and November 29, 2007 (also CC to The Noticee 3) received from the Noticee 1 Employee-Lalit Jathan (lalitj@shareproservices.com) whereby complete details of disputed cases (including the details of the above mentioned folio) is provided to employees of Asian Paints (copy of the emails placed as part of Annexure-CRAP7). Similarly, Asian Paints also submitted details of disputed cases provided to employees of Asian Paints vide emails of The Noticee 3 dated October 16, 2010 (including details of Folio Nos. 00053317, 00060509 & 00001493), March 14, 2011 (including details of Folio Nos. 00053317, 00060509 & 00001493), January 7, 2012 (including details of Folio No. - 00001493), October 04, 2013 (including details of Folio Nos. 00053317 & 00001493), March 08, 2014 (including details of Folio Nos. 00053317 & 00001493) and October 06, 2015 (including details of Folio Nos. 00053317 & 00001493) (copy of the emails placed as part of Annexure-CRAP7).

175. It is alleged that the Noticee 1 facilitated the misappropriation of the shares from folio no. -00053317 of Canara Bank through back end modification (which is being illegally controlled by management linked entity viz. Akhil) without informing the company to avoid

any possibility of scrutiny in order to enrich The Noticee 3 and Akhil Dalal. It was also observed from the documents (mostly emails) submitted by the company that the Noticee 1 and its employees including The Noticee 3 had the full knowledge of ongoing court cases w.r.t. the said folio.

On perusal of the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (**Annexure-SR12**), SEBI observed that in year 2008 and 2009 the folio no. 00053317 with 743 shares was in the name of Canara Bank while in Annual return for 2010 the folio has been omitted altogether. While in Transaction file for 2010 Akhil Dalal has transferred 743 shares from the said folio to folio no. - 00114526 belonging to Ashok Marthak (transaction no. - 0169709). (Screen Shot of Annual Return data placed at **Annexure-ARSP11**).

176. SEBI observed from back office software module of the Noticee that there was transfer (Transaction No. 169709 & Inward No. 4875)of 743 shares of Asian Paints Limited from Folio 00053317 to folio 00114526 (in the name Ashok Vithaldas Marthak) on 27/11/2009 who dematerialized for 743 shares (with same certificate No & distinctive nos.) on 19/12/2009 (Transaction no. 715299. Inward No. 13823) in demat account no. - IN30258210051512 (belonging to Ashok Vithaldas Marthak). The details of the transfer transaction are as below:

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

The share certificate number appears to be of recent origin but there is no record in the Noticee 1 Systems for printing of the same.

The Noticee 1 failed to comply with the SEBI summons to provide various documents to prove the genuineness of the transaction.

177. Asian Paints in its letter dated March 28, 2016 submitted that the said transfer of 743 shares Certificate Nos. 833684 in Folio No. 00053317 to Folio no. 00114526 Ashok Vithaldas Marthak vide authenticated transfer register dated 27th November, 2009 sent to Asian Paints by the Noticee 1, placed before and approved by the Share Transfer Committee at its meeting held on 27th November, 2009. A copy of the Transfer Register, duly authenticated by the Authorized Signatory of the Noticee 1, dated 27th November, 2009 and a copy of the Share Transfer Committee meeting minutes dated 27th November, 2009 approving the transfer in the name of Ashok Vithaldas Marthak are placed at Appendix No. 25 of Asian Paints letter dated March 28, 2016 (Annexure-CRAP6). Asian Paints further, stated that there is no record with them to suggest that the certificates were forwarded by the Noticee 1 to the Company for signature and seal.

Asian Paints also stated that these 743 shares were subsequently dematerialized vide authenticated demat register dated 23rd December, 2009 sent to the Company by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 23rd December, 2009. A copy of the Demat Register, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3), dated 23rd December 2009 and a copy of the Share Transfer Committee meeting minutes dated 23rd December, 2009, is placed at Appendix No. 26 of the company vide letter dated March 28, 2016 (**Annexure-CRAP6**).

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

Original Certificate No	New Certificate No	Dist Nos From	Dist Nos To	Creation Date	No of shares

805123	833684	46910457	46910756	17/09/2009	300
806583	833684	71959797	71960044	17/09/2009	248
15660	833684	3361413	3361462	17/09/2009	50
69328	833684	9338118	9338167	17/09/2009	50
189165	833684	6686118	6686167	17/09/2009	50

The physical share certificate print reconciliation/control register (**Annexure-OD52**) also shows that the certificate No 833684 was printed on September 18, 2009.It is alleged that the new share certificates were printed in the folio as the old certificates were not in the possession of the Noticee 1 or Akhil and moreover the old certificates would have been in the name of actual investor viz. Canara Bank.

The company vide letter dated March 28, 2016 submitted that as per the records maintained by the Company, no document ascertaining receipt of any communication fromthe Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to the Company for signature and seal, was found and no other documents/information pertaining to the aforesaid transaction is available, as per the records maintained by the Company.

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

Serial No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	743 shares (7430 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Canara Bank/SHCIL misappropriated by Akhil Dalal vide back office printing entry on 17/09/2009	Value= Rs. 1013786.35 (Price @ NSE Rs. 1,364.45)	Value= Rs. 9009989.5 (Price @ NSE Rs. 1,212.65)

After the demat the shares were transferred by Ashok Marthak to SVS Securities Pvt Ltd. in on Mkt transaction details of which is given in **Annexure-DA3.**

180. Reply of Ashok Marthak: Various information/documents were sought from Ashok Marthak vide summon no. - MIRSD2/LS/10941dated April 12, 2016. He replied vide letter

dated April 19, 2016. He stated that he does not know or have any dealings or relationship with The Noticee 3, Govind Raj Rao, The Noticee 5. However, he knows Akhil Dalal and he has bought 743 shares of Asian Paints Limited on single share certificate from him on November 01, 2009. The payment from his Bank of India saving bank account number 004710100014820 (Walkeshwar Branch) was made as below:

Sr. No.	Cheque no.	Date	Amount in Rs.
1	379	November 16, 2009	310000
2	382	November 19, 2009	50000
3	381	November 24, 2009	300000
4	388	December 02, 2009	75000
5	398	December 10, 2009	194435
	Total Amount		**929435/-**

He has submitted copy of passbook in support of his claim. Further he provided contract note of sell of shares though SVS Securities Pvt Ltd. He received RS. 1344789/- on sale of the shares. There is no major out flow observed immediately after receipt of sale proceeds. He has stated that he has bought the shares in physical and got the same demat before sale. He stated that he does not have the copy of Transfer deed or share certificate.

181. The analysis of fund flow from the account of Ashok Marthak is as below:

Date	Payer Name	Payer Bank & A/C Number	Payee Name	Payee Bank & A/C Number	Instrument Number	Amount	Remark
16/11/2009	Ashok Marthak		Akhil Dalal	Bank of India 000110100014359	379	310,000.00	As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 29)
19/11/2009	Ashok Marthak	Bank of India 8610110001199	Akhil Dalal	Bank of India 000110100014359	382	50,000.00	
20/11/2009	Akhil Dalal	Bank of India 000110100014359	Nagesh K	Bharat Co-op Bank 001810100146954	383068	300,000.00	(Annexure-BRBCBL; Page No. - 164)
25/11/2009	Nagesh K	Bharat Co-op Bank	The Noticee 3	Bharat Co-op Bank	351862	300,000.00	(Annexure-BRBCBL; Page No. - 218)

Date	Payer Name	Payer Bank & A/C Number	Payee Name	Payee Bank & A/C Number	Instrument Number	Amount	Remark
		0018101001 46954		001810100 014802			
24/11/2009	Ashok Marth ak		Akhil Dalal	Bank of India 000110100 014359	381	300,000.00	As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 29)
26/11/2009	Akhil Dalal	Bank of India 0001101000 14359	Nagesh K	Bharat Co-op Bank 001810100 146954	383071	250,000.00	(Annexure-BRBCBL; Page No. - 164)
30/11/2009	Nages h K	Bharat Co-op Bank 0018101001 46954	The Noticee 3	Bharat Co-op Bank 001810100 014802	351863	250,000.00	(Annexure-BRBCBL; Page No. - 218)
02/12/2009	Ashok Marth ak	Bank of India 8610110001 199	Akhil Dalal	Bank of India 000110100 014359	388	75,000.00	As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 29)
10/12/2009	Ashok Marth ak		Akhil Dalal	Bank of India 000110100 014359	398	194,435.00	As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 29)
11/12/2009	Akhil Dalal	Bank of India 0001101000 14359	Nagesh K	Bharat Co-op Bank 001810100 146954	383074	259,955.00	(Annexure-BRBCBL; Page No. - 164)
12/12/2009	Nages h K	Bharat Co-op Bank 0018101001 46954	The Noticee 3	Bharat Co-op Bank 001810100 014802	351866	200,000.00	(Annexure-BRBCBL; Page No. - 218)

SEBI observed from the fund flow that the consideration of sale of the shares were ultimately shared between Akhil Dalal and The Noticee 3 or entities controlled by her. Apparently Ashok Marthak has bought shares against consideration from his acquaintance Akhil Dalal who has illegally siphoned off the said shares in a conspiracy

with The Noticee 3. However, based on the available evidence, it is difficult to prove connivance of Ashok Marthak with Akhil and Sharepro team. However, Akhil Dalal is apparently in conspiracy with Sharepro otherwise it's not possible to obtain shares of Canara Bank without following any due process of law. The same is also supported from sharing of illegal gains by Akhil Dalal with The Noticee 3 related entities.

182. It was further noted from the system records of Sharepro that in the Folio 00053317 there is Rematerialization of another 743 shares of Asian Paints Limited on 18/08/2011 by way of "rectification entry"(Transaction No. 800088 &Inward No. 830390). The folio currently holds 7430 shares (after 1:10 split in 2013)

Trans action Date	Approval Date	Transferor Folio	Trans feree Folio	Certi ficate No	Distinctive No - From	Distinctive No – To	No shares
18/08/2011	18/08/2011	NSDLA101	00053317	750444	42484830	42485539	710
18/08/2011	18/08/2011	NSDLA101	00053317	412791	25970816	25970825	10
18/08/2011	18/08/2011	NSDLA101	00053317	412792	25970826	25970828	3
18/08/2011	18/08/2011	NSDLA101	00053317	412793	25970829	25970848	20

Asian Paints vide letter dated March 28, 2016 submitted that no Shareholder request was received by the Company for Rematerialization and since, the said folio no. 00053317 is under dispute (in case no. 2168 of 1991 with the Bombay City Civil Court in the matter of Bhogilal Parmar v/s Asian Paints Ltd.) no transactions like transfer, etc. were permitted from the same by it unless directed by the Court or any other competent authority. Further, no internal record/forms suggesting a shareholder request for rematerialization of shares is available, as per the records maintained by the Company. Asian Paints also stated that no document ascertaining receipt of any communication from the Noticee 1, w.r.t. forwarding of Share Certificates by Asian Paints to the Company for signature and seal, was found.

No corresponding debit in the demat account nos IN302902-43980488, IN302236-10723414, IN300214-14173798, IN301604-10558026, IN300020-10345125, IN301774-10555266, IN300100-11689070, IN300100-11714915, IN300360-21689070, IN300360-

21714915of Akhil Dalal was noted w.r.t. Remat of 743 shares.Further, the distinctive numbers of the shares rematerialized are different from the 743 shares transferred to Ashok Marthak. Thus it is alleged that shares belonging to some other investors has been illegally rematerialized in the folio to avoid detection by any inspection/audit/investigation and the electronic records are falsified. The rematerialization has been apparently done to restore the same number of 743 shares which has been siphoned & dematerialized almost two years back. It is also alleged that the Noticee 1 failed to reply to SEBI summons in this regard.

Valuation of Share Misappropriated on replacement cost basis in the matter is as under.

Serial No	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	743 shares (7430 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by Akhil Dalal and Sharepro management vide back office remat entry on 18/08/2011	Value= Rs 2390045.25 (Price @ NSE Rs 3,216.75)	Value= Rs 9009989.5 (Price @ NSE Rs 1,212.65)

Fraudulent transactions in the matter of SHCIL(Folio Number- 00060509)

183. SEBI also observed from back office software module of the Noticee 1 that, the Folio name of the Folio 00060509 (Screen Shot placed at Annexure-SP15) for dividend records of issue date till 18/6/2009 (first on various no. of shares of Asian Paints Limited and this one for 480 shares) showing in the name of SHCIL. Folio Name for dividend records of issue date 30/10/2009 on 480 shares are showing in name of Akhil K Dalal. Folio name has again changed for later dividends in name of SHCIL on 960 shares (1:10 split in

2013). Currently the folio is shown with 960 shares which were split from balance 96 shares. Therefore, it is alleged that the folio name has been transferred from the name of SHCIL to Akhil Dalal between 18/06/2009 to 30/10/2009 then folio was changed from the name of Akhil Dalal to SHCIL after 30/10/2009. SEBI observed that the reason and exact date when folio name changed from SHCIL to Akhil Dalal again back to SHCIL not recorded in the back office system.It is alleged that the Noticee 1 has failed to provide any documents or explanation for the same.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 (**Annexure-SR12**) that the name of the folio no. - 00060509 was changed from Akhil K Dalal to Stock Holding Corporation of India Limited on 08/08/2011 by User "administrator" login Terminal id "CPRABHU". However, there are no log records for other changes (viz. SHCIL to Akhil Dalal) in the folio as visible in the front end software module of the Noticee 1. In this regard The Noticee 2 who explained that changes in folio master may not get included in system log in case of (i) System Log is disabled (ii) System Log is deleted or (iii) The system log gets automatically disabled if there is any change in "Log Table" and needs to be enabled again but there is failure to enable it. SEBI also observed that all changes in folio master log are absent for Asian Paints Limited for the period August 01, 2007 to October 31, 2011 for which The Noticee 2 explained that it could have been for aforesaid reasons. In this regard it is alleged that there is no change in Log Table and further 2007 to 2011 is too long a period in which nobody noticed that no "System log" is generated/maintained for vital changes in electronic data of ownership of shares. Thus It is alleged that not only the Folio names has been changed from back end but the "System Log" for the changes has also been tampered with (viz. disabled or deleted) to avoid audit trail.

From the "Signature" record of the folio no. - 00060509 taken out from the system of "Signature Verification Department" (**Annexure-SR11**) SEBI observed that the signature attached to the folio is still that of "Authorized signatory of SHCIL". SEBI alleged that if

Akhil would have genuinely acquired the shares in the said folio, a new folio would have been allotted to him and his signature would have been attached with it which is not the case.

184. Asian Paints vide its letter dated March 28, 2016 (Annexure-CRAP6) submitted that the said share transfer in Folio No. 00060509 Stock Holding Corporation of India to Akhil Dalal and then again to Stock Holding Corporation of India, was not sent to the Company for approval in its 'Share Transfer Committee' meeting and no approval for the same has been granted by the Company. Further, Asian Paints also stated that the said folio no. 00060509 was connected with the dispute case vide Suit No. 376/94 in the Patna Court in the matter of Chandravati Devi Singh V/s Asian Paints Ltd. (details of documents submitted vide letter dated August 19, 2016 is placed at Appendix 1 & 2 of the said reply; Annexure -CRAP7), and no transactions like transfer, etc. were permitted from the said folio by Asian Paints unless directed by the Court or any other competent authority. Asian Paints submitted emails dated May 10, 2007, November 27, 2007 and November 29, 2007 (also CC to The Noticee 3) received from the Noticee 1 Employee-Lalit Jathan (lalitj@Shareproservices.com) whereby complete details of disputed cases (including the details of the above mentioned folio) is provided to employees of Asian Paints (copy of the emails placed as part of Annexure-CRAP7). Similarly, Asian Paints also submitted details of disputed cases provided to employees of Asian Paints vide emails of The Noticee 3 dated October 16, 2010 (including details of Folio Nos. 00053317, 00060509 & 00001493), March 14, 2011 (including details of Folio Nos. 00053317, 00060509 & 00001493), January 7, 2012 (including details of Folio No. - 00001493), October 04, 2013 (including details of Folio Nos. 00053317 & 00001493), March 08, 2014 (including details of Folio Nos. 00053317 & 00001493) and October 06, 2015 (including details of Folio Nos. 00053317 & 00001493) (copy of the emails placed As part of Annexure-CRAP7).

Thus, it is alleged that the Noticee 1 facilitated the misappropriation of the shares from folio no. -00060509 of SHCIL through back end modification (which now being illegal

controlled by management linked entity viz. Akhil) without informing the company to avoid any possibility of scrutiny in order to enrich The Noticee 3 and Akhil. It was also observed from the documents (mostly emails) submitted by the company that the Noticee 1 and its employees including The Noticee 3 had the full knowledge of ongoing court cases w.r.t. the said folio.

185. Further, in the records of Folio No 00060509 there is Certificate re-printing for 480 shares of Asian Paints Limited as "merge" entry (viz. consolidation of old certificate into new ones)(Inward No.: 1450441; Merge split no.: 951) on 07/12/2009. Details of the transactions are as below:

Original Certificate No	New Certificate No	Dist Nos From	Dist Nos To	Creation Date	No of Shares
178738	833818	12192073	12192122	07/12/2009	50
568501	833819	36026675	36026724	07/12/2009	50
568502	833820	36026725	36026774	07/12/2009	50
568503	833821	36026775	36026824	07/12/2009	50
765010	833822	47413610	47413729	07/12/2009	120
816814	833823	72487340	72487499	07/12/2009	160

The physical share certificate print reconciliation/control register (**Annexure-OD52**) shows that the certificate No 833818 to 833823 was printed on December 08, 2009.

186. In this regard Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) submitted that the 480 shares on different certificates in Folio No. 00060509 were renewed (i.e. reprinted) into six new share certificates (Certificate no. 833818 - 833823) vide renewal register dated 8th December, 2009 sent to Asian Paintsby the Noticee 1, placed before the Share Transfer Committee at its meeting held on 11th December, 2009. A copy of the Renewal Register, duly authenticated by the Authorized Signatory of the Noticee 1, dated 8th December, 2009 and copy of the Share Transfer Committee meeting minutes dated 11th December, 2009 approving the renewal of share certificates in the name of Akhil K Dalal are placed at Appendix No. 27 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). Asian Paints stated that no document ascertaining receipt of any

communication from the Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to the Company for signature and seal, was found.

187. SEBI observed that Share Certificates Nos. 833818 to 833823 of shares of Asian Paints Limited re-printed on 07/12/2009 for the Folio No. 00060509 were transferred to Folio No. -00114694 (Darshana B Zaveri) on 16/04/2010 (Transaction no.: 169825; inward no.: 5090) and dematerialized in demat account no. - 12031700-00007507 through the folio no. -00114694 on 10/05/2010 (Transaction no.: 603208; inward no.: 5364186).

Asian Paints vide letter dated March 28, 2016 (Annexure-CRAP6) submitted that no transactions like transfer, etc. were permitted from the said Folio No. 00060509 of Stock Holding Corporation of India by the Company unless directed by the Court or any other competent authority as the said folio no. 00060509 is under dispute vide Suit No. 376/94 in the Patna Court in the matter of Chandravati Devi Singh V/s Asian Paints Ltd. Asian Paints further stated that the transfer from Folio No. 00060509 (Akhil K Dalal) to Folio No. 00114694 (Darshana B. Zaveri) vide authenticated transfer register dated 16th April, 2010 sent to Asian Paints by the Noticee 1, placed before and approved by the Share Transfer Committee at its meeting held on 16th April, 2010. A copy of the Transfer Register, duly authenticated by the Authorized Signatory of the Noticee 1, dated 16th April, 2010 and a copy of the Share Transfer Committee meeting minutes dated 16th April, 2010 approving the transfer in the name of Darshana B Zaveri are placed at Appendix No. 28 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). SEBI observed that Asian Paints has themselves stated that the folio is under dispute but they have themselves approved transfers from the folio as routine manner as per the recommendation by the Noticee 1. It is alleged that such approval of any recommendation received from the Noticee 1 without carrying out some basic due diligence also amounts to negligence on part of Asian Paints.

SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), that in 2008 and 2009 the folio no. 00060509

with 480 shares was in the name of Stock Holding Corporation of India while in Annual return for 2010 the folio has been omitted altogether. However in Transaction File of 2010, 480 shares were reported to have been sold by Akhil Dalal from folio no. - 00060509 to folio no. - 00114694 of Darshana Zaveri under transaction no. - 0169825. (Screen Shot placed at **Annexure-ARSP12**). Thus it is alleged that there are irregularities and siphoning of shares by one entity from the folio belonging to another entity.

Therefore, It is alleged that the internal checks and balances and control system of the Noticee 1 was compromised to transfer and then demat the shares belonging to one shareholder by another entity.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	480 shares (4800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to SHCIL misappropriated by Akhil Dalal vide back office printing entry on 07/12/2009	Value= Rs. 802104 (Price @ NSE Rs. 1,671.05)	Value= Rs. 5820720 (Price @ NSE Rs. 1,212.65)

189. After dematerialization 480 shares were transferred by Darshana from Demat account no. - 1203170000007507 to J L Shah Sec Pvt Ltd. for sale in market.

190. Reply of Darshana Zaveri: Darshana Zaveri in reply to SEBI summons by her letter dated April 22, 2016. She stated that She has acquired the 480 shares of Asian Paints from Akhil Dalal against payment of Rs. 672000/- (cheque no. - 913960 for Rs. 500000/- and cheque no. - 913961 for Rs. 172000/- issued from State bank of Mysore, Bank Account No. - 54025449898) in April 2010. She stated that the shares were in the name of Akhil Dalal who is well known to them and they had bought the shares at discount as per market practice. They have not kept copy of Transfer deed, shares certificate etc. Further, after demat of the shares, she has sold the shares in market through JL Shah and received payment of Rs. 1125682/ on June 09, 2010.

191. Analysis of fund flow from the bank account of Darshana Jhaveri is given below:

Date	Payer Name	Payer Bank &A/C Number	Payee Name	Payee Bank & A/C Number	Instrument Number	Amount	Remark
10/04/2010	Darshana Jhaveri		Akhil Dalal	Bank of India 000110100014359	913960	500,000.00	As seen from bank account statement of Mr. Akhil Dalal (Annexure-BRBKOI; Page No. - 31)
15/04/2010	Darshana Jhaveri		Akhil Dalal	Bank of India 000110100014359	913961	172,000.00	
17/04/2010	Akhil Dalal	Bank of India 000110100014359	Nagesh K	Bharat Co-op Bank 001810100146954	383104	140,000.00	Consolidated Credit for the two transactions. Annexure-BRBCBL; Page No. - 164
17/04/2010	Akhil Dalal	Bank of India 000110100014359	Nagesh K	Bharat Co-op Bank 001810100146954	383095	120,000.00	
26/04/2010	Akhil Dalal	Bank of India 000110100014359	Nagesh K	Bharat Co-op Bank 001810100146954	383111	200,000.00	As per Bank of India email dated Nov 02, 2016 (Annexure-BRBKOI; Page No. - 375)
22/04/2010	Nagesh K	Bharat Co-op Bank 001810100146954			351879	200,000.00	Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page No. - 164)
27/04/2010	Nagesh K	Bharat Co-op Bank 001810100146954	The Noticee 3		351882	40,000.00	Withdrawn in cash by The Noticee 3 as per Bharat Co-op Bank email dated Oct 19, 2016 (Annexure-BRBCBL; Page No. - 291-294)
04/05/2010	Nagesh K	Bharat Co-op Bank 001810100146954	The Noticee 3	Bharat Co-op Bank 001810100014802	351880	250,000.00	As seen from account statements of The Noticee 3 (Annexure-BRBCBL; Page No. - 217)

SEBI observed from the fund flow that the sale proceeds of the siphoned off shares is being transferred by Akhil Dalal to entities related to The Noticee 3 and ultimately to The Noticee 3 herself. Apparently Darshana has bought the shares against consideration from Akhil who after illegally siphoning off the shares with the help of officials of the Noticee 1 (viz. The Noticee 3), has sold the same to his known entities.

192. On 06/08/2011 by entry of "rectification" (Transaction No. 800080; Inward No. 800837) 50 shares of Asian Paints Limited were rematerialized in folio 00060509 (with Certificate No. 219412; Dist No. 16278809 to 16278858).

Asian Paints vide letter dated March 28, 2016(Annexure CRAP6) submitted that no communication from the Noticee 1 informing the Company about the said rematerialization of 50 shares on certificate number 219412 is available in their record and remat request was not sent to the Company for approval in its 'Share Transfer Committee' meeting. Further, the said new printed certificate no. 219412 was not sent to the Company for signature.

SEBI also observed that there was no corresponding debit in the demat accounts (as mentioned earlier) of Akhil Dalal w.r.t. remat of 50 shares. However, from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), SEBI observed that in 2012 the folio no. 00060509 rematerialsied 50 shares and during the same year 50 shares were dematerialized from folio no. - 0001493 of UTI vide transaction no. - 800077 on the same date (Screen Print in **Annexure–ARSP5**). In view of the foregoing it is alleged that there is not only falsification of electronic records but the shares of different entities are being misappropriated by officials of the Noticee 1.

193. SEBI observed that on 17/08/2011 by entry of "rectification" (Transaction No. 800087; Inward No. 830389) 430 shares of Asian Paints Limited transferred from folio 0001493 to folio 00060509. Details of the 430 shares received are as below:

Certificate No.	Dist No. from	Dist No. to	No. of Shares
27163	4012485	4012534	50
27164	4012535	4012584	50
83184	7315901	73155915	15
101300	7832796	7832810	15
112473	8275481	8275530	50
171178	11970296	11970315	20
299326	19869453	19869502	50
299327	19869503	19869552	50
585110	36745013	36745062	50

Certificate No.	Dist No. from	Dist No. to	No. of Shares
831056	69736448	69736527	80

Asian Paints vide letter dated March 28, 2016 submitted that the said transfer of 430 shares from Folio No. 00001493 to Folio No. 00060509, was not sent to it for approval in its 'Share Transfer Committee' meeting and there is no documentation in place that reflects the reason for the transfer. Asian Paints also submitted that any entries made by the Noticee 1 by way of 'Rectification Entry' were not intimated to it. SEBI observed form the reply of Asian Paints that both the above folios were under dispute and transactions in them were not allowed. Further, officials of the Noticee 1 were well aware of the above facts of dispute. However, the above transaction was reported in the transaction file of Annual Returns for the year 2012 as per the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016(Annexure-SR12)

Thus, it is alleged that 480 shares were siphoned off (transferred by Akhil to Darshana) from the folio no. - 00060509 and the same (50 by remat+430 by rectification) were restored in the folio 00060509 illegally from folio no 00001493 to avoid detection in any inspection or scrutiny etc.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	50 shares (500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor (possibly UTI)misappropriated by Akhil Dalal andthe Noticee 1 management vide back office rectification entry on 06/08/2011 for remat	Value= Rs. 1,52,945 (Price @ NSE Rs. 3,058.90 on 05/08/2011)	Value= Rs.6,06,325(Price @ NSE Rs. 1,212.65)
2	430 shares (4300 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by Akhil Dalal andthe Noticee 1 management vide back office rectification entry on 17/08/2011	Value= Rs. 1395135 (Price @ NSE Rs. 3,244.50)	Value= Rs. 5214395(Price @ NSE Rs. 1,212.65)

195. SEBI observed that on 10/11/2011 by "rectification" entry (Transaction No. 800095; Receipt No. 800880; Inward No. 800391) 50 shares of Asian Paints Limited (Dist No. 12192073 to 12192122; Certificate No. 833818) rematerialized in folio 00060509.

Asian Paints vide letter dated March 28, 2016 submitted thatthe Noticee neither informed it about the said rematerialization of 50 shares on certificate number 833818 nor Remat request was sent to it for approval in its 'Share Transfer Committee' meeting. Further the Company has no information about issuance of new printed share certificate for the said transaction.

No corresponding debit in the said demat accounts of Akhil Dalal was observed w.r.t. Remat of 50 shares. However, from the Annual Return data of the Noticee 1 submitted by G.R.Rao, M.D.vide statement dated March 23, 2016 (Annexure-SR12), it was observed that in the year 2012 the 50 shares were dematerialized by folio no. - 00060509 via transaction no. 800095 on the date 10/11/2011 (Screen Print in **Annexure-SP12**). However, there is no entry oobserved for earlier demat i.e. demat by Darshana on 10/05/2010. It was also observed that certificate no 833818 (distinctive nos. 12192073 to 12192122) were earlier transferred to Darshana Jhaveri on 16/04/2010 which she dematerialized on 10/05/2010. The same share certificate which is dematerialized cannot be again rematerialized as the certificate is cancelled and defaced. Thus it is alleged that there is massive falsification of records by the Noticee 1.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	50 shares (500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by Akhil Dalal andthe Noticee 1 management vide back office rectification entry on 10/11/2011 for remat	Value= Rs. 155825 (Price @ NSE Rs. 3,116.50on 09/11/2011)	Value= Rs. 606325(Price @ NSE Rs. 1,212.65)

197. SEBI also observed that on 25/11/2011 there is records of transfer of 50 shares of Asian Paints Limited (Dist No. 12192073 to 12192122) from folio no.-00060509 to folio 00115363 (Harsh Pradip Jhaveri). However, the share Certificate No. transferred was 178738 therefore, it is alleged that there is transaction of reprinting of certificate which is not recorded in the system. It was also observed that certificate no. 178738 (Dist No. 12192073 to 12192122) was already renewed (i.e. reprinted) as certificate no. 833818 on 07/12/2009 and later the same was transferred to Darshana Jhaveri. It may be noted that on renewal the old certificates are cancelled, hence, the same certificate cannot be transferred to another entity. Thus, it is alleged that there is massive falsification of electronic and physical records at the Noticee 1 which has failed to co-operate with investigation and did not submit a single document w.r.t. the above mentioned transactions. However, it is noted that Harsh Jhaveri has lodged for transfer 50 shares on certificate no 178738 in 2011 and his claim was found to be genuine and 50 shares on the said certificate were transferred to him.Therefore, it is also alleged that the above transfer entry is raised in the electronic system of the Noticee 1 even though certificate no 178738 was reprinted and transferred by Akhil Dalal to Darshana. It is also alleged that the Noticee 1 reprinted the certificate 178738 on 07/12/2009 as another certificate for transferring the same to Darshana because this certificate was never with the Noticee/Akhil Dalal (it was with actual investor Harsh Jhaveri)

Asian Paints submitted that it has no document ascertaining receipt of any communication fromthe Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to it for signature and seal. Further, Asian Paints also submitted that it has no records of issuance of share certificate for the said transaction.

198. SEBI observed that on 25/11/2011 above 50 shares of Asian Paints Limited (Certificate No. 178738, Dist No. 12192073 to 12192122) were transferred (Transaction No. 170232; Receipt No. 4594; Inward No. 5856) from folio no. - 00060509 to folio 00115363. The said 50 shares on Certificate no 178738 dematerialized by folio 00115363 (Harsh Pradip

Javeri) on 08/12/2011 (Transaction no.: 603933; inward no.: 5974686) in demat account 1203290000000371.

Asian Paints vide letter dated March 28, 2016 submitted that the said transfer of 50 shares from Folio No. 00060509 of Stock Holding Corporation to Folio No. 00115363 of Harsh Pradip Javeri, was sent to it for approval vide authenticated transfer register dated 25thNovember, 2011 by the Noticee 1, placed before and approved by the Share Transfer Committee at its meeting held on 25th November, 2011. A copy of the Transfer Register, duly authenticated by the Authorized Signatory of the Noticee 1 (**viz. The Noticee 3**), dated 25thNovember, 2011 and a copy of the Share Transfer Committee meeting minutes dated 25thNovember, 2011 approving the transfer in the name of Harsh Pradip Jhaveri are placed at Appendix No. 29 of the company vide letter dated March 28, 2016 (Annexure-CRAP6).

After demat the shares were transferred to Pradip Rasiklal Javeri (Demat account No. -1203290000000143) on 09/12/2011.on 31/10/2012, there was transfer of 334 shares of Asian Paints Limited from folio no. -00060509 to folio no. -00115745 (Harsh P Zaveri). The details of 334 shares transferred are as below:

Certificate No.	Dist No. from	Dist No. to	No. of Shares
835294	4012485	4012534	50
	4012535	4012584	50
	7315901	73155915	15
	8275481	8275530	50
	11970296	11970315	20
	19869453	19869502	50
	19869503	19869551	49
	16278809	16278858	50

It is alleged that the above 334 shares transferred comprises 284 shares out of 430 shares transferred from folio 0001493 to folio 00060509 on 17/08/2011 and 50 shares (Certificate No. 219412; Dist No. 16278809 to 16278858) rematerialized in folio 00060509 on 06/08/2011 by entry of rectification. However, the certificate no. transferred is 835294.

It is alleged that new certificate printed between 17/08/2011 to 31/10/2012 but there no record of the same in back office software module of the Noticee 1. SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD53**) that the certificate No. 835294 was printed on November 01, 2012. Thus it is alleged that these certificates were also re-printed as the same were not with the Noticee 1 and are being illegally siphon off by the Noticee 1 from folio no. 0001493 to settle the genuine claim of Harsh Jhaveri.

Asian Paints vide letter dated March 28. 2016 submitted that no document ascertaining receipt of any communication from the Noticee 1, w.r.t. forwarding of Share Certificates by the Noticee 1 to the Company for signature and seal, was found.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	334 shares (3340 Post 1: 10 split on 30/07/2013) of Asian Paints Limitedbelonging to UTI misappropriated by Akhil Dalal vide back office transfer entry on 31/10/2012	Value= Rs. 1292980.8 (Price @ NSE Rs. 3,871.20)	Value= Rs. 4050251(Price @ NSE Rs. 1,212.65)

200. SEBI observed that on 31/10/2012 there was transfer (Transaction No. 170453; Receipt No. 4900; Inward No. 6273) of 334 shares of Asian Paints Limited from folio no.-00060509 to folio no. -00115745. The 334 shares on Certificate no 835294 dematerialized by folio 00115745 (Harsh P. Zaveri) on 21/11/2012 (Transaction no.: 604203; inward no.: 6192043) in the demat account no. - 1203290000000371.The details of 334 shares transferred and dematerialized are as below:

Certificate No.	Dist No. from	Dist No. to	No. of Shares
835294	4012485	4012534	50
	4012535	4012584	50
	7315901	73155915	15
	8275481	8275530	50

	11970296	11970315	20
	19869453	19869502	50
	19869503	19869551	49
	16278809	16278858	50

Asian Paints vide letter dated March 28, 2016(Annexure-CRAP6) submitted that transfer from Folio No. 00060509 of Stock Holding Corporation to Folio No. 00115745 of Harsh P Jhaveri vide authenticated transfer register dated 31stOctober, 2012 sent to it by the Noticee 1, placed before and approved by the Share Transfer Committee at its meeting held on 31st October, 2012. A copy of the Transfer Register, authenticated by the Authorized Signatory of the Noticee 1, dated 31stOctober, 2012 and the Agenda Sheet dated 31st October, 2012 signed by the Authorized Signatories of the Company (viz. The Noticee 3) approving the transfer in the name of Harsh P Jhaveri are placed at Appendix No. 30 of the company vide letter dated March 28, 2016 (Annexure-CRAP6). Asian paints further,submitted that the said 334 shares were dematerialized vide authenticated demat register dated 29th November, 2012 sent to it by the Noticee 1, placed before the Share Transfer Committee at its meeting held on 14th December, 2012. A copy of the Demat Register, duly authenticated by the Authorized Signatory of the Noticee 1 (viz. The Noticee 3), dated 29th November 2012 along with copy of the Agenda Sheet dated 29th November, 2012 authenticated by the Authorized Signatories of the Company and a copy of the Share Transfer Committee meeting minutes dated 14th December, 2012, is placed at Appendix No. 31 of the company vide letter dated March 28, 2016 (Annexure-CRAP6).

After demat the shares were transferred to Pradip Rasiklal Javeri (Demat account No. - 1203290000000143) on 22/11/2012.

201. **Reply of Harsh Javeri:** Harsh Javeri vide his letter dated April 22, 2016 (**Annexure-LIR9**) replied to SEBI summons. He provided copy of various documents, correspondences with the Noticee 1, SHCIL, Asian Paints Limited w.r.t. the ownership of the above shares of Asian Paints Limited. From the documents it was noted that he

bought the 50 shares (Certificate No. 178738, Dist No. 12192073 to 12192122) in 1992 but lodged transfer deed along with original shares (Certificate No. 178738, Dist No. 12192073 to 12192122) for transfer only in 2011 (copy of TD and Share certificate placed at **Annexure-OD54**). Initially, the Noticee 1 denied the transfer saying that duplicate shares has been issued against the shares hence the original certificate (i.e. certificate no. - 178738) is not valid (letter dated 16/05/2011: **Annexure–OD55**). Further, the Noticee 1 also issued letters dated July 06, 2011 & September 30, 2011 (signed by The Noticee 3; copy placed at **Annexure-OD56**) whereby claim of Harsh Jhaveri rejected stating that the folio is under dispute and high court has passed prohibitory injunction order (**Annexure-OD57**) restraining the company from transferring the shares pending final hearing in the matter. When Harsh Jhaveri started sending notices through his advocate, then the Noticee 1 agreed to transfer the shares and transferred the shares to him and send him duly transferred 50 shares vide letter dated December 01, 2011 (**Annexure-OD58**). He also demanded 334 bonus shares accrued on the original 50 shares.the Noticee 1 then vide letter dated 17/11/2011 (**Annexure-OD59**) stated that 334 bonus shares on the original shares and the dividends during the intervening period amounting to Rs. 63168/- was issued to SHCIL and he is required to get the same from them. When Harsh started correspondences with SHCIL and Asian Paints later the Noticee 1 agreed vide letter dated July 17, 2012 & 27/08/2012 (**Annexure-OD60**) that the corporate benefits were retained by them and subsequently issued the above mentioned 334 shares and dividend amount to Harsh Javeri. Most of the above correspondences were being issued by The Noticee 3 herself.

202. Hence it is clear that the shares belonging to Harsh Jhaveri were siphoned off by The Noticee 3 and Akhil Dalal (50 shares on certificate no 178738 was reprinted as certificate no 833818 and transferred/sold to Darshana while the sale proceeds were shares by The Noticee 3 & Akhil). Later the genuine entitlement of Harsh Jhaveri viz. (50 original shares and 334 bonus shares on the same) were restored to him by further fraudulent

transactions i.e. rematerialization (source of which is unknown) of 50 shares and transfer of shares from another folio (viz. 0001493 belonging to UTI which is illegally used by the Noticee 1 and related entities).Further, there is repeated reprint of various share certificates without mandatory backup documents to perpetrate fraud. Thus it is alleged that these rematerialization of 50 shares and transfer of 430 shares on 17/08/2011 by entry of rectification (Transaction No. 800087; Inward No. 830389) from folio 0001493 to folio 00060509 and re-printing of the certificate was carried out to hide the fraud. Moreover, it is also alleged that the Noticee 1 has neither recorded all transactions in their system nor replied to the summons.

Further SEBI observed that from the copy of the Transferred Register (transfer of 50 shares from folio 00060509 to folio 00115363) dated November 25, 2011, Transfer Register (transfer of 334 shares from folio 00060509 to folio 00115363) dated October 31, 2012 and Demat Register (for demat by Harsh Jhaveri) dated November 29, 2012 submitted by the company that the same was signed by The Noticee 3 (Appendix No. - 29, 30 & 31 to the company reply dated March 28, 2016; **Annexure-CRAP6**) which coroborates that The Noticee 3 herself was processing the said fraudulent transactions. It is alleged that all the rectification transactions and re-printing of share certificates were not informed to the company so as to hide the fraud being done at the end of the Noticee 1. As already explained in forgoing paragraphs The Noticee 3 was aware of freeze in disputed folios and she was also aware of the claim of Harsh Jhaveri, still she went ahead with fraudulent transfers to Akhil Dalal from the said folios. It is alleged that in spite of the Noticee 1 being aware of the claim of Harsh, he was made to run from pillar to post and given his due only after years of correspondence. As share transfer agent, it is the Noticee's duty to adequately redress the grievances of investors promptly. The manner in which Harsh Jhaveri was harassed and his due was given after considerable delay indicates that the Noticee 1 has failed in its duty towards investors.

203. **Reply of Akhil Dalal:** Various information/documents/explanations were sought from Akhil Dalal w.r.t. the above transactions vide summons MIRSD2/LS/10941dated April 12, 2016 and Summon no MIRSD2/DB/LS/SSIL/13528 dated May 09, 2016. Neepa Dalal daughter of Akhil Dalal vide unsigned letter April 23, 2016, May 31, 2016 and June 21, 2016 stated that her father is suffering from multiple illness hence, he is not able to reply to the queries of investigation. She has submitted certain bank account statements, demat statements and ledger statements with the broker but failed to submit parawise details of the transactions in physical shares and such other details. In view of the same it is alleged that Akhil Dalal has failed to comply with the summons.(Copy of Summons and the reply of Neepa Dalal is placed at **Annexure-SAD1 &SAD2**)

204. Therefore, in the matter of transfer of shares to and through Akhil Dalal (folios 00053317 and 00060509), It is alleged that there is massive falsification of electronic records, allocation of same folio to another investor through back end entries in violation of the Noticee's policy as well as secretarial standards, indiscriminate transfer of shares through rectification entries, remat of the same shares which has been dematerialized earlier, printing of share certificates without authorizations etc. Hence, it is alleged that the internal checks and balances and control system of the Noticee 1 (across various departments) was compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity that too out of folios (00053317 and 00060509) which are under dispute. It is also alleged that if, Mr. Akhil would have got the shares in the folio through genuine transfers there would not have been any need of printing of share certificates as old certificates would have come in his possession, a new folio would have been allotted to him and his signature would have been attached with it. Further, the system logs w.r.t. the said folios were apparently tampered to hide the audit trail of the transactions. Moreover, the beneficiary entity (viz. Akhil Dalal) of the fraudulent transactions is linked with the Noticee 1 management viz. The Noticee 3 while she herself was processing the transactions which is evident from Demat Register (w.r.t. 743 shares

demat by Ashok Marthak) dated December 23, 2009 forwarded to the company by her. It is alleged that Akhil Dalal along with help from the Noticee 1 official (viz. The Noticee 3) illegally siphoned off the shares belonging to genuine investors The said shares were later sold by Akhil to his known entities and the proceeds were retained in part and rest transferred to The Noticee 3 related entities. The ultimate beneficiary of the fraud is The Noticee 3 as the sale proceeds of the siphoned of shares was seen to be moving to entities related to her and her own accounts.Thus it is alleged that Akhil and The Noticee 3 are the not only the conspirator of the fraud but also the beneficiaries, while Nagesh has participated in the fraud by acting as conduit. It is alleged that there was failure of systems/checks/balances across various departments and support from higher management of the Noticee 1. While the company Asian Paints has also failed to carry out due diligence while approving various transactions processed & recommended by the Noticee 1.

Non Compliance with Summons

205. G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Asian Paints Limited:

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016

Date	Summons No	Annexure No	Remarks
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited

Date	Summons No	Annexure No	Remarks
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

However, the Noticee1 & The Noticee 2 failed to cooperate with the investigation

206. The Noticee 3 failed to comply with the summons mentioned below:

Date	Summon No	Annexure Nos	Remarks
16/11/2016	MIRSD2/DB/LS/SSIL/31133/16	Annexure-S1	Extension granted for all earlier summons.Superintendent, Mumbai Central Prison delivered the same to The Noticee 2 and informed vide letter dated November 22, 2016
16/11/2016	MIRSD2/DB/LS/SSIL/31133/16	Annexure-S2	Extension granted for all earlier summons. Hand delivered through The Noticee 5. Advocate of The Noticee 3, Shri Arun Panicker submitted vide letter dated November 28, 2016 that they are unable to reply as all documents are seized by EOW. So SEBI may approach them for information.
30/06/2016	MIRSD2/DB/SD/SSIL/18501/16	Annexure-S3	Extension granted for all earlier summons. Remained undelivered
10/05/2016	MIRSD2/DB/SD/SSIL/13601/16/I	Annexure-S4	Extension granted for earlier summons. Delivered through advocate.
10/05/2016	MIRSD2/DB/SD/SSIL/13606/16	Annexure-S5	Extension granted for earlier summons. Remained undelivered.Pasted outside her home by her broker Sharekhan Limited in the presence of two witness and taken pictures. Informed to SEBI vide letter dated June 22, 2016. Also delivered by her broker **Kotak Securities Limited** by pasting as well as on the registered email Id of her son The Noticee 14 who duly acknowledged the same.
12/04/2016	MIRSD2/SD/2016/11041	Annexure-S6	Regarding transactions in her bank account. Pasted outside her home by her broker **Sharekhan Limited** in the presence of two witness and taken pictures. Informed to SEBI vide letter dated June 22, 2016. Also delivered by her broker Kotak Securities Limited by pasting as well as on the registered email Id of her son The Noticee 14 who duly acknowledged the same.
07/01/2016	MIRSD2/DB/LS/SSIL/OW/742/2016	Annexure-S7	Reminder to December 02 & 07, 2015 Summons. Family member details, bank/demat account details. Asset details. Details of documents in the matter of dividend of Manucha given to Raju (her driver). Contact details of Mr. Raju. Details of 1440 bonus shares. And details of all instruments where

Date	Summon No	Annexure Nos	Remarks
			dividend belonging to original shareholder has been transferred to another
07/12/2015	Hand delivered	Annexure-S8	Details of 1440 bonus shares of Manucha and list of all assets
02/12/2015	Hand delivered	Annexure-S9	Family member details, bank/demat account details. Asset details. Details of documents in the matter of dividend of Manucha given to Raju (her driver). Contact details of Mr. Raju etc.

207. The Noticee 18 furnished misleading information with respect to the summons mentioned below:

Date	Summons No	Annexure No	Remarks
12/04/2016	MIRSD2/LS/2016/10938	Annexure-SSB	Regarding his transactions in Asian Paints and Kansai Nerolac, dealings with The Noticee 4 and other details

208. Akhil Dalal failed to comply (except just providing bank and demat statements) with the summons mentioned below:

Date	Summons No	Annexure No	Remarks
April 12, 2016	MIRSD2/LS/10941	Annexure-SAD1	w.r.t. his transactions in Asian Paints Limited and other details
May 09, 2016	MIRSD2/DB/LS/SSIL/13528	Annexure-SAD2	Reminder to April 12, 2016

209. A summary of violations by different entities and applicable regulatory provisions are as below:

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
1	Noticee 1	Committed fraud, False and misleading statements to IA, Falsification and destruction of records, not following due procedures, fraudulent and unauthorized transfers, Non compliance with summons, failure to	Section 11C (2) and 11C (3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1), (2), (3),(5), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI (Registrars. to an Issue and Share Transfer Agents) Regulations, 1993{"RTA" Regulations"}, Regulation 9 (A) (e) (f) and

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
		redress investor grievance, Failure to do due diligence	Regulation 6(g) of RTA Regulations , Regulation and Regulation 14 (3) (b)& (c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001) dated May 09, 2001
2	Noticee 2	Committed fraud, Approved the fraudulent transaction, Non compliance with summons, Vicarious liability, failure to do due diligence	Section 11C (2), 11C (3) and 11C (5) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	Noticee 3	Mastermind of the fraud, Beneficiary of fraud, Committed fraud, False and misleading statements to IA, Non compliance with summons	Section 11C (2), 11C (3) and 11C (5) of SEBI Act, 1992. 12A (c) of SEBI Act, 1992, Regulation 3, 4 (1) & (2) (h) of PFUTP Regulations, 2003, 11C (6) of SEBI Act, 1992,
4	Noticee 13	Fraudulent transactions, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
5	Noticee 18	Committed fraud, Beneficiary of fraud, False and misleading statements to IA	Section 11C (2) and 11C (3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
6	Noticee 7	Committed fraud by providing demat/bank accounts, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
7	Noticee 12	Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
8	Noticee 5	Committed fraud by using the accounts of different conduits, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
9	Noticee 17	Committed fraud by using the accounts of different conduits, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
10	Noticee 6	Committed fraud, Beneficiary of fraud, False and misleading statements to IA, Non compliance with summons	Section 11C (3), 11C (5) and 11C (6) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

C. Company Name: Kansai Nerolac Paints Ltd. (the Noticee 1 Back Office Code-GNGN)

It is alleged that the company Kansai Nerolac Paints Ltd.(hereinafter refrred to as 'Nerolac') vide its reply dated May 06, 2016(**Annexure-CRKN1**)to SEBI summons dated March 10, 2016**(Annexure-SKN1)** submitted that the Noticee 1 was authorized to transfer the shares of the company from one investor to another but after doing due diligence sent a "transfer register" every for fortnight to the company for approval in "Stakeholders's Relationship Committee". The company further submitted that the Noticee 1 was authorized by means of Board Resolution to sign new shares certificates for any Bonus & Sub-Division but not for Duplicate issue of shares, in case of which the company verifies all the documentary formalities.The Noticee 1 was authorized to process Demat requests without making reference to the company. Further, Remat request was also processed by the Noticee 1 and "Remat Register" is sent to the company.

The following instances of irregularities were observed w.r.t. shares of Kansai Nerolac Paints Ltd-

Fraudulent transactions in the matter of LIC of India (Folio Number- L0000042)

210. SEBI observed from the back office records of the Noticee 1 that in the Folio No. - L0000042 (Screen Shot placed at **Annexure–SP16**) dividend records from 15/6/2002 to 03/07/2009 on various numbers of shares of Kansai Nerolac Paints Ltd. were showing in the name of LIC of India (herein after referred to 'LIC'). Dividend records of issue date 22/06/2010 on 100 shares were showing in the name of Nagesh K. Folio No. - L0000042 still holding 1000 shares (after split 1:10 on 26-03-2015).

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 (**Annexure-SR12**) that the name

of the folio no. - L0000042 was changed from Life Insurance Corpn. Of India to Nagesh K on 17/04/2010 by User "administrator" login Terminal id "CPRABHU".

SEBI observed from the "Signature" record of the folio no. - L0000042 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Authorized signatory of Life Insurance Corporation of India"(**Annexure-SR11**).

It is alleged that reason and date of aforesaid changes are not recorded in the back office system of the Noticee 1. Further, it is also alleged that the Noticee 1 failed to comply SEBI summons to explain the transactions and provide documents to prove the genuineness of the transaction. Thus on the basis of abovementioned records and similar pattern in other fraudulent transactions, it is alleged that the folio has been illegally misappropriated by the Noticee 1 management (i.e. The Noticee 3) related entity viz. Nagesh Karkera.

211. It was also observed that in the Folio No. - L0000042 till dividend issue date 03/07/2009 number of shares of Kansai Nerolac Paints Ltd. were 766. On 15/04/2010 there was record for sale of 666 shares (Certificate no. - 103939; Distinctive No. - 15441050 to 15441715) to Folio No. - S0002832 (The Noticee 18) vide inward no. - 884. As already explained in the matter of Asian Paints Limited that The Noticee 18 was in conspiracy with The Noticee 3 for fraudulently siphoning of shares belonging to genuine investors.

212. SEBI sought various information/documents w.r.t. the transactions in its shares from Nerolac vide summons dated March 10, 2016 (**Annexure-SKN1**). Nerolac vide its reply dated May 06, 2016(Annexure-CRKN1) submitted that the folio no L0000042 was allotted to LIC by the company in the year 1978 and the name was changed to Nagesh K. by the Noticee 1 in 2010 from "System Back entry" (i.e. by change in back end database). Nerolac, further, submitted that this is an unauthorized change through back entry, the system is bypassed and one folio has been allotted to two different entities. Nerolac further stated that they have received no documents for approval in "Share transfer committee" however, LIC has confirmed to Nerolac that currently they hold no share in the said folio. Thus it is alleged that LIC has sold the shares and the actual transferee has

failed to lodge the shares for transfer or the shares are lost in transit. It is alleged that as the same the actual holder became untraceable and taking advantage of the situation the Noticee 1 changed the entire folio in the name of Nagesh K. from back entry without following any due procedure. Nerolac further stated that they are not able to locate copy of "transfer register" for the period April 2009 to December 2010 but the same is reflected from the copy of "transfer register" submitted by the Noticee 1 to them.

213. SEBI observed that The Noticee 18 vide his reply dated May 13, 2016 (**Annexure-LIR7**) admitted that various shares (including the shares of Kansai Nerolac) were never bought by him but were just given to him by The Noticee 3 for demat after print of new certificate.It is alleged that such "transfer register" by the Noticee 1 is just fraudulent book entry. It is also alleged that if there has been any genuine transfer from LIC to Nagesh and from Nagesh K. to The Noticee 18 there would have been movement of "consideration" and "transfer register" would have been sent to Nerolac. However, in this case it is alleged that the Noticee 1 had not sent proper documents to Nerolac and changed the name through back end entry. Further,it is also alleged that the entities involved viz. Nagesh K. andthe Noticee 1 has not cooperated with Investigation by submitting the backup documents/explanations. SEBI observed that over the sale proceeds of the said shares are seen to be transferred to The Noticee 3 and related entities as explained in subsequent paragraphs.

Although, The Noticee 2 (MD of the Noticee) did not reply to SEBI summons w.r.t. the above transactions, he had apparently sent a letter dated February 03, 2016 (**Annexure-OD61**) to the company Kansai Nerolac in reply to their queries in the matter. The Noticee 2 has submitted that the shares in question were bought by Nagesh K. in 1993 and the secretarial department of the company (Share transfer agent operations were being done by company at that time) has by mistake allotted same Folio (L142) to Nagesh K. therefore when they became aware they corrected the overlapping folio. He also submitted a copy of Transfer Deed (herein after referred to as 'TD') (**Annexure-OD62**)

w.r.t. transfer of 500 shares from Priti Amritlal Shah & Rajesh Amratlal Shah to Nagesh K in support of his submissions. However, SEBI observed the following discrepancies in his submission to the company:

- Back end change dated April 17, 2016 did not solve the alleged overlapping of any folio as stated by The Noticee 2 but simply changed the name of the folio no. - L0000042 from LIC to Nagesh K. More over as per Rao's own reply folio allotted to Nagesh was L142 which is not same as L0000042 of LIC.
- it was noted that the said TD does not have the seal of Registrar of Companies (RoC)
- The folio of transferors. in the TD is not visible and excess ink is thrown at the same place where the folio number is written
- The search from the annual return data submitted by The Noticee 2 vide statement dated March 23, 2016(Annexure-SR12), revealed that in 2009 there was no folio in the name of said Priti Amritlal Shah & Rajesh Amratlal Shah. Further, there was no folio (not even L142) in name of Nagesh K. Further till 2009 the folio L0000042 was in the name of Life Insurance Corporation of India while Folio No. - L0000142 is in the name of one Lalit Gupta. However abruptly in the Annual Return data of 2010 in the holding file the folio L0000042 is reported in the name of Nagesh K with 100 shares while in the transaction file of 2010 Nagesh K (having folio no. - L0000042) has reported to have transferred 666 shares to The Noticee 18(Folio No. - S0002832) on 15/04/2010 with transaction no. - 0000035. (Screen Shot of Annual Return data is placed at **Annexure-ARSP13**)
- spelling of middle name of Priti and Rajesh are different
- signature of Nagesh K and Vivek Doshi (witness in the TD) is same
- Address line in Nagesh K and Vivek Doshi was scribbled and it was restated as "Bombay" from "Mumbai". However "Bombay" became "Mumbai" in 1995

- Register of transfer number was not recorded on the share transfer form i.e. the TD, however this is a vital information for registering shares transfer with ROC.
- Further, the company vide letter dated July 08, 2016 (**Annexure-CRKN2**) submitted the copy of relevant page of "register of member" as on February 10, 2000 (**Annexure1 of company reply dated July 08, 2016; Annexure-CRKN2**) which depict that the Folio No. - 42 was in the name of LIC of India at the time of handing over of share transfer work to the Noticee 1 and there was no other folio as L-42. They also submitted the copy of relevant page of "register of member" as on February 10, 2000 (**Annexure2 of company reply dated July 08, 2016; Annexure-CRKN2**) which depict that the Folio No. - 142 was allotted to one Lalit Gupta. They also submitted that it is technically (i.e. in electronic records) not possible to have two folios in the same name. The company also submitted the copy of register of member from their records (**Annexure3 of company reply dated July 08, 2016; Annexure-CRKN2**) for the period March 30, 1978 to August 01, 1997 whereby there are continued transactions in the folio L-42 of LIC of India.

It is allleged that the company had allotted the folio to Nagesh K in 1993, his name would have also been there in the annual returns filed with ROC since then but this not the case. The annual return data submitted by the Noticee 1 itself makes it clear that the folio L0000042 was in the name of LIC till year 2009. Further in terms of Section 108 of Companies Act, the transfer deed is valid for only one year or book closure whichever is later, so the TD could not have been given effect in 2010 by back end entry. Further, no shareholder by the names of Priti Amritlal Shah & Rajesh Amratlal Shah are observed as transferors in the annual return data of 2009 and 2010, which have been submitted by the Noticee 1 itself. Additionally it is alleged that the Distinctive Number of shares on the said TD are different from the Distinctive Number of shares misappropriated by Nagesh K. from the folio No.-L0000042 belonging to LIC. It is also alleged that if Mr. Nagesh K. got the shares through a genuine transfer the share certificates would have come in his

possession, transfer would have been given effect with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to the folio. Therefore, it is alleged that the internal checks and balances and control system of the Noticee 1 were compromised to illegally transfer and then demat the shares belonging to one shareholder by another entity. It is also alleged that the transfer deed ("TD") submitted by The Noticee 2 to the company is a forged document and The Noticee 2 was just lying to cover up the fraud. It is also alleged that aforesaid instance also proves complicity of The Noticee 2 in wrongdoings.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	100 shares (1000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to LIC misappropriated by Nagesh vide back end modification entry on 17/04/2010.	Value= Rs. 132550 (Price @ NSE Rs.1,325.50on 16/04/2010)	Value= Rs. 378450 (Price @ NSE Rs.378.45)
2	100 Bonus shares (1000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 100 shares misappropriated by Nagesh as above.	NA	Value= Rs. 378450 (Price @ NSE Rs.378.45)
3	666 shares (6660 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by The Noticee 18 vide back office transfer entry on 15/04/2010.	Value= Rs. 885080.7 (Price @ NSE Rs.1,328.95)	Value= Rs. 2520477 (Price @ NSE Rs.378.45)
4	666 Bonus shares (6660 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 666 shares misappropriated by The Noticee 18 as above.	NA	Value= Rs. 2520477 (Price @ NSE Rs.378.45)

Fraudulent transactions in the matter of Stock Holding Corporation of India Limited (Folio Number- S0001970)

215. SEBI observed from the back office records of the Noticee 1 that in the Folio No. - S0001970 (Screen Shot placed at **Annexure-SP17**) dividend records from issue date 15/06/2002 to 03/7/2009 on various number of shares of Kansai Nerolac Paints Ltd. were showing in the name of Stock Holding Corporation of India Limited. From issue date

22/06/2010, dividend records on the 650 shares were shown in the name of Nagesh K. Folio No. - S0001970 still holding 6500 (after split in the ratio 1:10 on 26-03-2015).It is alleged that the Noticee 1 failed to comply SEBI summons to explain the transactions and provide documents to prove the genuineness of the transaction.

216. SEBI observed that in the Folio No. - S0001970 dividend records of issue date 03/07/2009 was on 1183 shares of Kansai Nerolac Paints Ltd. On 15/04/2010 there was record of sale of 533 shares (Certificate no. - 105017; Distinctive No. - 15628848 to 15629380) to S0002832 (The Noticee 18) vide inward no. - 883.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 (**Annexure-SR12**) that the name of the folio no. - S0001970 was changed from SHCIL to Nagesh K on 15/04/2010 by User "administrator" login Terminal id "CPRABHU".

SEBI observed from the "Signature" record of the folio no. - S0001970 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Authorized signatory of SHCIL (Account-LIC Mutual Fund)" (**Annexure-SR11**).

Additionally, SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016(**Annexure-SR12**) that in 2008 and 2009 the folio no S0001970 with 1183 shares was in the name of SHCIL. In the Annual return for the year 2010 the folio S0001970 is in the name of Nagesh K with 650 shares and in the transaction file, Nagesh (with folio no. - S0001970) has transferred 533 shares to The Noticee 18 (Folio no. - S0002832) with transaction no. - 0000034 on April 15, 2010. While in Annual return for 2011 the folio has been omitted altogether.(Screen Shot of Annual Return data placed at **Annexure-ARSP14**)

217. Kansai Nerolac vide letter dated May 06, 2016 (Annexure-CRKN1) submitted similar replies in respect of Folio no. - S0001970 as in case of Folio no L0000042. Thus, it is

alleged that the folio changed from one name to another name through back end entry without sending any transfer register to the company and subsequently transferred 533 shares from this folio to The Noticee 18. It is alleged that even in this case, the Noticee 1 has failed to co-operate with investigation and not submitted any documents. While, Shrikant vide letter dated May 13, 2016 (Annexure-LIR7) has already admitted taking this shares for demat though it did not belong to him. On the basis of pattern in the bank account transactions makes it is alleged that Nagesh is the front entity of The Noticee 3 and her family. Nagesh vide his letter dated October 1, 2016(**Annexure-LIR2**) has submitted that all transactions in his demat/bank account are carried out by The Noticee 3/The Noticee 5. The Noticee 5 vide statement dated September 27, 2016 (**Annexure-SR1**) has also admitted using name of Nagesh as proxy for share/securities transactions.

It is alleged that had Mr. Nagesh K. got the shares through a genuine transfer the share certificates would have come in his possession, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it. Therefore the internal checks and balances and control system of the Noticee 1 were compromised to illegally transfer and then siphon off the shares belonging to one shareholder by another entity which is related to management of the Noticee 1

Valuation of Share Misappropriated on replacement cost basis in this matter

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	650 shares (6500 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by Nagesh vide back end modification entry on 15/04/2010.	Value= Rs. 863817.5 (Price @ NSE Rs. 1,328.95)	Value= Rs. 2459925(Price @ NSE Rs. 378.45)
2	650 Bonus shares (6500 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 650 shares misappropriated by Nagesh as above.	N.A.	Value= Rs. 2459925 (Price @ NSE Rs.378.45)
3	533 shares (5330 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by The Noticee 18 vide back office transfer entry on 15/04/2010.	Value= Rs. 708330.35 (Price @ NSE Rs. 1,328.95)	Value= Rs. 2017138.5(Price @ NSE Rs.378.45)
4	533 Bonus shares (5330 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 533 shares misappropriated by The Noticee 18 as above.	N.A.	Value= Rs. 2017138.5 (Price @ NSE Rs.378.45)

218. SEBI observed that Nagesh held 100 shares in folio no. - L0000042and 650 shares in folio no. - S0001970. While there was bonus in 1:1 for record date 23-06-2010 therefore 750 shares were allotted to him.the Noticee 1 has failed to provide details of transaction in spite of SEBI summons issued to them. As already explained Nagesh has submitted that all transactions in his account were being done by The Noticee 3/The Noticee 5 while

The Noticee 5 failed to give any details of the transactions accept admitting that the same were done under instructions of The Noticee 3. However the following demat transactions were observed in the demat accounts of Nagesh Karkera:

Dp Id/ Client Id	First Holder Name	Date	Description	Opening Bal	Debit	Credit	Closing Bal
IN300118 11396782	Nagesh Karkera	8/13/2010	By Bonus Option Cases	0	0	750	750
IN300118 11396782	Nagesh Karkera	4/15/2013	To Nagesh Narayan Karkera IN30051320939266	750	750	0	0
IN300513 20939266	Nagesh Karkera	4/15/2013	By Nagesh Narayan Karkera IN30011811396782	0	0	750	750
IN300513 20939266	Nagesh Karkera	9/29/2014	To CM Sharekhan Limited, Normal / 2014184	750	25	0	725
IN300513 20939266	Nagesh Karkera	9/30/2014	To CM Sharekhan Limited, Normal / 2014185	725	25	0	700
IN300513 20939266	Nagesh Karkera	10/07/2014	To CM Sharekhan Limited, Normal / 2014187	700	25	0	675
IN300513 20939266	Nagesh Karkera	10/10/2014	To CM Sharekhan Limited, Normal / 2014190	675	15	0	660
IN300513 20939266	Nagesh Karkera	10/17/2014	To CM Sharekhan Limited, Normal / 2014194	660	100	0	560
IN300513 20939266	Nagesh Karkera	10/20/2014	To CM Sharekhan Limited, Normal /2014195	560	25	0	535
IN300513 20939266	Nagesh Karkera	10/21/2014	To CM Sharekhan Limited, Normal / 2014196	535	75	0	460
IN300513 20939266	Nagesh Karkera	10/22/2014	To CM Sharekhan Limited, Normal / 2014197	460	25	0	435
IN300513 20939266	Nagesh Karkera	10/23/2014	To CM Sharekhan Limited, Normal / 2014198	435	75	0	360
IN300513 20939266	Nagesh Karkera	10/27/2014	To CM Sharekhan Limited, Normal / 2014199	360	35	0	325
IN300513 20939266	Nagesh Karkera	11/10/2014	By CM Sharekhan Limited, Normal / 2014205	325	0	1	326
IN300513 20939266	Nagesh Karkera	11/20/2014	To CM Sharekhan Limited, Normal / 2014215	326	26	0	300
IN300513 20939266	Nagesh Karkera	11/27/2014	To CM Sharekhan Limited, Normal / 2014220	300	50	0	250
IN300513 20939266	Nagesh Karkera	11/28/2014	To CM Sharekhan Limited, Normal / 2014221	250	250	0	0

The details were also sought from NSDL vide email dated December 02, 2016 regarding the allotment of Bonus Shares to Nagesh in demat form while he was not holding any

demat shares. In their reply vide email dated December 08, 2016 (**Annexure-OD63**) NSDL submitted that the company KNPL/its R&T Agent had executed credit corporate actions for bonus option cases on August 13, 2010. From the documents forwarded by NSDL, SEBI observed that it has allotted 750 bonus shares (along with 2 other matters for total shares 3166) to Nagesh pursuant tothe Noticee 1 letter dated August 11, 2010 and Kansai Nerolac dated August 04, 2010(copy of letters placed at **Annexure-C of NSDL email dated December 08, 2016; Annexure-OD63**). It is alleged that 750 bonus shares were illegally siphoned off shares by Nagesh on the instruction of the Noticee 1. The company has also been negligent and has placed blind trust in the Noticee 1. SEBI observed that the said shares were sold by Nagesh in the market through broker-Sharekhan.

219. Extract of ledger account statement of Nagesh Karkera as provided by Broker Share Khan vide email dated May 03, 2016(**Annexure-OD49**) is as below:

Comp Nm	DocDt	DocRef	Chq No	Narr	DrAmt	CrAmt	RunBal	Remarks
NSE Cash	01/10/ 2014	SJV/NR/ 20141841		Bill for trade dates 29/09/2014 To 29/09/2014 Settlement - NSENR2014184	0	771244.74	-239714.41	Sale of 25 Kansai @ Rs. 46766.60; Sale of 25 Britannia @ Rs. 35576.25; Sale of 1000 Hexaware @ 198000 and Sale of 700 Bharat Forge @ Rs. 575719.83
NSE Cash	07/10/ 2014	SJV/NR/ 20141851		Bill for trade dates 30/09/2014 To 30/09/2014 Settlement - NSENR2014185	0	455820.81	-695535.22	25 Kansai @ Rs. 46716.25 and Sale of 2000 Hexaware @ Rs. 410653.4
NSE Cash	09/10/ 2014	SJV/NR/ 20141871		Bill for trade dates 07/10/2014 To 07/10/2014 Settlement - NSENR2014187	0	117625.67	-813160.89	Sale of 25 Kansai @ Rs. 47923.75 and Sale of 50 Britannia @ Rs. 70101.55
NSE Cash	10/10/ 2014	BP/2014 10/10362	1513 8567	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2909402 dated 2014-10-10	800000	0	-13160.89	Paid to client
NSE Cash	14/10/ 2014	SJV/NR/ 20141901		Bill for trade dates 10/10/2014 To 10/10/2014 Settlement - NSENR2014190	0	834716.14	-1042734.99	Sale of 15 Kansai @ Rs. 28980 ; Sale of 1755 Asian Paint @ Rs. 1164792.97; Buy of 75 Britannia @ Rs. 97897.5 and Net Buy of 1000 Vedanta @ Rs. 255752

Comp Nm	DocDt	DocRef	Chq No	Narr	DrAmt	CrAmt	RunBal	Remarks
NSE Cash	16/10/2014	BP/2014 10/18090	1516 3547	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2917862 dated 2014-10-16	1000000	0	-42734.99	Paid to client
NSE Cash	21/10/2014	SJV/NR/ 20141941		Bill for trade dates 17/10/2014 To 17/10/2014 Settlement - NSENR2014194	0	492973.6	-495236.32	Sale of 100 Kansai @ Rs. 185487.6 ; Net Sale of 225 Britannia @ Rs. 307405.43 and Profit on Day Trading of Hexaware @ Rs. 2432
NSE Cash	22/10/2014	SJV/NR/ 20141951		Bill for trade dates 20/10/2014 To 20/10/2014 Settlement - NSENR2014195	0	610531.37	-1105767.69	Sale of 25 Kansai @ Rs. 46663.90; Sale of 655 Asian Paints @ Rs. 429440.53 and Sale of 100 Britannia @ Rs. 136501.25
NSE Cash	22/10/2014	BP/2014 10/27862	1519 3532	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2928621 dated 2014-10-22	495000	0	-610767.69	Paid to client
NSE Cash	27/10/2014	BP/2014 10/30942	1520 5809	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2932343 dated 2014-10-27	600000	0	-10767.69	Paid to client
NSE Cash	27/10/2014	SJV/NR/ 20141961		Bill for trade dates 21/10/2014 To 21/10/2014 Settlement - NSENR2014196	0	386818.58	-397586.27	Sale of 75 Kansai @ Rs. 140865; Sale of 175 Britannia @ Rs. 242966.31; Net Profit on Day trading of Asian Paints @ Rs. 844100.73 and Vedanta @ Rs. 252850
NSE Cash	28/10/2014	SJV/NR/ 20141971		Bill for trade dates 22/10/2014 To 22/10/2014 Settlement - NSENR2014197	0	966494.82	-1364081.09	Sale of 25 Kansai @ Rs. 47128.75; Sale of 100 Britannia @ Rs. 139965 and Net Sale of 1194 Asian Paints @ Rs. 783126.39
NSE Cash	28/10/2014	SJV/NR/ 20141981		Bill for trade dates 23/10/2014 To 23/10/2014 Settlement - NSENR2014198	0	589188.24	-1953269.33	Sale of 75 Kansai @ Rs. 148847 ; Sale of 305 Britannia @ Rs. 440610.44 and Net profit of Day trading of Asian Paints @ Rs. 1956.4
NSE Cash	28/10/2014	BP/2014 10/33353	1521 1231	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2934519 dated 2014-10-28	395000	0	-1558269.33	Paid to client
NSE Cash	29/10/2014	SJV/NR/ 20141991		Bill for trade dates 27/10/2014 To 27/10/2014 Settlement - NSENR2014199	0	766813.01	-2325082.34	Sale of 296 Asian Paints @ Rs. 1,92,781.19; Sale of 175 Britannia @

Comp Nm	DocDt	DocRef	Chq No	Narr	DrAmt	CrAmt	RunBal	Remarks
								Rs2,53,432.01; Sale of 35 Kansai @ Rs. 70,405.05 and Sale of 1000 Vedanta @ Rs. 2,52,800.00
NSE Cash	29/10/ 2014	BP/2014 10/36238	1521 8610	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2936911 dated 2014-10-29	1550000	0	-775082.34	Paid to client
NSE Cash	30/10/ 2014	BP/2014 10/38381	1522 3797	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 2939362 dated 2014-10-30	700000	0	-82643	Paid to client
NSE Cash	10/11/ 2014	SJV/NR /20142051		Bill for trade dates 05/11/2014 To 05/11/2014 Settlement - NSENR2014205	0	747202.59	-1187409.46	Buy of 1 Kansai @ Rs. 1911; Sale of 375 Britannia @ Rs. 577863.41; Net Buy of 600 Reliance Capital @ Rs287455 and Net Sale of 700 Asian Paints @ Rs. 463507.17
NSE Cash	24/11/ 2014	SJV/NR/ 20142151		Bill for trade dates 20/11/2014 To 20/11/2014 Settlement - NSENR2014215	0	50788.75	-165458.85	Sale of 26 Kansai @ Rs. 50961.3
NSE Cash	01/12/ 2014	BP/2014 12/1738	1538 9029	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 3000929 dated 2014-12-01	680000	0	-4396.36	Paid to client
NSE Cash	01/12/ 2014	SJV/NR/ 20142201		Bill for trade dates 27/11/2014 To 27/11/2014 Settlement - NSENR2014220	0	433493.46	-437889.82	Sale of 50 Kansai @ Rs. 1,00,001.25 and Sale of 200 Britannia @ Rs. 3,34,965.00
NSE Cash	02/12/ 2014	BP/2014 12/3562	1539 7501	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 3003182 dated 2014-12-02	400000	0	-37889.82	Paid to client
NSE Cash	02/12/ 2014	SJV/NR/ 20142211		Bill for trade dates 28/11/2014 To 28/11/2014 Settlement - NSENR2014221	0	502748.67	-540634.56	Sale of 250 Kansai @ Rs. 5,01,501.65 and Sale of 250 Panoramic Universal @ Rs. 2,962.50
NSE Cash	05/12/ 2014	BP/2014 12/11141	1542 6963	For bank transfer NEFT/RTGS withdrawal. Bank : ICICI BANK by instruction number 3009406 dated 2014-12-05	500000	0	-40634.56	Paid to client

SEBI alleged that the shares were sold along with other shares and all funds have been transferred to account no. 001810100146954 held by Nagesh Karkera with Bharat Co-op

Bank (**Annexure-BRBCBL; Page no. - 159-164**). The payment details to Nagesh, Suresh Unavane and The Noticee 5 by Sharekhan is submitted by Sharekhan vide email dated July 27, 2016 (**Annexure-OD109**)

220. SEBI alleged that Nagesh did not reply to SEBI summons for each and every transactions but sent a letter dated October 01, 2016(Annexure LIR2) whereby he stated that he is a farmer staying in Udupi while all transactions in his account are being done by The Noticee 3. The Noticee 5 in his statement dated September 27, 2016 (**Annexure-SR1**) has already admitted that all the transactions in his demat and bank are being conducted by The Noticee 3/himself. Further, all the shares and money moving through the accounts belonged to them. He also admitted placing orders to the broker. Thus, it is alleged that the shares has been siphoned off by The Noticee 3 through misuse of his official positions at the Noticee 1. Further all internal checks & balances and systems has failed atthe Noticee 1. It is alleged that the Noticee 1 has not only failed to comply with SEBI summons for co-operation in the investigation but also The Noticee 2 was trying to justify the fraudulent transactions to the company by submitting forged documents and misleading claims.

Fraudulent transactions in the matter of The Noticee 18(Folio Number- S0002832)

221. SEBI observed from the back office system records of the Noticee 1 that in the Folio No. S0002832 (Screen Shot placed at **Annexure–SP18**) 533 shares of Kansai Nerolac Paints Ltd. (Certificate no. - 105017; Distinctive No. - 15628848 to 15629380) were misappropriated from folio S0001970 (Stock Holding/Nagesh K) on 15/04/2010 and 666 shares (Certificate no. - 103939; Distinctive No. - 15441050 to 15441715) misappropriated from folio no. - L0000042 (LIC/ Nagesh K) on 15/04/2010. These shares with same certificate numbers were dematerialized by The Noticee 18 on 23/04/2010.After demat the following transactions were observed in the demat accounts of The Noticee 18:

DP ID	Client ID	First Holder Name	First Holder Pan	Second Holder Name	Second Holder Pan	ISIN	Scrip Name	Date	Order No	Description	Opening Balance	Debit	Credit	Closing Balance
IN300907	10287487	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	23-Apr-2010	313395	By Dematerialisation	0	0	1,199	1,199
IN300907	10287487	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	27-Apr-2010	11070147	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011018	1,199	350	0	849
IN300907	10287487	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	29-Apr-2010	11071390	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011020	849	5	0	844
IN300907	10287487	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	30-Apr-2010	11072162	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011022	844	370	0	474
IN300907	10287487	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	12-May-2010	11077292	To CM AFN Langrana Sh And Stbr, Rolling Mkt Lot / 1011030	474	200	0	274
IN300907	10287487	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	30-Jun-2010	182259	By KANSAI BONUS RATIO 1 1	274	0	274	548
IN300907	10287487	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	27-Apr-2011	1000000002 1882	To The Noticee 18 IN300749110 10340	548	548	0	0
IN300749	11010340	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	27-Apr-2011	1000000002 1882	By The Noticee 18 IN300907102 87487	0	0	548	548
IN300749	11010340	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01016	Kansai Nerolac Paints Ltd. EQ	28-Mar-2015	1002231287	To STOCK SPLIT	548	548	0	0
IN300749	11010340	The Noticee 18	AGJPB6222E	Anand Bhalakia	AABPB9293K	INE531A01024	Kansai Nerolac Paints Limited EQ New FV Re. 1/-	28-Mar-2015	1002231287	By STOCK SPLIT	0	0	5,480	5,480

As per the NSDL email dated November 29, 2016 (**Annexure-OD44**), the demat account is a joint demat account with his son Anand Bhalakia. SEBI observed from the DRF of the above transactions that both Shrikant and Anand has signed on the same. Further, the

DRF dated 19.04.2010 shows that the same shares certificate no. - 105017&103939 was dematerialized.

222. Therefore, in view of the above, it is alleged that Shrikant and Anand sold the illegally siphoned off shares and 274 shares received as bonus shares on those illegally siphoned 1199 shares through his broker AFN Langrana.

As per Annexure-4 of the The Noticee 18's reply dated May 13, 2016(**Annexure-LIR7**) he has admitted the receipt and deposit in his demat account of below mentioned shares of Kansai Nerolac Limited:

Date	**No. of Shares**	**Demat Account**
23/04/2010	1199	Kapol Bank-IN30090710287487
30/06/2010	274	Kapol Bank-IN30090710287487
Total	**1473**	

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

Particulars	**Numbers**
Shares received	1473
Less Shares Sold	925
Shares in hand	**548 (5480 Post 1:10 Split on 26/03/2015)**

The utilization of sale proceeds are as below:

Particulars	**Numbers**	**Amount**
Kansai Nerolac	925	1279648
Asian Paints	4783	13084184
Total		**14363832**
Paid to The Noticee 3 related entities by cheques		**10372364**
Balance		**3991468**

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

Date	Bank	Amount
22/06/2011	Kapol Bank	4110
16/06/2011	Bank of India	5480
23/06/2012	Bank of India	6028
22/06/2013	Bank of India	6028
25/06/2014	Bank of India	6028
08/07/2015	Bank of India	7672
	Total	**35346**

The Noticee 18 has provided a common generalized reply for all his dealings w.r.t. share transfer, re-print and demat of shares which is already explained in the paragraphs dealing with fraudulent transactions in the shares of Asian Paints Limited. The fallacy of his arguments/after thoughts is already dealt in the preceding paragraphs w.r.t. his dealings in shares of Asian Paints. With respect to Kansai Nerolac the Noticee 18 explained that he received 1199 shares of Kansai Nerolac in April 2010. He stated that he lodged the shares with The Noticee 3 for transfer in his joint name (with son Anand Bhalakia). He also stated that the transferred shares received by him had his name and his son's name on front side at which he got surprised. He added that The Noticee 3 explained to him it is due to consolidation of folios. He further added that he sold the 925 shares (out total 1473 shares received by him through The Noticee 3) and received payment of 461936/- out of which Rs. 360000/- were transferred to Nagesh Karkera on the instruction of The Noticee 3. Thus it is alleged that The Noticee 18 has admitted that he was transferring shares belonging to other investors in coordination with The Noticee 3.

223. SEBI observed from the reply of Shrikant that the shares were getting delivered to/from The Noticee 3 after transfer or re-print "in a few days time" that too without any documentary requirements. It is alleged that these explanations are just alibis and "after thought" because The Noticee 18 ignored the appearance of his name (and his son's) on front face of the share certificate, apparently new certificate was printed while there is no requirement of re-print of share certificate on mere transfer which can be effected by endorsement on the back side. Further, consolidation of folio has nothing to do with share

certificate as the certificate was any way going to be dematerialized. Further, more than one certificate can also be dematerialized in a single demat account. It is alleged that the reprinting was apparently going on to siphon off shares belonging to untraceable investors and blur the audit trail. It is alleged that if there had been genuine transfer of shares there would not have been any need of re-print as old certificates would have come to the transferee. It is also alleged that such transfer of shares belonging to third party in one's name and without due documents is actually illegal and amounts to fraudulent siphoning of shares.

The movement of funds from Broker-AFN Langrana to Shrikant/Anand then ultimately to The Noticee 3 related entities is placed at **Annexure-BRFA1**.It is alleged that the shares were being sold and the amount was being transferred to Anand The Noticee 18 who in turn was paying tothe Noticee 1 management (viz. The Noticee 3) related entities i.e. to Nagesh Karkera. Nagesh after receiving the funds was in turn transferring to The Noticee 3, and Satyam Brush Industries. It is alleged that Anand Bhalakia was transferring the proceeds of Rs. 100,000 to Dina Bhalakia thus it is alleged that Dina Bhalakia was also the recipient of the ill-gotten proceeds. Therefore, it is alleged that The Noticee 3 has not only ensured fraudulent transactions at Sharepr (as VP) but also is the beneficiary of the fraud along with Shrikant, Anand Bhalakia& Dina Bhalakia.

Fraudulent transactions in the matter of Ganesh Prabhakar Bhalerao (Folio Number- G0000514)

224. SEBI observed from the back office system records of the Noticee 1 that in the Folio G0000514 (Screen Shot placed at **Annexure-SP19**) all dividends records till issue date Aug 01, 2005 shown in name of Ganesh Prabhakar Bhalerao on holding of 166 shares of Kansai Nerolac Paints Ltd. Currently, folio is in the name of Ganesh Nimbalkar with nil holding.The Noticee 1 failed to comply SEBI summons to explain the transactions and provide documents to prove the genuineness of the transaction in this regard.

225. SEBI observed that there was record of dematerialization of 166 shares of Kansai Nerolac Paints Ltd. (certificate no 103619; distinctive no 15391314 to 15391379, certificate no 99089080; distinctive no 14159937 to 14159986, certificate no 99089081; Distinctive no. - 14159987 to 14160036) in Folio No. -G0000514 on 18/8/2005 (inward no. - 249049) in the demat account number IN300505-10118346.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 (Annexure-SR12) that the name of the folio no. - G0000514 was changed from Ganesh Prabhakar Bhalerao to Ganesh B Nimbalkar on 25/10/2011 by User "administrator" login Terminal id "CPRABHU".

The "Signature" record of the folio no. - G0000514 taken out from the system of "Signature Verification Department" reveals that the signature attached to the folio is still that of "G. Bhalerao" (Annexure-SR11). It is alleged that if Ganesh Nimbalkar would have received the shares through a genuine transfer then transfer would have been effected with proper "Transfer entry", a new folio would have been allotted to him and his signature would have been attached to it.

226. Kansai Nerolac vide their reply dated May 06, 2016 submitted that G0000514 originally belonged to Ganesh Prabhakar Bhalerao and he dematerialized his shares in August 2005 as a result there was no holding in the folio. Later on October 25, 2011 the folio was allegedly changed from the name of Ganesh Prabhakar Bhalerao to Ganesh Nimbalkar through a back end entry while the address continued to be that of Mr. Bhalerao.Kansai Nerolac further, stated that there are no documents for the change as the entry is done through back end.

227. The demat account number IN300505-10118346 belong to Bhalerao Ganesh Prabhakar, thus it is alleged that the statement of the company is correct. However it is alleged that same is not in accordance with the Secretarial Standard – 4 on Registers and Records issued by the Institute of Company Secretaries of India, w.r.t. the erstwhile Companies Act, 1956, which states that entries in register should be made forthwith, in chronological

order and separate folios should be assigned to every person in whose name the investments are held. Accordingly, same folio cannot be allotted in the name of two different persons. This is also in violation of policy/practice of the Noticee 1 as stated by The Noticee 2 vide statement dated January 28, 2016 (Annexure-SR15).

Therefore, it is alleged that the internal checks and balances and control system of the Noticee 1 were compromised to illegally transfer the folio belonging to one shareholder by another entity and then use the same for fraudulent transactions.

228. SEBI observed that 2000 shares of Kansai Nerolac Paints Ltd. (Certificate No. 107696; Distinctive No 12807 to 14806) were received in the Folio No G0000514from folio no. -A0000079 (Amrit Lal) by way of rectification entry on 25/10/2011 (Transaction no. 800001 & Inward no. 800002).

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	2000 shares (20000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to Amrit Lal misappropriated by Ganesh Nimbalkar vide back office Rectification entry on 25/10/2011	Value= Rs. 1684800 (Price @ NSE Rs. 842.40)	Value= Rs. 7569000(Price @ NSE Rs. 378.45)

230. It was further, observed in the records of the Folio No. G0000514 that 2000 shares of Kansai Nerolac Paints Ltd. (as received on 25/10/2011from folio no. -A0000079 by way of rectification entry) were dematerialized on 31/10/2011 (Transaction No. 600683. Inward No. 5951380) in demat account no. -1201120000235716 (which belongs to Ganesh Nimbalkar).

231. On 10/11/2011 further 1586 shares of Kansai Nerolac Paints Ltd. (Certificate No. 107698; distinctive no 14807 to 16392) transferred from folio A0000079 to folio G0000514 by way of rectification entry (Transaction no. 800002 & Inward no. 800003).

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1.	1586 shares (15860 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to Amrit Lal misappropriated by Ganesh Nimbalkar vide back office Rectification entry on 10/11/2011	Value= Rs. 13,76,251.5 (Price @ NSE Rs. 867.75 on 09/11/2011)	Value= Rs. 60,02,217(Price @ NSE Rs. 378.45)

233. SEBI also observed from the records of Folio No G0000514 that the said 1586 shares (As received on 10/11/2011 from folio no. - A0000079 as rectification entry) were dematerialized on 17/11/2011 (Transaction No. 600685 & Inward No. 5962212).

234. From the back office software module of the Noticee 1, SEBI observed that share certificate no. 107696 (2000 share) and 107697 (5086 shares) was printed in folio No. - A0000079 on 24/10/2011 (Inward No. 1737545. Merge/split no. 310). Further, it is alleged that another share certificate no. -107698 (1586 shares) was also printed; it appears that share certificate no. 107698 was printed by splitting share certificate no 107697 (5086 shares) as distinctive numbers belonging to certificate number 107698 are subset of distinctive numbers belonging to certificate no. 107697 but there is no record of re-print in Back office software system of the Noticee 1. Further Noticee 1 failed to comply SEBI summons seeking information/documents in respect of share certificate re-printing transaction w.r.t. Share certificate no 107696, 107697 and 10698. The data extracted by investigation team from the back end systems of the Noticee 1 w.r.t. certificate nos. 107696 and 107697 is placed as below:

MS_PRINT_SR_NO	MS_REQ_INW_NO	CERT_SR_NO	CERTIFICATE_NO	DIST_NO_FROM	DIST_NO_TO	MS_REQ_FOLIO_NUMBER	CREATION_DATE	No of Shares
8830	339	104206	107697	14807	14856	A0000079	24/10/2011	50
8832	339	104206	107697	14857	14906	A0000079	24/10/2011	50
8834	339	104206	107697	14907	14956	A0000079	24/10/2011	50
8836	339	104206	107697	14957	15006	A0000079	24/10/2011	50
8838	339	104206	107697	15007	15056	A0000079	24/10/2011	50
8840	339	104206	107697	15057	15106	A0000079	24/10/2011	50
8842	339	104206	107697	15107	15156	A0000079	24/10/2011	50

MS_PR INT _SR _NO	MS_REQ _INW_NO	CERT_ SR_NO	CERT IFIC ATE _NO	DIST_ NO _FROM	DIST_ NO_TO	MS_REQ_ FOLIO_ NUMBER	CREATION _DATE	No of Shar es
8844	339	104206	107697	15157	15206	A0000079	24/10/2011	50
8846	339	104206	107697	15207	15256	A0000079	24/10/2011	50
8848	339	104206	107697	15257	15306	A0000079	24/10/2011	50
8850	339	104206	107697	15307	15356	A0000079	24/10/2011	50
8852	339	104206	107697	15357	15406	A0000079	24/10/2011	50
8854	339	104206	107697	15407	15456	A0000079	24/10/2011	50
8856	339	104206	107697	15457	15506	A0000079	24/10/2011	50
8858	339	104206	107697	15507	15556	A0000079	24/10/2011	50
8860	339	104206	107697	15557	15606	A0000079	24/10/2011	50
8862	339	104206	107697	15607	15656	A0000079	24/10/2011	50
8864	339	104206	107697	15657	15706	A0000079	24/10/2011	50
8866	339	104206	107697	15707	15756	A0000079	24/10/2011	50
8868	339	104206	107697	15757	15806	A0000079	24/10/2011	50
8870	339	104206	107697	15807	15856	A0000079	24/10/2011	50
8872	339	104206	107697	15857	15906	A0000079	24/10/2011	50
8874	339	104206	107697	15907	15956	A0000079	24/10/2011	50
8876	339	104206	107697	15957	16006	A0000079	24/10/2011	50
8878	339	104206	107697	16007	16056	A0000079	24/10/2011	50
8880	339	104206	107697	16057	16106	A0000079	24/10/2011	50
8882	339	104206	107697	16107	16156	A0000079	24/10/2011	50
8884	339	104206	107697	16157	16206	A0000079	24/10/2011	50
8886	339	104206	107697	16207	16256	A0000079	24/10/2011	50
8888	339	104206	107697	16257	16306	A0000079	24/10/2011	50
8890	339	104206	107697	16307	16356	A0000079	24/10/2011	50
8892	339	104206	107697	16357	16406	A0000079	24/10/2011	50
8894	339	104206	107697	16407	16456	A0000079	24/10/2011	50
8896	339	104206	107697	16457	16506	A0000079	24/10/2011	50
8898	339	104206	107697	16507	16556	A0000079	24/10/2011	50
8900	339	104206	107697	16557	16606	A0000079	24/10/2011	50
8902	339	104206	107697	16607	16656	A0000079	24/10/2011	50
8904	339	104206	107697	16657	16706	A0000079	24/10/2011	50
8906	339	104206	107697	16707	16756	A0000079	24/10/2011	50
8908	339	104206	107697	16757	16806	A0000079	24/10/2011	50
8910	339	104206	107697	16807	16856	A0000079	24/10/2011	50
8912	339	104206	107697	16857	16906	A0000079	24/10/2011	50
8914	339	104206	107697	16907	16956	A0000079	24/10/2011	50
8916	339	104206	107697	16957	17006	A0000079	24/10/2011	50
8918	339	104206	107697	17007	17056	A0000079	24/10/2011	50
8920	339	104206	107697	17057	17106	A0000079	24/10/2011	50
8922	339	104206	107697	17107	17156	A0000079	24/10/2011	50

MS_PR INT _SR _NO	MS_REQ _INW_NO	CERT_ SR_NO	CERT IFIC ATE _NO	DIST_ NO _FROM	DIST_ NO_TO	MS_REQ_ FOLIO_ NUMBER	CREATION _DATE	No of Shar es
8924	339	104206	107697	17157	17206	A0000079	24/10/2011	50
8926	339	104206	107697	17207	17256	A0000079	24/10/2011	50
8928	339	104206	107697	17257	17306	A0000079	24/10/2011	50
8930	339	104206	107697	17307	17356	A0000079	24/10/2011	50
8932	339	104206	107697	17357	17406	A0000079	24/10/2011	50
8934	339	104206	107697	17407	17456	A0000079	24/10/2011	50
8936	339	104206	107697	17457	17506	A0000079	24/10/2011	50
8938	339	104206	107697	17507	17556	A0000079	24/10/2011	50
8940	339	104206	107697	17557	17606	A0000079	24/10/2011	50
8942	339	104206	107697	17607	17656	A0000079	24/10/2011	50
8944	339	104206	107697	17657	17706	A0000079	24/10/2011	50
8946	339	104206	107697	17707	17756	A0000079	24/10/2011	50
8948	339	104206	107697	17757	17806	A0000079	24/10/2011	50
8950	339	104206	107697	17807	17856	A0000079	24/10/2011	50
8952	339	104206	107697	17857	17906	A0000079	24/10/2011	50
8954	339	104206	107697	17907	17956	A0000079	24/10/2011	50
8956	339	104206	107697	17957	18006	A0000079	24/10/2011	50
8958	339	104206	107697	18007	18056	A0000079	24/10/2011	50
8960	339	104206	107697	18057	18106	A0000079	24/10/2011	50
8962	339	104206	107697	18107	18156	A0000079	24/10/2011	50
8964	339	104206	107697	18157	18206	A0000079	24/10/2011	50
8966	339	104206	107697	18207	18256	A0000079	24/10/2011	50
8968	339	104206	107697	18257	18306	A0000079	24/10/2011	50
8970	339	104206	107697	18307	18356	A0000079	24/10/2011	50
8972	339	104206	107697	18357	18406	A0000079	24/10/2011	50
8974	339	104206	107697	18407	18456	A0000079	24/10/2011	50
8976	339	104206	107697	18457	18506	A0000079	24/10/2011	50
8978	339	104206	107697	18507	18556	A0000079	24/10/2011	50
8980	339	104206	107697	18557	18606	A0000079	24/10/2011	50
8982	339	104206	107697	18607	18656	A0000079	24/10/2011	50
8984	339	104206	107697	18657	18706	A0000079	24/10/2011	50
8986	339	104206	107697	18707	18756	A0000079	24/10/2011	50
8988	339	104206	107697	18757	18806	A0000079	24/10/2011	50
8990	339	104206	107697	18807	18856	A0000079	24/10/2011	50
8992	339	104206	107697	18857	18906	A0000079	24/10/2011	50
8994	339	104206	107697	18907	18956	A0000079	24/10/2011	50
8996	339	104206	107697	18957	19006	A0000079	24/10/2011	50
8998	339	104206	107697	19007	19056	A0000079	24/10/2011	50
9000	339	104206	107697	19057	19106	A0000079	24/10/2011	50
9002	339	104206	107697	19107	19156	A0000079	24/10/2011	50

MS_PR INT_SR _NO	MS_REQ _INW_NO	CERT_ SR_NO	CERT IFIC ATE _NO	DIST_ NO _FROM	DIST_ NO_TO	MS_REQ_ FOLIO_ NUMBER	CREATION _DATE	No of Shar es
9004	339	104206	107697	19157	19206	A0000079	24/10/2011	50
9006	339	104206	107697	19207	19256	A0000079	24/10/2011	50
9008	339	104206	107697	19257	19306	A0000079	24/10/2011	50
9010	339	104206	107697	19307	19356	A0000079	24/10/2011	50
9012	339	104206	107697	19357	19406	A0000079	24/10/2011	50
9014	339	104206	107697	19407	19456	A0000079	24/10/2011	50
9016	339	104206	107697	19457	19506	A0000079	24/10/2011	50
9018	339	104206	107697	19507	19556	A0000079	24/10/2011	50
9020	339	104206	107697	19557	19606	A0000079	24/10/2011	50
9022	339	104206	107697	19607	19656	A0000079	24/10/2011	50
9024	339	104206	107697	19657	19706	A0000079	24/10/2011	50
9026	339	104206	107697	19707	19756	A0000079	24/10/2011	50
9028	339	104206	107697	19757	19806	A0000079	24/10/2011	50
9030	339	104206	107697	19807	19856	A0000079	24/10/2011	50
9032	339	104206	107697	19857	19866	A0000079	24/10/2011	10
9034	339	104206	107697	19867	19876	A0000079	24/10/2011	10
9036	339	104206	107697	19877	19886	A0000079	24/10/2011	10
9038	339	104206	107697	19887	19891	A0000079	24/10/2011	5
9040	339	104206	107697	19892	19892	A0000079	24/10/2011	1
9149	340	104208	107698	14807	14856	A0000079	07/11/2011	50
9151	340	104208	107698	14857	14906	A0000079	07/11/2011	50
9153	340	104208	107698	14907	14956	A0000079	07/11/2011	50
9155	340	104208	107698	14957	15006	A0000079	07/11/2011	50
9157	340	104208	107698	15007	15056	A0000079	07/11/2011	50
9159	340	104208	107698	15057	15106	A0000079	07/11/2011	50
9161	340	104208	107698	15107	15156	A0000079	07/11/2011	50
9163	340	104208	107698	15157	15206	A0000079	07/11/2011	50
9165	340	104208	107698	15207	15256	A0000079	07/11/2011	50
9167	340	104208	107698	15257	15306	A0000079	07/11/2011	50
9169	340	104208	107698	15307	15356	A0000079	07/11/2011	50
9171	340	104208	107698	15357	15406	A0000079	07/11/2011	50
9173	340	104208	107698	15407	15456	A0000079	07/11/2011	50
9175	340	104208	107698	15457	15506	A0000079	07/11/2011	50
9177	340	104208	107698	15507	15556	A0000079	07/11/2011	50
9179	340	104208	107698	15557	15606	A0000079	07/11/2011	50
9181	340	104208	107698	15607	15656	A0000079	07/11/2011	50
9183	340	104208	107698	15657	15706	A0000079	07/11/2011	50
9185	340	104208	107698	15707	15756	A0000079	07/11/2011	50
9187	340	104208	107698	15757	15806	A0000079	07/11/2011	50
9189	340	104208	107698	15807	15856	A0000079	07/11/2011	50

MS_PRINT_SR_NO	MS_REQ_INW_NO	CERT_SR_NO	CERTIFICATE_NO	DIST_NO_FROM	DIST_NO_TO	MS_REQ_FOLIO_NUMBER	CREATION_DATE	No of Shares
9191	340	104208	107698	15857	15906	A0000079	07/11/2011	50
9193	340	104208	107698	15907	15956	A0000079	07/11/2011	50
9195	340	104208	107698	15957	16006	A0000079	07/11/2011	50
9197	340	104208	107698	16007	16056	A0000079	07/11/2011	50
9199	340	104208	107698	16057	16106	A0000079	07/11/2011	50
9201	340	104208	107698	16107	16156	A0000079	07/11/2011	50
9203	340	104208	107698	16157	16206	A0000079	07/11/2011	50
9205	340	104208	107698	16207	16256	A0000079	07/11/2011	50
9207	340	104208	107698	16257	16306	A0000079	07/11/2011	50
9209	340	104208	107698	16307	16356	A0000079	07/11/2011	50
9211	340	104208	107698	16357	16392	A0000079	07/11/2011	36

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD64**) that the certificate No 107696 & 107697 was printed on October 24, 2011 i.e. just one day before the transfer to folio no. -G0000514 (illegally allotted to Ganesh Nimbalkar).

The physical share certificate print reconciliation/control register (**Annexure-OD64**) shows that the certificate No 107698 was printed on November 08, 2011 i.e. just two day before the transfer to folio no. - G0000514 (illegally allotted to Ganesh Nimbalkar).

235. SEBI observed from the Annual Return data submitted by the Noticee 1 vide statement dated March 23, 2016(Annexure-SR12), reveals that in 2007, 2008, 2009, 2010, 2011 and 2012 the folio no. G0000514 has been omitted altogether. However, in Transfer file of 2012, it was reported that there is transfer of shares and dematerialization as below:

Date	No of Shares	Folio of Transferor	Name of Transferor	Folio of Transferee	Name of Transferee	Transaction No	Remark
25/10/11	2000	A0000079	Amrit Lal	G0000514	GaneshNimbalkar	0800001	
31/10/11	2000	G0000514	GaneshNimbalkar	CDSLGN01	CDSL	0600683	Demat
10/11/11	1586	A0000079	Amrit Lal	G0000514	GaneshNimbalkar	0800002	

17/11/11	1586	G0000514	GaneshNim balkar	CDSLGN01	CDSL	0600685	Dem at

(Screen Shot of Annual Return data is placed at **Annexure-ARSP15**)

236. SEBI observed from the reply of Nerolac dated May 06, 2016,to the SEBI summons,(Annexure-CRKN1) that the folio no. - G0000514 was used for unauthorized transfers by "rectification" entries to transfer 2000 shares on October 25, 2011 and 1586 shares on November 10, 2011 to Ganesh Nimbalkar (from folio no. - A000079 to G0000514). These transfers were not included in the share transfer registers for the relevant period. Nerolac, further, stated that the certificate nos. 107696, 107697 and 107698 were never sent to it for signature.

237. SEBI alleged that The Noticee 2 did not reply to SEBI summons wherein information was sought about the above transactions, he had sent a letter dated February 03, 2016 (**Annexure-OD61**) to the company Kansai Nerolac in reply to their queries in the matter. The Noticee 2 has submitted a copy of letter from the purported heir of Amrit Lal (Folio No. - A000079) stating that he has received demand drafts of dividend for the year 2009, 2010, 2011, 2012 & 2013 in the name of his uncle Amrit Lal since he has died and the same will be deposited in his (Amritlal's) account. Further, on discussion with SEBI Nerolac examined the matter and discovered that

- The actual heir is Sunil Davesar not Sudhir Kumar Dahesar as mentioned on the undated letter submitted to Nerolac by G.R.Rao.
- it was informed by the actual heir that his uncle died 8 years back
- that The Noticee 3 approached him over phone a few months back informing him that she has received a transfer deed for the shares held by Amritlal
- Actual heir Sunil Kumar Davessar confirmed vide email dated February 23, 2016 to that the letter submitted by The Noticee 2 is fake and he has never received any demand draft as well (The documents provided by the company vide reply dated

March 17, 2016 including the reply of The Noticee 2 are placed at **Annexure-CRKN3**).

Thus, it is alleged that the undated letter of the purported heir of Amritlal submitted to the company by The Noticee 2 is forged. Further The Noticee 2 did not submit any relationship documents or death certificate along with letter to the company. The letter submitted by The Noticee 2 states that demand draft received in the name of Amritlal. It is not made clear why demand drafts were issued in the name of a dead person. Further, if Mr. Amritlal has died eight years back how and on whose instructions his shares were being re-printed and transferred to other entities. Further, the dividends on the shares were being transferred to entities related to the Noticee 1 management (viz. Raju Landge). It is alleged that The Noticee 1/The Noticee 2 has failed to provide reply along with supporting documents in this regards to SEBI summons. It is alleged that The Noticee 2 was attempting to mislead Nerolac based on an allegedly forged letter which supports the allegetion that The Noticee 2 was not only aware but mastermind of such fraudulent transactions at the office of the Noticee 1. It is also alleged that the folio number G0000514 belonging to another investor is illegally acquired by the Noticee 1 related entity to later siphon off the shares of one dead investor by transferring the same to the said folio.

238. After demat the shares were transferred by Ganesh Nimbalkar as below:

Date of Txn	Transaction Particulars	C-Credit/ D-Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
01/11/2011	Demat 05951380 Close - Cr Confirmed Balance	C	2000	1201120000235716	Ganesh Nimbalkar			Demat
02/11/2011	OF-DR TD:333009 TX:110386 1201120000234881	D	1000	1201120000235716	Ganesh Nimbalkar	1201120000234881	RajeshBhagat	Off-Market Transfer within CDSL
02/11/2011	EP-DR Txn:497392 CtBo:1100001000012642 1110001112148 ExId:11	D	500	1201120000235716	Ganesh Nimbalkar	1100001000012642	Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL
04/11/2011	EP-DR Txn:689917 CtBo:1100001000012642 1110001112150 ExId:11	D	23	1201120000235716	Ganesh Nimbalkar	1100001000012642	Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL

08/11 /2011	SETTLEMENT-DR SETT 1110001112149 EX 11 616846	D	477	120112000 0235716	Ganesh Nimbalkar		Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL
17/11 /2011	Demat 05962212 Close - Cr Confirmed Balance	C	1586	120112000 0235716	Ganesh Nimbalkar			Demat
18/11 /2011	OF-DR TD:432869 TX:310822 1201120000234881	D	800	120112000 0235716	Ganesh Nimbalkar	120112 000023 4881	RajeshBhagat	Off-Market Transfer within CDSL
18/11 /2011	EP-DR Txn:411277 CtBo:11000010000126 42 1110001112158 ExId:11	D	500	120112000 0235716	Ganesh Nimbalkar	110000 100001 2642	Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL
23/11 /2011	SETTLEMENT-DR SETT 1110001112159 EX 11 516414	D	286	120112000 0235716	Ganesh Nimbalkar		Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL

SEBI observed that the misappropriated shares were either transferred in On-Market transaction to broker "Inventure" or transferred in Off- Market transfer to Rajesh Bhagat.

239. Extract of Ledger statement of Ganesh Nimbalkar as provided by Broker Inventure vide email dated May 02, 2016(**Annexure-OD50**) is as below:

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Running Bal.	Remark
5267	BSE_ CASH	02/11/ 2011	SJ57 86	BILL ENTRY FOR N-2011148	0	0	412112	412112.02	Sale of 500 Kansai Nerolac
5267	BSE_ CASH	03/11/ 2011	SJ57 91	BILL ENTRY FOR N-2011149	0	0	394034.6	806146.58	Sale of 477 Kansai Nerolac
5267	BSE_ CASH	04/11/ 2011	SJ57 94	BILL ENTRY FOR N-2011150	0	0	18992.68	825139.26	Sale of 23 Kansai Nerolac
5267	BSE_ CASH	04/11/ 2011	BP10 427	BANK OF INDIA-BSE CLIENT A/C	44908	200000	0	625139.26	Paid to client
5267	BSE_ CASH	04/11/ 2011	BP10 428	BANK OF INDIA-BSE CLIENT A/C	44909	212112	0	413027.24	Paid to client
5267	BSE_ CASH	08/11/ 2011	BP10 517	BANK OF INDIA-BSE CLIENT A/C	44926	200000	0	213027.24	Paid to client
5267	BSE_ CASH	08/11/ 2011	BP10 519	BANK OF INDIA-BSE CLIENT A/C	44927	194034.6	0	18992.68	Paid to client
5267	BSE_ CASH	09/11/ 2011	BP10 563	BANK OF INDIA-BSE CLIENT A/C	44947	18992.68	0	0	Paid to client
5267	BSE_ CASH	18/11/ 2011	SJ58 40	BILL ENTRY FOR N-2011158	0	0	427464.6	427300.55	Sale of 500 Kansai Nerolac
5267	BSE_ CASH	21/11/ 2011	SJ58 46	BILL ENTRY FOR N-2011159	0	0	244504.1	671804.63	Sale of 286 Kansai Nerolac
5267	BSE_ CASH	22/11/ 2011	BP11 038	BANK OF INDIA-BSE CLIENT A/C	45067	200000	0	471804.63	Paid to client
5267	BSE_ CASH	22/11/ 2011	BP11 040	BANK OF INDIA-BSE CLIENT A/C	45069	227300.6	0	244504.08	Paid to client
5267	BSE_ CASH	23/11/ 2011	BP11 089	BANK OF INDIA-BSE CLIENT A/C	45075	244504.1	0	0	Paid to client

240. The analysis of fund flow in the account of the entities is given in **Annexure-BRFA2**.It is alleged that the funds received from the sale proceeds of the siphoned off shares are either withdrawn in cash by Ganesh Nimbalkar himself or transferred to his related entities (including Rajesh Bhagat) who in turn withdraw the same in cash.

241. The audit trail of demat transactions in the demat account of Rajesh Bhagat after receipt of the siphoned off shares from Ganesh Nimbalkar are as below:

Date of Txn	Transaction Particulars	C-Credit/D-Debit	Qty	BOID	Sole / First Holder Name	Counter BOID	Counter Sole / First Holder Name	Transaction Type
02/11/2011	OF-CR TD:333009 TX:110387 1201120000235716	C	1000	12011200 00234881	RajeshBhagat	12011200 00235716	Ganesh Nimbalkar	Off-Market Transfer within CDSL
02/11/2011	EP-DR Txn:497393 CtBo:11000010000126 42 1110001112148 ExId:11	D	500	12011200 00234881	RajeshBhagat	11000010 00012642	Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL
04/11/2011	EP-DR Txn:689918 CtBo:11000010000126 42 1110001112150 ExId:11	D	500	12011200 00234881	RajeshBhagat	11000010 00012642	Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL
18/11/2011	OF-CR TD:432869 TX:310823 1201120000235716	C	800	12011200 00234881	RajeshBhagat	12011200 00235716	Ganesh Nimbalkar	Off-Market Transfer within CDSL
18/11/2011	EP-DR Txn:411279 CtBo:11000010000126 42 1110001112158 ExId:11	D	500	12011200 00234881	RajeshBhagat	11000010 00012642	Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL
23/11/2011	SETTLEMENT-DR SETT 1110001112159 EX 11 516416	D	300	12011200 00234881	RajeshBhagat		Inventure Growth and Securities Ltd.	On-Market Transfer Within CDSL

Rajesh Bhagat has transferred the shares received from Ganesh Nimbalkar to Broker "Inventure" in On Market transfers.

242. Extract of Ledger statement of Rajesh Bhagat as provided by Broker Inventure vide email dated May 03, 2016(Annexure OD51) is as below:

G- 1	G- 2	Trans Date	Vr No.	Narration	Chq No	Debit	Credit	Running Bal.	
738 8	BSE_ CASH	02/11/ 2011	SJ57 86	BILL ENTRY FOR N-2011148	0	0	412040.4	412040.41	Sale of 500 Kansai Nerolac
738 8	BSE_ CASH	04/11/ 2011	SJ57 94	BILL ENTRY FOR N-2011150	0	0	414520	826560.42	Sale of 500 Kansai Nerolac
738 8	BSE_ CASH	04/11/ 2011	BP10 429	BANK OF INDIA-BSE CLIENT A/C	44910	200000	0	626560.42	Paid to client
738 8	BSE_ CASH	04/11/ 2011	BP10 430	BANK OF INDIA-BSE CLIENT A/C	44911	212040.4	0	414520.01	SBI A/c 30328926913
738 8	BSE_ CASH	09/11/ 2011	BP10 562	BANK OF INDIA-BSE CLIENT A/C	44946	200000	0	214520.01	Paid to client
738 8	BSE_ CASH	09/11/ 2011	BP10 565	BANK OF INDIA-BSE CLIENT A/C	44949	214520	0	0	SBI A/c 30328926913
738 8	BSE_ CASH	18/11/ 2011	SJ58 40	BILL ENTRY FOR N-2011158	0	0	428173.7	428173.71	Sale of 500 Kansai Nerolac
738 8	BSE_ CASH	21/11/ 2011	SJ58 46	BILL ENTRY FOR N-2011159	0	0	256456.1	684629.83	Sale of 300 Kansai Nerolac
738 8	BSE_ CASH	22/11/ 2011	BP11 037	BANK OF INDIA-BSE CLIENT A/C	45066	200000	0	484629.83	Bol a/c 86101100034 31
738 8	BSE_ CASH	22/11/ 2011	BP11 039	BANK OF INDIA-BSE CLIENT A/C	45068	228173.7	0	256456.12	Bol a/c 86101100034 31
738 8	BSE_ CASH	23/11/ 2011	BP11 088	BANK OF INDIA-BSE CLIENT A/C	45074	256456.1	0	0	Bol a/c 86101100034 31

243. The analysis of fund flow in the bank account of Rajesh Bhagat is placed at **Annexure-BRFA4.**

The general pattern in the bank account transactions is also same as in case of Ganesh Nimbalkar.

244. Rajesh Bhagat replied to SEBI summons vide undated letter received on April 25, 2016. He stated that he is holding one demat account (a/c No. - 234881) with Inventure Growth and Securities Limited. He does not have any details about the transactions in the said account as it has been done on the instruction of The Noticee 3 and he has signed all documents as per the instructions of The Noticee 3. Ganesh Nimbalkar and Rajesh Bhagat appeared for statement recording on September 23, 2016 (**Annexure-SR19**). Their submissions w.r.t. the modus operandi of the transactions are already explained in the paragraphs dealing with fraudulent transactions in the shares of Asian Paints Limited. They have submitted that Rajesh Bhagat was carrying out the transactions in the account

of Ganesh on the instruction of The Noticee 3 in return for small amounts received from her. Further, Ganesh and Rajesh stated that they have never paid any consideration for the shares transferred to them on the instruction of The Noticee 3. The Noticee 5 in his statement dated September 27, 2016 (**Annexure-SR1**) admitted that transactions with Rajesh related entities is entered on the behest of The Noticee 3.

245. In the matter of siphoning off shares of Kansai Nerolac by Ganesh Nimbalkar, it is alleged that the there is falsification of records, print of certificates without authorizations, transfer through rectification entries in place of transfer entries, allotment of same folio through back end entry in violation of the Noticee 1 policy as well as secretarial standards etc. to facilitate the fraudulent transactions. It is allegd that the new share certificates were printed in the folio as the old certificates were not in the possession of the Noticee 1 or Ganesh Nimbalkar and moreover the old certificates would have been in the name of actual investor viz. Amrit Lal. It is alleged that if Mr. Nimbalkar would have got the shares through a genuine transfer the old share certificates would have come in his possession and there would not have been any need of reprint. Further, it is also alleged that sale would have been effected through normal "Transfer Entry" route not "Rectification Entry" which is used for rare cases of correction in name etc. as also stated by The Noticee 2 in his statement dated January 28, 2016 (Annexure-SR15).Further, normally it is expected that the print of certificate in one folio, forwarding the same to investor who transfers the same to another investor who in turn lodge the same to RTA for transfer happens over a period of several days while in the present matter it happened in one day. It is alleged that the extra ordinary haste in the matter indicates the involvement of the Noticee 1 management in the said fraudulent transactions and all the above would not have been possible without the active involvement of the Noticee 1 management. The relationship between Ganesh Nimbalkar and Rajesh Bhagat in one side and The Noticee 3 on the other side is already explained. It is already also explained how The Noticee 5 was found to be transferring shares to Bhalendu Desai (Husband of Kirtida Desai) to compensate

for the shares transferred from the folio of Kirtida Desai. In view of above, it is alleged that the conspiracy by The Noticee 3 and other entities to siphon the shares. The above is also corroborated by the statements of Ganesh Nimbalkar, Rajesh Bhagat and The Noticee 5.

246. Siphoning off dividend belonging to Amrit Lal by the Noticee 1 management related entities is already explained in dividend portion of the report. The data of dividend records w.r.t. the folio is placed at **Annexure-A**. It was noted from the dividend records that 6 dividends from dividend issue date 05/07/2004 to 28/06/2008 amounting to Rs. 738125/- was issued to Raju Landge in Nov/Dec 2008 (5 instruments dated 11/11/2008 and 1 dated 23/12/2008). The instruction for the re-issue new instrument against old dividend instrument was issued by The Noticee 3 herself. As already mentioned that Raju Landge is the driver of The Noticee 3/The Noticee 5 and is being used by The Noticee 3 as front entity. These facts makes it all the more apparent that the siphoning of shares and dividend in the folio was being carried out under conspiracy by the Noticee 1 and The Noticee 3.

247. **Non compliance with summons**

G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Kansai Nerolac Paints Ltd:

Date	Summons No	Annexure No	Remarks
04/11 /2016	MIRSD2/DB/LS/S SIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 office on Nov 04, 2011.
04/11 /2016	MIRSD2/DB/LS/S SIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07 /2016	MIRSD2/DB/SD/ SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07 /2016	MIRSD2/DB/SD/ SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi

Date	Summons No	Annexure No	Remarks
			Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07 /2016	MIRSD2/DB/SD/ SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06 /2016	MIRSD2/DB/SD/ 17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04 /2016	MIRSD2/LS/2016 /12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04 /2016	MIRSD2/LS/2016 /10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03 /2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03 /2016	MIRSD2/DB/OW/ 2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03 /2016	MIRSD2/OW/P/2 016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03 /2016	MIRSD2/DB/SD/ SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02 /2016	MIRSD2/OW/201 6/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02 /2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02 /2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12 /2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12 /2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

However, the Noticee 1 & The Noticee 2 failed to cooperate with the investigation

The Noticee 18 furnished misleading information with respect to the summons mentioned below:

Date	Summons No	Annexure No	Remarks
12/04 /2016	MIRSD2/LS/2016 /10938	Annexure-SSB	Regarding his transactions in Asian Paints and Kansai Nerolac, dealings with The Noticee 4 and other details

248. Summary of violations and Applicable Regulatory provisions are as below:

Sr. No	Name of the Entity	Violations	Applicable Regulatory provisions
1	The Noticee 1	Failure to do due diligence,Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act , 1992 ,Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1),(2)(3),(6),(16), (17),(18),(20),(25),(28),(30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g), Regulation 14 (3) (b)& (c) of RTA Regulations and SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001
2	The Noticee 2	Committed fraud, Vicarious liability , Non-compliance with summons	Section 11C(2) and 11C(3) of SEBI Act , 1992 Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	The Noticee 3	Mastermind of the conspiracy, Committed fraud, Beneficiary of fraud,	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
4	The Noticee 18	Committed fraud, Beneficiary of fraud, False and misleading statements to IA, Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act , 1992 ,Section 12A(a)-(c) of SEBI Act, 1992,Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
5	The Noticee 7	Committed fraud by providing demat/bank accounts, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
6	The Noticee 12	Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
7	The Noticee 5	Committed fraud by using the accounts of different conduits, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
8	The Noticee 17	Committed fraud by using the accounts of different conduits, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

D. Company Name: Philips India Limited (Sharepro back office Code -PHPH) (herein after referred to as 'Philips/By name')

Philips vide letter dated April 07, 2016 (**Annexure-CRPH1**) submitted that it is an unlisted public company and the shares of the company were delisted in 2004. Philips has engaged the services of the Noticee 1 from the year 2001-2002 and in the past they came out with buyback programme from time to time to provide liquidity to the shareholders.

The Company announced two buyback programs in the years 2008 and 2009. The Buyback offer 2008 was approved by the Board of Directors of the Company on June 30, 2008. The opening date of the offer was August 6, 2008 and closing date of the offer was August 21, 2008. The Buy Back offer 2009 was approved by the Board of Directors of the Company on June 25, 2009.The opening date of the offer was July 28,2009 and closing date of the offer was August 20, 2009. The applications for buy back were scrutinized initially by the Noticee 1 for factual accuracy and completeness of information and documents. On being found complete in all respects, the same were accepted and request was issued by the Noticee 1 for release of the funds to the shareholders whose applications tendered for buyback were found to be complete in all respects. The company also informed that only statistical data on a consolidated basis related to all the buyback applications received from the shareholders was provided by the Noticee 1 to the Company, wherein the details of the applications found to be in order and accepted; and the applications that were rejected, were communicated to the Company.The Noticee 1 sent to the Company the statistical data of the buyback applications found to be in order with a request for release of payment. On receipt of the request, the Company forwarded these requests to the Bank for releasing the payment instruments or to make direct online payments to the shareholders In case of payments to be effected through physical instruments, the instruments were delivered at the office of the Noticee 1 for dispatch to the shareholders.

The following instances of irregularities were observed w.r.t. shares of Phillips:

Fraudulent transactions in the matter of Indian Bank Limited (Folio Number- PG000078, PHPH - Philips India Limited)

249. In the Folio Number- PG000078 (Screen Shot placed at **Annexure–SP20**), SEBI observed from the Back Office Software Module of the Noticee 1 that dividend records on 600 shares and then on 501 shares of Philips (29/09/2005 onwards) in the name of Indian Bank Limited but the currently folio shows in the name of Suresh Unavane with nil holding. It is allegd that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Indian Bank Limited and at another time in the name of Suresh Unavane, a different entity.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 (**Annexure-SR12**) that the name of the folio no. - PG000078 was changed from Indian Bank A/C Mutual Fund to Suresh Unawane on 30/08/2008 by User "edp" login Terminal id "Windows 95 PC".

It is also observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016(**Annexure-SR12**), that in 2008 the folio no. PG000078 with 501 shares was in the name of Indian Bank while in Annual return for 2009 (Holding file) the folio has been omitted altogether. However, in Transaction file of the year 2009 it is reported that 501 shares has been given for buy back by Suresh Unavane under the folio PG000078. (Screen Shot of Annual Return data placed at **Annexure-ARSP16**)

SEBI observed from the statement of The Noticee 2 dated February 15, 2016(**Annexure-SR11**) and also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee 1, there is no signature record for the folio no PG000078 as it is "No Card" case i.e. neither any original data of signature was received from the

company at the time of taking over share transfer work by the Noticee 1 nor such data subsequently available withthe Noticee 1. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same.the Noticee 1 has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

250. In the Folio Number- PG000078 on 30/01/2004 share certificates of Philips was printed with 501 denomination of shares by splitting old share certificate no 10029024. Details are as below:

Inward No.	Orig. Certificate No.	New Certificate No.	Dist No. From	Dist No.To	Creation Date
266	10029024	100028182	45546944	45546971	30/01/2004
		100028183	45546972	45547042	30/01/2004
		100028184	**45547043**	**45547543**	**30/01/2004**

The physical share certificate print reconciliation/control register (**Annexure-OD65**) shows that the certificate No 100028182 to 100028184 were printed on February 24, 2004.

251. In the Folio Number- PG000078, SEBI observed that Suresh Unavane has given 501 shares of Philips for Buy Back but the certificate having 501 shares given for Buy Back on 18/09/2008 is different from the certificate of 501 which was there as balance after transfer of 99 (28+71) shares to certain entities. This certificate which has been given for Buy Back alleged to have been re-printed in between for Suresh Unavane but no record is visible in Back Office Software Module. However, data obtained by investigation team from "Back End" systems of the Noticee 1 provides the below mentioned transaction:

Inward No	Orig. Certificate No	New Certificate No	Dist No From	Dist NoTo	Creation Date
937	100028184	100029881	45547043	45547543	08/09/2008

SEBI observed from physical share certificate print reconciliation/control register (**Annexure–OD66 & OD67**) that the certificate No 100029849 and 100029887 were printed on September 01, 2008 and September 13, 2008 respectively. While, the entry for printing for certificate no. - 100029881, the number of which is a number in between the number of above mentioned two certificates is missing.

252. In the Folio Number- PG000078, SEBI observed that Suresh Unavane has given 501 shares of Philips India Limited for Buy Back. The details of the transactions are mentioned below:

Trans action No	App Date	Seller folio	Buyer folio	Certificate No	Dist no From	Dist no To	No of Shares
113550	18/09/2008	PG000078	PHPH03	100029881	45547043	45547543	501

Citi Bank NA, the Banker to issue of Buy Back, vide email dated December 22, 2015 (**Annexure-OD110**) submitted that they have paid Rs. 1,30,260 to Suresh Unavane *vide* DD no. - 215983 dated 16/09/2008. As per Citi Bank email dated June 08, 2016 (**Annexure-BRMISC; Page No. - 451-464**), the amount of Rs. 2,34,260 (along with Rs. 104000 which is also towards buyback of 400 shares allegedly misappropriated from the folio number PG030890) was credited to bank account no. 001810100074345 of Suresh Unawane held with Bharat Co-op Bank on September 22, 2008 (Annexure-BRBCBL; Page No. - 259). He paid Rs. 49000 to The Noticee 3 on 01/10/2008 vide cheque no 477005. She withdrew this money in cash from Bharat Co-op Bank - Bhandup Village Road Branch on October 01, 2008 (As confirmed by Bharat Co-op Bank vide email dated November 01, 2016; **Annexure-BRBCBL; Page No. - 287-290**). Suresh withdrew Rs. 150000 in cash on October 10, 2008 (Annexure-BRBCBL; Page No. - 259). The Noticee 5 has submitted vide his statement dated September 27, 2016(Annexure-SR1) that he and The Noticee 3 were operating this account of Suresh Unawane.

253. Philips was issued summons dated March 10, 2016 (**Annexure-SPIL1**) and sought various document/information w.r.t. the transactions in its shares. Philips vide letter dated July 07, 2016 (**Annexure-CRPH2**) submitted that based on the Benpos data provided to the Company by the Noticee 1, as of June 4, 2004,the folio number PG000078 is reflecting in the name of Indian Bank A/c Mutual Funds, with shareholding of 600 shares. However, in the subsequent week the shareholding in the folio reduced to 501 shares. While no detail of transfer of the said shares from Indian Bank A/c Mutual Funds to Suresh Unawane is available, the records related to buy back of shares in 2008 shows that the aforesaid shares were tendered under the buyback offer by Suresh Unawane, indicating an irregularity. In respect of Folio PG000078, as per present BEN POS data (as of May 20, 2015) of Philips, received from the office of the Noticee 1, there is no record of this folio. They also stated that in the normal course, in the event of transfer of shares from one to another shareholder, a new folio number is allotted to the transferee shareholder. The fact that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. They submitted that as per their internal documents and confirm that the Company does not have in its records any documents related to transfer of 501 shares in the Folio No. PG000078 from Indian Bank A/c Mutual Funds to Suresh Unawane.In respect of three shares certificates were printed with 28, 71, 501 denomination of shares in place of old share on 30/01/2004 the company reviewed their records and confirmed that the details of these share transfers are unavailable at their end and they tried to access the same atthe Noticee 1 as well and find that the details are not available with them either. Philips with respect to re-printing of share certificate for 501 shares, in Folio number PG000078,wherein certificate number 100029881 was printed in lieu of old certificate number-100028184, submitted that no documentary record supporting the re-printing has been provided by the Noticee 1. Philips explained that re-printing of a share certificate in lieu of old certificate may be needed in case of split of shares or issuance of duplicate share certificate. Since, the number of shares is the same in both the certificates, this is not a case of split of shares. If this was

a case of duplicate share issuance, the request from shareholder and other documents like Indemnity etc. should have been provided by the shareholder to the Noticee 1 and should have been available in records. However, such is not the case. Therefore, this re-printing of share certificate, which has been done without any request from a shareholder or other justifiable basis, alleged to be irregular. Further, shortly after the re-printing of the share certificate, the same was tendered under the buyback offer and payment made thereunder for buyback. In view of the above, it is alleged that the certificate was re-printed in the name of Suresh Unawane, despite him NOT being the rightful owner of these 501 shares, to take advantage of the buyback offer brought out by the Company. Philips also submitted that only consolidated details of the applications accepted for buyback were made available to it by the Noticee 1. The supporting documents like Application for buyback and share certificates surrendered for buyback were not required to be shared with the Company by the Noticee 1 and the company released the payment based on the due diligence carried out by the Noticee 1 as RTA.

254. In view of the foregoing it is alleged that the Noticee 1 illegally changed the folio through back end entry from the name of genuine investor to the name of another entity who is related to the management of the Noticee 1 viz. The Noticee 3. Also, the Noticee 1 has failed to maintain proper records for the transactions. Had there been genuine transfer of shares there would not have been any need of re-print as old certificates would have come to the transferee. Further, had Suresh received the shares through a genuine transfer, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it. Suresh Unawane in his statement dated September 20, 2016 (**Annexure-SR3**) admitted that he had acted at the behest of The Noticee 3/ The Noticee 5. Thus, the beneficiaries of the fraudulent transactions are The Noticee 3 and her family.

255. Valuation of Share Misappropriated in this matter

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	501 shares of Phillips India Limited belonging to Indian Bank Limited misappropriatedby Suresh vide Buyback on 18/09/2008	Rs. 130260	N.A. as unlisted

Fraudulent transactions in the matter of Union Bank of India (Folio Number- PG030890; PHPH - Philips India Limited)

256. In the Folio Number- PG030890 (Screen Shot placed at **Annexure–SP21**) from the Back Office Software Module of the NoticeeSEBI observed thatthe dividend on 400 shares of Philips in the name of Union Bank of India for dividend issue dates 27/06/2008, 07/04/2007, 23/06/2006, 29/09/2005, 05/05/2004, 04/07/2003. The last dividend with respect to issue dated 27/06/2008 was apparently transferred to Investor Protection and Education Fund (TF) in 2015 which implies the owner of the investment was not traceable and/or was not aware of its investments. Further, SEBI observed that currently, the folio is in the name of Suresh Unavane with nil holding. In this context, the Noticee 1 was summoned to provide various documents to prove the authenticity of the transactions of transfer of folio and disposing of the shares in it and also explanation regarding how same folio was at one time in the name of Union Bank of India and at another time in the name of Suresh Unavane, a different entity. It is alleged that the Noticee 1 did not reply to the Summons.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 (**Annexure-SR12**) that the name of the folio no. - PG030890 was changed from Union Bank of India to Unawane Suresh on 01/09/2008 by User "EDP" login Terminal id "SUNIT".

Further, it was also observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), that in 2008 the folio no. PG030890 with 400 shares was in the name of Union Bank of India while in Annual return

for 2009(Holding file) the folio has been omitted altogether. However, from the transaction file of the year 2009 SEBI observed that 400 shares has been given for buy back by Suresh Unavane under the folio PG030890. (Screen Shot of Annual Return data is placed at **Annexure-ARSP17**)

In respect of the above two matters it is alleged that the re-printing of share certificate was done to obtain new certificate as the old certificates were not in the procession and name of Mr. Suresh Unavane. It is alleged that if Mr. Suresh Unavane got the shares through a valid transaction, he would have been in possesion of old share certificates and there would not have been need of re-printing just before offering the same for Buy Back and a new folio would have been allotted to him. Further, from the "Signature" record of folio no. - PG030890 taken out from the system of "Signature Verification Department" SEBI observed that the signature attached to the folio is still that of "Union Bank of India" (**Annexure-SR11**). While folio no. -PG000078 is "No card" case i.e. signature record card was not available in the records of company/RTA. In view of the above it is alleged that transaction in the folio was carried out despite complete signature mismatch.

257. In the Folio Number- PG030890, SEBI observed from the Back Office Software Module of the Noticee 1 one new shares certificate of Philips India Limited was printed on 08/09/2008. The share certificate printing details are as below:

Original Certificate No	New Certificate No	Dist no From	Dist no To	Creation Date	No of Shares
10041911	100029882	45764724	45765123	08/09/2008	400

From the share certificate print reconciliation/control register (**Annexure-OD66 & OD67**) shows that the certificate No. 100029849 and 100029887 were printed on September 01, 2008 and September 13, 2008 respectively. While the entry for printing for certificate no. - 100029882, the number of which is in between the number of above mentioned two certificates is observed to be missing.

258. In the Folio Number- PG030890 there is record for Buy Back of the said 400 shares of Philips India Limited on 24/02/2009. The transaction details are as below:

Trans Action No	Approval Date	Seller folio	Buyer folio	Certi ficate No	Dist no From	Dist no To	No of Shares
113551	18/09/2008	PG03 0890	PHP H03	10002 9882	4576 4724	4576 5123	400

Citi Bank NA, the Banker to the said Buy Back, vide email dated December 22, 2015 (Annexure-OD110) submitted that they have issued DD no. -215984 dated 16/09/2008 for Rs. 104000/- in the name of Suresh Unavane. As alleged in foregoing paragraphs, the amount of Rs. 2,34,260/- (along with Rs. 1,30,260 towards buyback of 501 shares allegedly misappropriated from the folio number PG000078) was credited to bank account no. 001810100074345 of Suresh Unawane held with Bharat Co-op Bank on September 22, 2008 (**Annexure-BRBCBL; Page No. - 259**). He paid Rs. 49000 to The Noticee 3 on 01/10/2008 vide cheque no 477005. She withdrew this money in cash from Bharat Co-op Bank - Bhandup Village Road Branch on Oct 01, 2008 (As confirmed by Bharat Co-op Bank vide email dated Nov 01, 2016. Suresh withdrew Rs. 150000 in cash on October 10, 2008. The Noticee 5 has submitted vide his statement dated September 27, 2016 that he and The Noticee 3 were operating this account of Suresh Unawane.

259. Philips vide letter dated July 07, 2016 (Annexure-CRPH2) submitted that with respect to Folio number PG030890 in the name of Union Bank of India, Dividend payments were made to Union Bank of India till 2008. The unpaid Dividend amount of Rs. 800/- for the said 400 shares for the year 2008 was remitted to IEPF in 2015 *vide* filing of Form INY I with ROC on 12/08/2015. Further, as per details of payments made as provided to them by Citibank it was observe that a payment of Rs. 1,04,000 was made in the name of "Suresh Unawane" *vide* instrument number 215984 dated 16.09.2008, with respect to Customer Reference Number 101165/ PG030890. Therefore, it is clear that the 400 shares held earlier by Union Bank of India were tendered under the Buyback offer in the name of Suresh Unawane. They further stated that in the normal course, in the event of transfer of shares from one to another shareholder, a new folio number is allotted to the

transferee shareholder. It is alleged that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. They submitted that based on the BENPOS Data submitted to them by the Noticee 1, Folio number PG030890 was in the name of Union Bank of India, as of May 9, 2008 when it held 400 shares of the Company and the shareholding of Union Bank of India got reduced to NIL on May 16, 2008. Further, the shareholding was reinstated to 400 in subsequent week i.e. May 23, 2008. And again on May 1, 2009 the shareholding was again reduced to zero, allegedly to avail the benefit of the proposed buyback which happened in 2009. The said 400 shares were tendered in the buyback offer by Suresh Unawane. Further, presently the folio number PG030890 does not appear in the BENPOS provided by the Noticee 1 to them on 24.06.2016. Philips also confirmed from their internal documents that the Company does not have in its records any documents related to transfer of 400 shares in the Folio No. PG030890 from Union Bank of India to Suresh Unavane. In view of the frequent changes in shareholding in the folio number PG030890 and the confirmation made during buyback, it is alleged that it is a case of unauthorized and fraudulent modification in shareholder records maintained by the Noticee 1 with an intention to defraud the genuine shareholder by pocketing the funds paid by Philips pursuant to buyback of shares.

In respect of printing of new certificate Philps submitted that as per the process laid down for issuance of new share certificates, the Noticee 1 is required to send all the new share certificates to the Company for signatures of its Directors and Company Secretary. However, in the present case, it is alleged that no document is available in the Company's records with respect of issuance of this new share certificate. Therefore it is alleged that that the aforesaid new certificate number 100029882 was issued by the Noticee 1 in an illegal manner, without following the due process and without sending the certificate to Philips for its signatures, as required, with an intent to defraud the genuine shareholder. Philips further reiterated that only consolidated details of the applications accepted for

buyback were required to be made available to it by the Noticee 1. The supporting documents like Application for buyback and share certificates surrendered for buy back were not shared with Philips by the Noticee 1 and based on the due diligence carried out by the Noticee 1, Philips instructed for release of payment in the name of Suresh Unavane.

260. In view of the foregoing it is alleged that the internal checks and balances and control system of the Noticee 1 was compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. It is also alleged that the Noticee 1 has failed to maintain proper records for the transactions. As already mentioned Suresh as well as The Noticee 5 has already admitted that all transaction w.r.t. Suresh Unavane (Servant of the Noticee 5/The Noticee 3) were being carried out by The Noticee 5 and/or The Noticee 3 and that all shares/money in his demat/bank account belonged to them. It is also allegd that the Noticee 1 illegally changed the folio through back end entry from the name of genuine investor to the name of another entity who is related to the management of the Noticee 1 viz. The Noticee 3. It is alleged that if there had been genuine transfer of shares then there would not have been any need of re-print as old certificates would have come to the transferee. Further, it is alleged that if Suresh had received the shares through a genuine transfer then the transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it. SEBI also observed that the beneficiaries of the fraudulent transactions is The Noticee 3 and her family.

261. Valuation of Share Misappropriated in this matter is as under.

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	400 shares of Phillips India Limited belonging to Union Bank of India Limited misappropriatedby Suresh vide Buyback on 18/09/2008	Rs. 10400	N.A. as unlisted

Fraudulent transactions in the matter of AGF Fund Inc. (Folio Number- PL046802, PHPH - Philips India Limited)

262. SEBI observed from the the Back Office Software Module of the Noticee 1 for Folio Number- PL046802 (Screen Shot placed at **Annexure–SP22**) that dividend on 330 shares of Philips was in the name of "AGF Fund Inc." however, currently folio is in the name of The Noticee 8 with nil holding.The Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of AGF Fund Inc and at another time in the name of The Noticee 8, a different entity.

SEBI was observed from the "System Log for Changes in Folio Master" as taken on record *vide* statement dated March 23, 2016 of The Noticee 2 that the name of the folio no. - PL046802 was changed from AGF Funds Inc to Anil J. on 30/08/2008 by User "edp" login, Terminal id "Windows 95 PC".

SEBI further, observed from the Annual Return data submitted by The Noticee 2 *vide* statement dated March 23, 2016, that in 2008 the folio no. PL046802 with 330 shares was in the name of AGF Funds Inc while in Annual return for 2009 (Holding file) the folio has been omitted altogether. However in Transaction file of the year 2009 it is reported that 330 shares has been given for buy back by Anil J under the folio PL046802. (Screen Shot of Annual Return data is placed at **Annexure-ARSP18**)

SEBI further, observed from the statement of The Noticee 2 dated February 15, 2016(**Annexure-SR11**) and also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee 1, that there is no signature record for the folio no. PL046802 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee 1 nor such data subsequently available with the Noticee 1. In view of the above it is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for

siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. Thus it is alleged that the Noticee 1 has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

263. In the Folio Number- PL046802 on 08/09/2008 one new shares certificate of Philips India Limited was printed in place of old certificate. Details are as below:

Inward No	Orig. Certificate No	New Certificate No	Distinctive No From	Distinctive NoTo	Creation Date
936	10052622	100029880	52036695	52037024	08/09/2008

SEBI observed from the share certificate print reconciliation/control register (**Annexure-OD66 & OD67**) that the certificate No 100029849 and 100029887 were printed on September 01, 2008 and September 13, 2008 respectively, while the entry for printing for certificate no.-100029880 which is a number in between the above mentioned two certificates is missing. Thus it is alleged that the Noticee 1 has failed to maintain appropriate records.

264. In the Folio Number- PL046802, SEBI observed that The Noticee 8 has given 330 shares of Philips for Buy Back. Details are as below:

Transaction No.	App Date	Seller folio	Buyer folio	Certificate No	Dist no From	Dist no To	No of Shares
113549	18/09/2008	PL04 6802	PHP H03	10002 9880	5203 6695	5203 7024	330

Citi Bank NA, the Banker to issue of Buy Back, vide email dated December 22, 2015 (**Annexure-OD110**) submitted that they have paid Rs. 85,800/- to The Noticee 8 vide DD no. - 215982 dated 16/09/2008. The said amount was credited to his bank account no. 001810100008368 held with Bharat Co-op Bank on September 22, 2008 (**Annexure-BRBCBL; Page No. - 180**). On October 01, 2008, Anil transferred Rs. 85000 to The

Noticee 14 (son of The Noticee 3) in his bank account no. 001810100094710 held with Bharat Co-op Bank (**Annexure-BRBCBL; Page No. - 169**) Thus, it is alleged that The Noticee 14 along with The Noticee 3 have also benefitted from this fraudulent transaction.

Various documents and explanations w.r.t. the above transactions were sought from The Noticee 8 vide various summons, however it is alleged that Anil failed to comply with the summons.

265. Philips vide letter dated July 07, 2016 (Annexure-CRPH2) submitted that w.r.t. Folio number PL046802 in the name of AGF Funds Inc., Dividend payments were made to AGF Funds Inc. till 2008. The unpaid Dividend amount of Rs. 660/- for the 330 shares held by AGF Funds Inc. for the year 2008 was remitted to IEPF in 2015 vide filing of Form INV I with ROC on 12/08/2015. Dividend payments for the years 2004 to 2007 were also transferred to IEPF, as due for respective years because the same were not encashed by AGF Funds Inc. The dividend payments for the year 2003 and earlier have been enchased by AGF Funds Inc. Philips also submitted that in the normal course, in the event of transfer of shares from one to another shareholder, a new folio number is allotted to the transferee shareholder. It is alleged that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. SEBI also observed from BENPOS data (viz. data of Beneficiary Position data of Shareholders) of Philips (as of May 20, 201 6), received from the office of the Noticee 1 on 24.06.2016, that Folio number PL046802 was in the name of AGF Funds Inc as of March 7, 2008 when it held 330 shares of the Company. Further, SEBI observed that the shareholding of AGF Funds Inc. got reduced to NIL on March 14, 2008. SEBI also observed that the shareholding was reinstated to 330 in subsequent week i.e. March 21, 2008. And again on May 16, 2008 the shareholding was again reduced to zero, allegedly to avail the benefit of the proposed buyback which happened in August 2009. Philips also submitted that as per its internal documents the Company does not have in its records any documents related to transfer of 330 shares in the Folio No. PL046802 from AGF Funds Inc. to Anil

J. In view of the frequent changes in shareholding in the folio number PL046802 and the confirmation made during buyback, it is alleged that it's a case of unauthorized and fraudulent modification in shareholder records maintained by the Noticee 1. In respect of re-printing of share certificate the company submitted that the new certificate number100029880 was issued by the Noticee 1 in an illegal manner, without following the due process and without sending the certificate to the Company for its signatures. Philps also submitted that only consolidated details of the applications accepted for buyback were made available to it by the Noticee 1. The supporting documents like Application for buyback and share certificates surrendered for buyback were not required to be shared with the Company by the Noticee 1 and they recommended release of payment to Anil J based on the due diligence conducted by the Noticee 1.

266. In this matter as well it is alleged that the re-printing of share certificate has apparently been done to obtain new certificate as the old certificates were not in the posession and name of Mr. Anil orthe Noticee 1. It is alleged that if Mr. Anil got the shares through a valid transaction, he would have been in possession of old share certificates and there would not have been need of re-printing just before offering the same for Buy Back and a new folio would have been allotted to him. It is also alleged that the transactions in the folio was carried out despite complete signature mismatch. In view of the above it is alleged that the Noticee 1 not only failed to maintain proper records of the transactions but was also misleading the company by submitting wrong/false information.

Therefore, It is alleged that the internal checks and balances and control system of the Noticee 1 was compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. As already mentioned Anil is the brother of The Noticee 3 and both of them are the beneficiaries of the fraud.

267. Valuation of Share Misappropriated in this matter is as under-

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	330 shares of Phillips India Limited belonging to AGF Fund Inc. misappropriated by Anil vide Buyback on 18/09/2008	Rs. 85800/-	N.A. as unlisted

Fraudulent transactions in the matter of Ravinder Patel (Folio Number- PL900244, PHPH-Phillips India Limited)

268. SEBI observed that in the Folio No. -PL900244 (Screen Shot placed at **Annexure–SP23**) the currently folio is in the name of Raju S with nil holding but dividend records on 1100 shares of Phillips India Limited are showing in the name of Ravinder Patel.The Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Ravinder Patel and at another time in the name of Raju S, a different entity.

SEBI further, observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 (**Annexure-SR12**) of The Noticee 2 that the name of the folio no. -PL900244 was changed from Ravindra Patel to Raju S. on 07/09/2009 by User "edp" login Terminal id "CPRABHU".

SEBI observed from the "Signature" record of the folio no. - PL900244 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Ravindra Patel"(**Annexure-SR11**).

SEBI also observed from the Annual Return data submitted by the Noticee 1 vide statement dated March 23, 2016(**Annexure-SR12**), that in 2008 and 2009 the folio no. PL900244 with 1100 shares was in the name of Ravindra Patel while in Annual return for 2010 (Holding file) the folio has been omitted altogether. Further, from Transaction file of the year 2010 SEBI observed that 1100 shares has been given for buy back by Raju S under the folio PL900244. (Screen Shot of Annual Return data placed at **Annexure-ARSP19**)

269. In the Folio No. -PL900244 demat request of Ravinder Patel for 1100 shares of Phillips (certificate no 10052729; distinctive no 52067110 to 52068209) was rejected on 20/01/04.

270. In the Folio No. - PL900244, 1100 shares of Phillips (certificate no 10052729; distinctive no 52067110 to 52068209) was given for Buy back on 20/08/2009.

Philips vide its letter dated Jan 10, 2017 (**Annexure-CRPH3**) has confirmed that Citibank issued cheque nos. 801562 and 801563 of Rs. 2,66,200 each in favour of 'Raju S' from Philips bank account no. 2876973 in lieu of shares tendered in buyback for folio nos. PL900244 and PL900245 and that aforementioned cheques were presented by Bharat Co-op bank and got encashed on Sep 17, 2009. SEBI observed that Raju has received consolidated credit of Rs. 5,32, 400 in his bank account no. 001810100075247 held with Bharat Co-op Bank on Sep 17, 2009. Phillips vide letter dated Jan 04, 2017 (**Annexure-CRPH4**) has stated that the Buy Back Price for the issue was Rs. 242. Therefore,Rs. 532400/- amount accounts for 2200 shares. Therefore, it is alleged that the payment is w.r.t. 1100 shares of Ravinder Patel (Folio PL900244) & 1100 shares of Jyoti Patel (Folio PL900245; as explained in forthcoming paragraphs) misappropriated by Raju Landge and offered in buyback. Bharat Co-op Bank vide its email dated December 31, 2015 (**Annexure-BRBCBL; Page No. - 342**) has confirmed that said cheques were encashed by Raju Landge in his bank account no. 001810100075247. Further, he had withdrawn Rs. 5,20,000 in cash on various occasions.

271. Philips vide letter dated July 07, 2016(**Annexure-CRPH2**) submitted that w.r.t. Folio number PL900244 in the name of Ravindra Patel, Dividend payments were made to Ravindra Patel till 2009. The unpaid Dividend amount of Rs. 2200/- for the 1100 shares held by Ravindra Patel for the year 2008 was remitted to IEPF in 2015 vide filing of Form INV I with ROC on 12/08/2015. The dividend amount for the year 2007 was also remitted to IEPF. SEBI observed from BENPOS data (as of May 20, 2015) of Philips, received from the office of the Noticee 1 on 24.06.2016, that there is no record of this folio. However, in the year 2010 (as of January 8, 2010), Benpos forms, Folio PL 900244 is

reflecting in the name of Raju S, with a shareholding of 1100 shares. However, in the subsequent week i.e. week ending January 15, 2010, the shareholding in the folio PL900244 was NIL. However, SEBI observed that no record for the change in name of the shareholder from Ravindra Patel to Raju S. Further, in the normal course, in the event of transfer of shares from one to another shareholder, a new folio number is allotted to the transferee shareholder. However, in this matter it is alleged that the same folio is reflecting in the name of 2 separate shareholders at different points in time. SEBI also observed that there is no record of transfer of these shares from Ravindra Patel to Raju S. In view of the aforesaid reasons, it is alleged that there was unauthorized modification in shareholder records by the Noticee 1 apparently with a fraudulent intent. Philips submitted that based on the BENPOS data referred to above, Folio number PL900244 was in the name of Ravindra Patel, as of August 28, 2009 when it held 1100 shares of the Company. SEBI observed that the shareholding of Ravindra Patel got reduced to NIL on September 4, 2009 but in in subsequent week i.e. September 11, 2009, shareholding of Ravindra Patel was reinstated to 1100. SEBI observed that again on October 9, 2009, December 1, 2009 the shareholding was reduced to zero and reinstated to 1100 shares in the immediately following week. Further, SEBI observed that in the year 2010 (as of January 8, 2010), Benpos forms, Folio PL900244 is reflecting in the name of Raju S, with a shareholding of 1100 shares. However, in the subsequent week i.e. week ending January 15, 2010, the shareholding in the folio PL900244 was NIL. Philips reviewed their internal documents and confirmed that the Company does not have in its records any documents related to transfer of 1100 shares in the Folio No. PL900244 from Ravindra Patel to Raju S. However, it was observed that the folio PL900244 was held in the name of Ravindra Patel until 2009 and in the name of Raju S in 2010. SEBI observbed that same folio cannot belong to 2 different shareholders, as a new folio number is allotted in case of transfer. In view of the aforesaid it is alleged that it is a case of unauthorized and fraudulent modification in shareholder records maintained by the Noticee 1. Philpis also submitted that only consolidated details of the applications accepted for buyback were

required to be made available to it by the Noticee 1 and the supporting documents like Application for buyback and share certificates surrendered for buy back were not required to be shared with the Company by the Noticee 1 and Philpis issued instructions for release of payments based on the due diligence carried out by the Noticee 1.

Fraudulent transactions in the matter of Jyoti Patel (Folio Number- PL900245, PHPH-Phillips India Limited)

272. SEBI observed that in the Folio No. -PL900245 (Screen Shot placed at **Annexure-SP24**) currently it is in the name of Raju S but past dividend records on 1100 shares of Phillips are showing in the name of Jyoti Patel. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Jyoti Patel and at another time in the name of Raju S, a different entity.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 that the name of the folio no. - PL900245 was changed from Jyoti Patel to Raju S. on 07/09/2009 by User "edp" login Terminal id "CPRABHU"(Annexure-SR12).

SEBI observed from the "Signature" record of the folio no. - PL900245 taken out from the system of "Signature Verification Department" reveals that the signature attached to the folio is still that of "Jyoti Patel"(**Annexure-SR11**).

SEBI observed from the Annual Return data submitted by the Noticee 1 vide statementdated March 23, 2016(**Annexure-SR12**),that in 2008 and 2009 the folio no PL900245 with 1100 shares was in the name of Jyoti Patel while in Annual return for 2010 (Holding file) the folio has been omitted altogether. However, from the transaction file of the year 2010 SEBI observed that 1100 shares has been given for buy back by Raju S under the folio PL900245. (Screen Shot of Annual Return data placed at **Annexure-ARSP19**)

273. SEBI also observed that in the Folio No. - PL900245 Demat Request of Jyoti Patel for 1100 shares of Phillips India Limited (certificate no 10052730; distinctive no 52068210 to 52069309) were rejected on 20/01/04 but in the same folio, 1100 shares of Phillips (certificate no 10052730; distinctive no 52068210 to 52069309) were given for Buy back on 20/08/2009.

SEBI observed that Philips India vide its letter dated Jan 10, 2017 (Annexure-CRPH3) has confirmed that Citibank issued cheque nos. 801562 and 801563 of Rs. 2,66,200 each in favour of 'Raju S' from Philips bank account no. 2876973 in lieu of shares tendered in buyback for folio nos. PL900244 and PL900245 and that aforementioned cheques were presented by Bharat Co-op bank and got encashed on September 17, 2009. SEBI observed that Raju has received consolidated credit of Rs. 532400 in his bank account no. 001810100075247 held with Bharat Co-op Bank on September 17, 2009. Phillips vide letter dated Jan 04, 2017 (**Annexure-CRPH4**) has stated that the Buy Back Price for the issue was Rs. 242. Therefore Rs. 5, 32, 400/- amount accounts for 2200 shares. Therefore, it is alleged that the payment is w.r.t. 1100 shares of Ravinder Patel (Folio PL900244) & 1100 shares of Jyoti Patel (Folio PL900245) misappropriated by Raju Landge and offered in buyback. SEBI observed that Bharat Co-op Bank vide its email dated December 31, 2015 (**Annexure-BRBCBL; Page No. - 342**) has confirmed that said cheques were encashed by Raju Landge in his bank account no. 001810100075247. Further, he had withdrawn Rs. 5,20,000 in cash on various occasions.

274. SEBI observed that Philips submitted exactly similar observation w.r.t. folio no. - PL900245 of Jyoti Patel as was submitted for folio no. -PL900244 of Ravinder Patel and alleged that the transactions were unauthorized and is irregularity carried out by the Noticee 1 without informing the company.

275. In the above mentioned two matters (Folio PL900244 & Folio PL900245) it is alleged that if Mr. Raju would have got the shares through valid transactions, a new folio would have been allotted to him and his signature would have been attached to it. It is also alleged

that the transactions would have been carried out in normal "Transfer Entry" not through back end modifications and further the company would have been informed or their approval would have been taken. It is alleged that the transactions in the folios were carried out despite complete signature mismatch. In cases of Folios of Ravindra Patel (PL900244) & Jyoti Patel (PL900245), it's alleged that either the Share certificates submitted for demat as rejected by the Noticee 1 in 2004 has been remained with the Noticee 1 or they have given acceptance of Buy Back application from side of Raju Landge even without having any certificate as the company was not checking any back up documents and releasing payments based on due diligence by the Noticee 1. Though the Noticee 1 has not submitted the documents, it is alleged that irrespective of one of the two actual method used for fraud, the Shares of Patels has been siphoned off by the Noticee 1 related entity viz. Raju. In view of the foregoing it is allegd that the Noticee 1 not only failed to maintain proper records of the transactions but was also misleading the company by submitting wrong/false information.

It is also alleged that the internal checks and balances and control system of the Noticee 1 was compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. As already mentioned Raju Landge is the driver of The Noticee 3/The Noticee 5. The Noticee 5 and Raju both have admitted that Raju was acting as front for the transactions of The Noticee 3/The Noticee 5. Therefore, it is also alleged that The Noticee 3 and her family are the beneficiaries of the fraud and the Noticee 1 has facilitated the fraud.

276. Valuation of Share Misappropriated in this matter

Sr No	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	2200 shares of Phillips India Limited misappropriated by Raju Landge vide Buyback on 20/08/2009 {belonging to Ravindra Patel (PL900244) & Jyoti Patel (PL900245)}	Rs. 532400/-	N.A. as unlisted

Fraudulent transactions in the matter of ILF Mauritius (Folio Number- PG000080; PHPH - Philips India Limited)

277. SEBI observed from the records available in the Back Office Software Module of the Noticee 1 for the Folio No. - PG000080 (Screen Shot placed at **Annexure-SP25**) that dividend records on 757 shares of Philips in the name of "ILF Mauritius" but currently the foliois in the name of Raju Landge with nil holding. In this context, the Noticee 1 was summoned to provide explanation regarding how same folio was at one time in the name of ILF Mauritius and at another time in the name of Raju Landge, a different entity and also to provide various documents to verify the authenticity of the transactions. It is alleged that the Noticee 1 has failed to comply with the summons.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 that the name of the folio no. - PG000080 was changed from I L F Mauritius to Suresh Unawane on 30/08/2008 by User "edp" login Terminal id "Windows 95 PC" (**Annexure-SR12**).

SEBI also observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016(Annexure-SR12) that in the year 2008 the folio no. PG000080 with 757 shares was in the name of I L F Mauritius while in Annual return for 2009 (Holding file) the folio has been omitted altogether. However, in Transaction file of the year 2009 it is reported that 757 shares has been given for buy back by Raju S Landge under the folio PG000080. (Screen Shot of Annual Return data placed at **Annexure-ARSP16**)

SEBI observed from the statement of The Noticee 2 dated February 15, 2016(**Annexure-SR11**) and also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee 1, there is no signature record for the folio no PG000080 as it is "No Card" case i.e. neither any original data of signature was received from the

company at the time of taking over share transfer work by the Noticee 1 nor such data subsequently available with the Noticee 1. It is alleged that "no signature record" cases have acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. Thus, it is alleged that the Noticee 1 has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

278. In the Folio Number- PG000080 on 08/09/2008 one new shares certificate of Philips India Limited was printed in place of old share certificate. Details are as below:

Inward No	OriginalCertificate No	New Certificate No	Distinctive No From	Distinctive NoTo	Creation Date
935	10029026	100029879	45548858	45549614	08/09/2008

The share certificate print reconciliation/control register (**Annexure—OD66 & OD67**) shows that the certificate No 100029849 and 100029887 were printed on September 01, 2008 and September 13, 2008 respectively while the entry for printing for certificate no. - 100029879 which is a number in between the above mentioned certificate numbers is missing.

279. In the Folio Number- PG000080, there is record for Buy Back of 757 shares of Philips India Limited. Details are as below:

Transaction No	App Date	Seller folio	Buyer folio	Certif icate No	Dist no From	Dist no To	No of Shares
113548	18/09/ 2008	PG00 0080	PHP H03	1000 29879	4554 8858	4554 9614	757

Citi Bank, the Banker to Buy Back issue, vide email dated December 22, 2015(**Annexure-OD110**) submitted that they have paid Rs. 1,96, 820/- to Raju Landge vide DD no. -

215981 dated 16/09/2008. SEBI observed that the amount was credited to bank account no. 001810100075247 of Raju Landge held with Bharat Co-op Bank on September 22, 2008 (**Annexure-BRBCBL; Page No. - 185**). He paid Rs. 49,000/- to The Noticee 3 on 01/10/2008 vide bearer cheque no 482825. She withdrew this money in cash from Bharat Co-op Bank - Bhandup Village Road Branch on October 01, 2008 (As confirmed by Bharat Co-op Bank vide email dated November 01, 2016; **Annexure-BRBCBL; Page No. - 287-290**). Rs. 150000 were withdrawn in cash on October 10, 2008 from Raju's aforementioned bank account. SEBI alleged that The Noticee 5 has submitted vide his statement dated Sep 27, 2016 that he and The Noticee 3 were operating this account of Raju Landge and all money in the said account belongs to them.

280. Philips vide letter dated July 07, 2016 (**Annexure-CRPH2**) submitted that based on a review of BEN POS data provided by the Noticee 1, it observed that presently (as of May 20, 2016) folio number PG00008O is not reflecting in the Register of Members However, on reviewing BENPOS till April 24, 2009, the folio PG000080 is reflected in the name of ILF Mauritius, holding 757 shares. Philips also submitted that it observed frequent changes in the shareholding under Folio PG00008O. As per the Benpos of March 7, 2008 ILF Mauritius was holding 757 shares in the Company and in subsequent week the holding was reduced to Zero and reinstated to 757 on March 21, 2008. On May 16, 2008 the shareholding was again reduced to zero and restored to 757 in next week's Benpos that is May 23, 2008. Further, again on May 1, 2009 the shareholding was reduced to zero. They also submitted that a new folio number is always allotted to the transferee shareholder and the fact that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. Philips submitted that as per their internal documents it does not have in its records any documents related to transfer of 757 shares in the Folio No. PG000080 from ILF Mauritius to Raju Landge/ Raju S Landge. In view of the frequent changes in shareholding in the folio number PG000080 and the confirmation made during buyback, it is alleged that this is a case of

unauthorized and fraudulent modification in shareholder records maintained by the Noticee 1. In respect of re-print of certificate, Philips stated that new certificate number 100029879 was issued by the Noticee 1 in an illegal manner, without following the due process and without sending the certificate to the Company for its signatures. Philips also stated that as per process only consolidated details of the applications accepted for buyback were made available to the Company by the Noticee 1. The supporting documents like Application for buyback and share certificates surrendered for buy back were not required to be shared with the Company by the Noticee 1 and based on the due diligence conducted by the Noticee 1 they have recommended release of payment to Raju Landge.

281. Therefore, it is alleged that in this matter of Folio No. -PG000080 the re-printing of share certificate has been done to obtain new certificate as the old certificates were not in the possession and name of Mr. Landge or the Noticee 1. It is alleged that if Mr. Landge would have got the shares through a valid transaction, he would have been in possession of old share certificates and there would not have been need of re-printing just before offering the same for Buy Back. It is alleged that the folio was illegally taken over by back end modifications in violation of Secretarial Standards and established practice atthe Noticee 1 {as per own statement of The Noticee 2 dated January 28, 2016 (Annexure-SR15)}. It is also alleged that if the shares acquired through genuine transactions, new folios would have been allotted to him after passing of "transfer" entries and signature of transferee would have been attached to it. Further, It is also alleged that the transactions in the folios were carried out despite complete signature mismatch. Therefore,it is alleged that the internal checks and balances and control system of the Noticee 1 were compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. It is also alleged that Raju Landge as well as The Noticee 5 has already admitted that all transaction w.r.t. Raju Landge (Driver of The Noticee 5/The Noticee 3) were being carried out by The Noticee 5/The Noticee 3 and all money in his

bank account belonged to them. Additionally,it is alleged that beneficiaries of the fraud are The Noticee 3 and her family and the Noticee 1 has facilitated the fraud.

282. Valuation of Share Misappropriated in this matter

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	757 shares of Phillips India Limited belonging to ILF Mauritius misappropriated by Raju Landge vide Buyback on 18/09/2008	Rs. 196820/-	N.A. as unlisted

Fraudulent transactions in the matter of Dev Chaudhari (Folio Number- PL900291, PHPH-Phillips India Limited)

283. SEBI observed that in the Folio No. - PL900291 (Screen Shot placed at **Annexure-SP26**) currently folio is in the name of Narayan D with nil holding but dividend records on 2200 shares of Phillips are showing in the name of Dev Chaudhari. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Dev Chaudhari and at another time in the name of Narayan D, a different entity.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 that the name of the folio no. - PL900291 was changed from Dev R Chaudhari to Narayan D. on 07/09/2009 by User "edp" login Terminal id "CPRABHU"(**Annexure-SR12**).

SEBI also observed from the "Signature" record of the folio no. - PL900291 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Dev Chaudhari"(**Annexure-SR11**).

SEBI further observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12)that in 2008 and 2009 the folio no PL900291 with 2200 shares was in the name of Dev R Chaudhari while in Annual return

for 2010 (Holding file) the folio has been omitted altogether. However,from the transaction file of the year 2010 SEBI observed that 2200 shares has been given for buy back by Narayan D under the folio PL900291. (Screen Shot of Annual Return data placed at **Annexure-ARSP20**)

284. SEBI observed that in the Folio No. -PL900291 one certificate no 10052740 (distinctive no 52071840 to 52074039) for 2200 shares of Phillips India Limited was given for Buy back on 14/12/2009.

Citibank vide its email dated Jun 08, 2016 (**Annexure-BRMISC; Page No. - 451-464**) has submitted that Philips instructed Citibank to issue demand draft to new beneficiary 'D Narayan' by cancelling old instrument issued in favour of 'Dev R Chaudhary' for folio no. PL900291. Accordingly, Citibank issued DD no. 862147 in favour 'Narayan D'. Narayan has received Rs. 5,32,400 in his bank account no. 001810100074187 held with Bharat Co-op Bank on October 03, 2009 (**Annexure-BRBCBL; Page No. - 190**). It is alleged that Narayan has transferred Rs. 4,50,000 to The Noticee 5 in his bank account no. 001810100060069 held with Bharat Co-op Bank on October 15, 2009(**Annexure-BRBCBL; Page No. - 249**). It is also alleged that Narayan transferred Rs. 75,000 vide cheque no 579401 to The Noticee 3 in her bank account no. 001810100014802 held with Bharat Co-op Bank on November 16, 2009 (**Annexure-BRBCBL; Page No. - 218**).

285. SEBI observed that Philips vide letter dated July 07, 2016 (**Annexure-CRPH2**) submitted that w.r.t. Folio number PL900291 was in the name of Dev R. Chaudhari, and Dividend payments were made to Dev R Chaudhari till 2009. SEBI also observed that the unpaid Dividend amount of Rs. 4400/- for the 2200 shares held by Dev R Chaudhari for the year 2008 was remitted to IEPF in 2015 vide filing of Form INV I with ROC on 12/08/2015. The dividend amount for the years prior to 2008 was also remitted to IEPF and the dividend for the year 2009 remains unclaimed as of date and is due to be transferred to IEPF in 2016, if not claimed before the due date of transfer to IEPF. SEBI observed from BEN POS data (as of May 20, 2016) of Philips India Limited, received from the office of the

Noticee 1 on 24.06.2016, there is no record of this folio either in the name of Dev R Chaudhari or Narayan D. However, in the year 2009(as of December 4, 2009) Folio PL900291 is reflecting in the name of Dev R Chaudhari, with a shareholding of 2200 shares. However, in the subsequent week i.e. week ending December 11, 2009, the shareholding in the folio PL900291 was NIL. It is alleged that there is no record for the change in name of the shareholder for this folio from Dev R Chaudhari to Narayan D. However, it was noted that as per transfer details made available by the Noticee 1, as of December 14,2009, 2200 shares have been transferred from Folio PL 9000291 in the name of Narayan D to Folio No. PHPHO4 Philips Buyback 2009.Further, in the normal course, in the event of transfer of shares from one to another shareholder, a new folio number is allotted to the transferee shareholder. It is alleged that the same folio is reflecting in the name of 2 separate shareholders at different points in time, by itself points to an irregularity. Also, SEBI observed that there is no record of transfer of these shares from Dev R Chaudhari to Narayan D, while there is a record of surrender of these shares under buy back offer of 2009 brought by the Company by Narayan D. In view of the aforesaid it is alleged that there was irregularity and inconsistency in the records and unauthorized modification in shareholder records has been carried out by the Noticee 1. Philips also confirmed that it does not have in its records any documents related to transfer of 2200 shares in the Folio No.PL900291 from Dev R Chaudhari to Narayan D. Philips also submitted that as per procedure only consolidated details of the applications accepted for buyback were made available to it by the Noticee 1. The supporting documents like Application for buyback and share certificates surrendered for buy back were not required to be shared with the Company by the Noticee 1 and the company issued instructions for release of payment to Narayan D based on the due diligence carried out by the Noticee 1.

286. Therefore, it is alleged that the internal checks and balances and control system of the Noticee 1 was compromised to illegally transfer and then give in buy back the shares

belonging to one shareholder by another entity. In cases of Folio PL900291, its alleged that Noticee 1 has given acceptance of buy back application from Narayan D without receiving any certificate as the company was not checking any back up documents and releasing payments solely based on the due diligence conducted by Noticee 1. Though the Noticee 1 has not submitted the documents, it is alleged that shares of Dev Chaudhari has been siphoned off by Noticee 1 related entity *viz.* Narayan D. It is alleged that the folio was illegally taken over by back end modifications in violation of secretarial standards and established practice of Noticee 1 {as per own statement of Noticee 2 dated January 28, 2016 (**Annexure-SR15**)}. It is also alleged that if the shares would have been acquired through genuine transactions, new folio would have been allotted to him after passing of "transfer" entries and signature of transferee would have been attached to it. Further, it is alleged that the transactions in the folio were carried out despite complete signature mismatch and the internal checks and balances and control system of the Noticee 1 were compromised to illegally transfer and then give in buy back the shares belonging to one shareholder by another entity. As already mentioned, Narayan D as well as Noticee 5 have already admitted that all transactions w.r.t. Narayan D. (employee of Noticee 5) were being carried out by Noticee 5/ Noticee 3 and all money in his bank account belonged to them. Therefore, it is alleged that beneficiary of the fraud in the matter is again Noticee 3 and her family and Noticee 1 has facilitated the fraud.

287. Valuation of share misappropriated in this matter:

Sr. No.	Shares Transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	2200 shares of Phillips India Limited belonging to 'Dev R Chaudhary misappropriated by Narayan Devadiga *vide* Buyback on 14/12/2009	Rs. 532400/-	N.A. as unlisted

288. **Non compliance with summons**

G.R.Rao, MD of Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Phillips:

Date	Summons No.	Annexure No.	Remarks
04/11/2016	MIRSD2/DB/LS/ SSIL/30325/16	Annexure-SG1	All summons were again issued. The summons were hand delivered to Noticee 1's office on November 04, 2011.
04/11/2016	MIRSD2/DB/LS/ SSIL/30325/16	Annexure-SG2	All summons were again issued. Delivered through Superintendent, Mumbai Central Prison on November 06, 2016. The summons was delivered. Acknowledgement provided by Superintendent *vide* letter dated December 12, 2016.
04/07/2016	MIRSD2/DB/SD/ SSIL/18534/201 6	Annexure-SG3	Regarding own transactions in the shares of L&T Limited of Pangal Nayak along with copies of summon nos. - 17532 & 18503 issued through Superintendent of Jail, Mumbai Central Prison. The summons was delivered. Informed and acknowledgement provided by Superintendent *vide* letter dated 18/07/2016.
04/07/2016	MIRSD2/DB/SD/ SSIL/18503/201 6	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at his residence. Advocate Ravi Kotian submitted *vide* letter dated July 15, 2016 that Noticee 2 is not in charge of day-to-day operations of Noticee 1 and was not aware of any such transfers. The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/ SSIL/18631/201 6	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/ 17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at his residence.
29/04/2016	MIRSD2/LS/201 6/12527	Annexure-SG7	A summon was issued containing explanations along with documents w.r.t. dividend siphoned by entities.
12/04/2016	MIRSD2/LS/201 6/10903	Annexure-SG8	A summon was issued (i) regarding his own transactions with Lalit Joshi in the matter of Navin Flourine ; (ii) to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited; and (iii) other transactions in his bank accounts.
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar

Date	Summons No.	Annexure No.	Remarks
			Technologies Limited and other general details w.r.t. the operations of RTA. Noticee 2 sought extension for all summons issued to him *vide* email dated 17/03/2016. He was granted extension till 31/03/2016 *vide* email dated 21/03/2016.
10/03/2016	MIRSD2/DB/OW /2016/7158	Annexure-SG10	Regarding transactions in Kansai Nerolac. The aforesaid summon was also served by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/ 2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. The aforesaid summon was also served by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/ SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/20 16/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. The summon was also served *vide* email on 01/03/2016. Extension sought *vide* email dated 08/03/2016. Extension was granted.
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. – 1 of the summons w.r.t. register of members but other information/documents sought in the summons such as salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in Noticee 4 information sought was provided Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta information sought was not provided
04/12/2015	Hand delivered	Annexure-SG17	Hand delivered to GR Rao on December 04, 2015. Regarding (i) dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge; (ii) dividend of the shares of Tata Communications issued to Satyam Brush; and (iii) other dividend related information.

It is alleged that Noticee 1 and Noticee 2 failed to cooperate with the investigation by not replying to the aforesaid summons.

Further, it is alleged that Noticee 8 has failed to comply with the below mentioned summons:

Date	Summon No.	Annexure No.	Remarks
14/06/2016	Letter from CDSL	Annexure-SAJ	CDSL informed that Noticee 8 has refused to reply about various facts under investigation and contained in SEBI order dated March 22, 2016. Hence, it has terminated the service of their employee *i.e.,* Noticee 8.
10/05/2016	MIRSD2/DB/SD/SSIL/13677/2016	Annexure-SAJ1	Delivered by post to Advocate Arun Panicker who *vide* letter dated April 22, 2016 informed that all records available at Noticee 1's are seized by EOW because of which his client (Noticee 8) cannot reply. SEBI *vide* letter no. 13677/2016 informed him that citing non-availability of document/information with third party will not be accepted and thatreply should be provided from own records. A copy of the aforesaid communication was also sent to clients vide letter no. MIRSD2/DB/SD/SSIL/13684/2016.
10/05/2016	MIRSD2/DB/SD/SSIL/13684/2016	Annexure-SAJ2	
13/04/2016	MIRSD2/DB/SD/SSIL/11145/2016	Annexure-SAJ3	Extension of time sought *vide* letter dated April 01, 2016 for the summons. Extension granted *vide* this letter. Delivered through post.
29/03/2016	MIRSD2/DB/SD/OW/9074/2016	Annexure-SAJ4	SEBI order 22/03/2016 and Summons 01/03/2016 through CDSL. CDSL hand delivered on 29/03/2016 and informed us *vide* letter dated 31/03/2016.
29/03/2016	Forwarding letter MIRSD2/DB/SD/SSIL/9152/2016 and Summon No MIRSD2/DB/SD/SSIL/9156/2016	Annexure-SAJ5	Regarding his transactions in Phillips India., JM Financial Limited, Search Chem, Artson Engineering, *etc.* also details w.r.t. transactions in his bank account, dividend received *etc.* Delivered through post.
01/03/2016	MIRSD2/DB/SD/SSIL/6100/2016	Annexure-SAJ6	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, *etc.* also details w.r.t. transactions in his bank account, dividend received *etc.* No acknowledgement received of delivery.

289. Summary of violations and applicable regulatory provisions are as below:

Sr No.	Name of the entity	Violations	Applicable regulatory provisions
1	Noticee 1	Failure to do due diligence, non-maintenance of proper records, falsification of records, fraudulent and unauthorized transfers, and non compliance with summons.	Section 11C (2) and 11C (3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p) of PFUTP Regulations, 2003, Clauses (1),(2), (3),(6),(16), (17),(18),(20),(25),(28),(30) of Code of Conduct specified in Regulation 13 of RTA Regulations, Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations and SEBI

Sr No.	Name of the entity	Violations	Applicable regulatory provisions
			Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001.
2	Noticee 2	Vicarious liability.	Section 11C(2)and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	Noticee 3	Mastermind of fraud, committed fraud, and beneficiary of fraud.	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
4	Noticee 5	Committed fraud by using the accounts of different conduits and beneficiary of fraud.	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
5	Noticee 14	Committed fraud by providing demat/bank accounts. Beneficiary of fraud.	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
6	Noticee 8	Committed fraud, beneficiary of fraud, and non compliance with summons.	Section 11C (2) and 11C (3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

E. Company Name: JM Financial Limited (Sharepro back office Code -J1J1) (herein after referred to as 'JMFL')

The following discrepancies and fraudulent transactions were observed:

Fraudulent transactions in the matter of Apple Holding Development Limited (herein after referred to as 'AHDL') (Folio Number- 054193, J1J1- JMFL)

290. SEBI observed from the back office records of Noticee 1, in the Folio No. - 054193 (Screen Shot placed at **Annexure-SP27**), that dividend records from issue date 22/07/2004 to 17/07/2008 of 1800 shares of JMFL) are showing in the name of AHDL. Then from 11/09/2009 onwards 45,000 shares are showing in the name of Anil CJ. (There was a bonus issue in the ratio of 3:2 and the shares were split in the ratio of 1:10 on ex-split date & ex-bonus date of 08-09-2008, hence 1800 shares became 45000 shares). It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how the same folio was at one

time in the name of AHDL and at another time in the name of Anil CJ, who is a different entity altogether.

SEBI observed from the annual return data submitted by Noticee 2 *vide* statement dated March 23, 2016 (Annexure-SR12) that in 2008 folio no 054193 with 1800 shares was in the name of AHDL. It was also observed from annual return for the year 2009 that folio with 45000 shares was reported in the name of Anil J. Further, it was observed that in annual return for 2010 the folio has been omitted altogether. Additionally, it was observed that there are no entries in 2008 and 2009 in the transaction file maintained by [Noticee 1] regarding said transactions. However, in the transaction file for 2010, it was reported that 45000 shares has been dematerialized by Anil J under the same folio. (Screen Shot of Annual Return data placed at **Annexure-ARSP21**).

291. SEBI observed from the folio no. – 054193 and the back office software module of Noticee 1 that record of dematerializing of total 45000 shares of JMFL (certificate no. - 1452; distinctive no. - 298363751 to 298381750 for 18000 shares and certificate no. - 3290; distinctive no. - 747458626 to 747485625 for 27000 shares) by Noticee 8 on 12/04/2010 in his demat account no. - IN301151-28257835 appears as follows:

DP ID/Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Order No.	Description	Debit	Credit
IN301151 28257835	ANIL CHINNAPPA JATHAN	ADCPJ1922H	INE780C01023	JM FINANCIAL LIMITED EQ NEW RE. 1/-	12-Apr-2010	1259023	By dematerialisation	0	45,000
					13-Apr-2010	26095923	To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011010	11,000	0
					15-Apr-2010	26116341	To CM HDFC SECURITIES LTD.,	11,000	0

DP ID/Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Order No.	Description	Debit	Credit
							ROLLING MKT LOT / 1011011		
					16-Apr-2010	26148113	To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011012	11,000	0
					21-Apr-2010	26206845	To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011015	11,000	0
					31-May-2010	26860499	To CM HDFC SECURITIES LTD., ROLLING MKT LOT / 1011043	1,000	0

In this regard, SEBI also observed that there are no records of print of any share certificates in the system records of Noticee 1. It is alleged that the certificate dematerialized is the new share certificates issued post "bonus and split" and there is no record of the old share certificates or the new share certificates issued in lieu of those certificates in the system of the Noticee 1. It is alleged that Noticee 3 and her related entities have exploited this loophole and printed share certificates in their own name w.r.t. the shares of genuine investors who were apparently not aware of their own investments. In view of the above, it is alleged that Noticee 1 has not maintained records properly and has facilitated the fraud.

292. Extract of ledger statement of Noticee 8 as provided by broker HDFC Securities Limited *vide* email dated August 12, 2016 (**Annexure-OD102**) is as below:

Vdt	Vno	Narration	Debit	Credit	Balance		
13-Apr-10	JV/201 00413/ 6025	N/1011010/13-apr-2010.		4,33,079.85	4,33,079.85	Cr	Sale of 11000 shares of JM Financial Limited
15-Apr-10	JV/201 00415/ 6019	N/1011011/15-apr-2010.		4,28,855.38	8,61,935.23	Cr	Sale of 11000 shares of JM Financial Limited
16-Apr-10	BP/201 00416/ 4836	Online transfer for Net Payout to Bank A/c 00601140050951.	4,33,079.85		4,28,855.38	Cr	Paid to client
16-Apr-10	JV/201 00416/ 5860	N/1011012/16-apr-2010.		4,31,475.81	8,60,331.19	Cr	Sale of 11000 shares of JM Financial Limited
19-Apr-10	BP/201 00419/ 4545	Online transfer for Net Payout to Bank A/c 00601140050951.	4,28,855.38		4,31,475.81	Cr	Paid to client
20-Apr-10	BP/201 00420/ 3302	Online transfer for Net Payout to Bank A/c 00601140050951.	4,31,475.81		0	Cr	Paid to client
21-Apr-10	JV/201 00421/ 5737	N/1011015/21-apr-2010.		4,21,161.46	4,21,161.46	Cr	Sale of 11000 shares of JM Financial Limited
23-Apr-10	BP/201 00423/ 5725	Online transfer for Net Payout to Bank A/c 00601140050951.	4,21,161.46		0	Cr	Paid to client
31-May-10	JV/201 00531/ 5329	N/1011043/31-may-2010.		37,886.38	37,886.38	Cr	Sale of 1000 shares of JM Financial Limited
02-Jun-10	BP/201 00602/ 2394	Online transfer for Net Payout to Bank A/c 00601140050951.	35,585.80		11,972.20	Cr	Paid to client

The above mentioned amounts were received in the HDFC Bank a/c no 00601140050951 (**Annexure-BRHDFC; Page No. - 51**) of Noticee 8.

293. Noticee 8 was issued various summons to explain the transactions and submit various supporting documents. However, it was observed that he had failed to comply with the aforesaid requirement.

294. It was observed from the "system log for changes in folio master" as taken on record *vide* statement dated March 23, 2016 (Annexure-SR12) of Noticee 2 that the name of folio no. - 054193 was changed from Anil C.J. to AHDL on 21.01.2012 by User "anils" login Terminal id "NALINI". However, SEBI observed that there is no log records for other

changes (*viz.* AHDL to Anil C.J.) in the folio as visible in the back office software module of Noticee 1. An explanation regarding the same was sought from Noticee 2 who explained *vide* statement dated March 23, 2016 that changes in folio master may not get included in system log in case of the following: (i) system log is disabled (ii) system log is deleted; or (iii) the system log gets automatically disabled if there is any change in "log table" and needs to be enabled again but there is failure to enable it. It is alleged that not only the folio names has been changed from back end but the "system log" for the changes has also been tampered with (*viz.* disabled or deleted) to avoid audit trail.

Further, the "Signature" record of the folio no. - 054193 taken out from the system of "Signature Verification Department" reveals that the signature attached to the folio is still that of "AHDL" it was also noted that in the "Signature Verification" software there is one message entry which states "DON'T REJECT REFER NOTICEE 3 30/03/2010"(**Annexure-SR11**).

It is alleged that the dematerialization transaction in 2010 in favour of Noticee 8 was carried out under the direction of Noticee 3 despite complete signature mismatch. Additionally, it is alleged that if Noticee 8 would have obtained the shares by way of genuine transactions, a new folio would have been allotted to him and there would have been his signature records in the new folio which is not the case in the present matter. Further, it is also alleged that there would not have been any need of taking over of the folio through back end modifications in violation of secretarial standards and established practice of Noticee 1 as per the own statement of Noticee 2 dated January 28, 2016 (Annexure-SR15). As already explained Anil is brother of Noticee 3 and has failed to co-operate with investigation.

295. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016

1	45000 shares (Post bonus 3:2 and split 1:10 on ex-split date & ex-bonus date of 08-09-2008) of JM Financial Limited belonging to Apple Holding Development Limited. Misappropriated by Noticee 8 *vide* Demat on 12/04/2010	Rs. 17,77,500 (Price @ NSE Rs. 39.50)	Rs. 32,42,250 (Price @ NSE Rs. 72.05)

Fraudulent transactions in the matter of Crystal Securities Pvt. Ltd. (herein after referred to as 'CSPL') (Folio Number- 054748, J1J1- JMFL)

296. In Folio No. - 054748 (Screen Shot placed at **Annexure-SP27A**), from the back office software module of the Noticee 1, SEBI observed that dividend records for issue date from 22/7/2004 to17/07/2008 on 38000 shares of JMFL is in the name of CSPL. In the year 2008 there was a bonus issue in the ratio of 3:2 and split issue in the ratio of 1:10 on ex-split date & ex-bonus date of 08-09-2008. SEBI observed that from 11/09/2009 dividend records were being shown in the name of Suresh Unavane on 95000 shares. {However, Folio No. - 054748 still holding 95000 shares on certificate no. - 3368 (Distinctive No. - 747726376 to 747726376; 57000 shares) and certificate no. - 1530 (Distinctive No. - 298542251 to 298580250; 38000 shares)} It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of CSPL and at another time it was in the name of Suresh Unavane, who is altogether a different entity.

SEBI observed from the "Signature" record of the folio no. - 054748 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Authorized Signatory of CSP" (Annexure-SR11). Therefore, it is alleged that the internal checks and balances and control system of the Noticee 1 were compromised to illegally transfer the shares belonging to one shareholder by another entity.

SEBI also observed from the annual return data submitted by Noticee 1 *vide* statement dated March 23, 2016 (**Annexure-SR12**) that in 2008 the folio no. 054748 with 38000 shares was in the name of CSPL. However, in the annual return for the year 2009, 2010

and 2011, the folio with 95000 shares were reported in the name of Suresh Unavane. (Screen Shot of Annual Return data placed at **Annexure-ARSP22**)

297. In response to SEBI summons dated March 28, 2016 (Annexure-SJM1), the company JMFL *vide* its letter dated April 06, 2016(**Annexure-CRJM4**) submitted that the name of AHDL holding 1800 shares and CSPL holding 38000 shares appeared under folio no. - 054193 and 054748 respectively as per the annual return (as on July 25, 2008) filed with RoC on September 23, 2008. However, the name of Anil CJ holding 45000 shares (post split and bonus issue) and Suresh Unavane holding 95000 shares (post split and bonus issue) appeared under folio no. - 054193 and 054748 respectively as per the annual return (as on September 10, 2009) filed with RoC on November 05, 2009. SEBI further observed that the addresses as per the annual returns are still that of the original investor (*viz.* AHDL and CSPL respectively). JMFL has further stated that it did not receive from Noticee 1 any documents/ transfers in respect of the said change in name. JMFL further stated that the said changes has been carried out by Noticee 1 without any authority and supporting documents. JMFL also stated that they do not have any document regarding the said transactions and Noticee 1 did not provide them with the documents on their recent enquiry.

Additionally, JMFL stated that dividend w.r.t. the folio no. - 054193 (AHDL) & folio no. - 054748 (CSPL) from FY 2001-02 to FY 2006-07 was transferred to IEPF. However, SEBI observed that dividend of Rs. 45000/- for the FY 2007-08 in respect of the folio no. - 054193 has been issued to K Nagesh and dividend of Rs. 9000/- for the FY 2008-09 in respect of the folio no. - 054193 has been encashed by Anil CJ. Similarly, dividend of Rs. 95000/- for the FY 2007-08 and Rs. 4.42 lakhs for the years 2008-09 to 2014-15 in respect of the folio no. - 054748 have been encashed by K. Nagesh and Suresh Unavane, respectively. JMFL further observed that Noticee 1 has not sent them any dividend revalidation request and the dividends have been issued to these individuals without any authority. The documents (email of the company along with copy of instrument issued,

copy of instruction from the Noticee 1 to dividend bank *etc*) w.r.t. the above dividends which could be retrieved by the company are placed at **Annexure-CRJM5**. It is alleged that not only the dividend was issued illegally to Noticee 3 related entities but the instruction for the same were also issued by Noticee 3 herself directly to the bank.

298. It is alleged that in the above two matters shares of other entities were siphoned off by entities related to management of the Noticee 1 *viz.* Noticee 3. It is also alleged that if the entities acquired shares in genuine transfers, new folios would have been allotted to them and their signatures would have been attached with it and there would not have been any need of back end modification in the folio master in violation of secretarial standards and established practice of Noticee 1 as stated by Noticee 2 *vide* statement dated January 28, 2016 (Annexure-SR15). It is alleged that the beneficiaries of the fraud are Noticee 3 and her family members including her brother Noticee 8.

299. Valuation of share misappropriated on replacement cost basis in this matter:

Sr. No.	Shares Transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	95000 shares (post bonus issue in the ratio of 3:2 and split issue in the ratio of 1:10 on ex-split date & ex-bonus date of 08-09-2008) of JM Financial Limited belonging to Crystal Securities Pvt. Ltd. misappropriated by Suresh Unavane *vide* demat on 12/04/2010.	Exact date not available.	Rs. 68,44,750 (Price @ NSE Rs. 72.05)

300. **Non compliance with summons**

G.R.Rao, MD of Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of JM Financial Limited:

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All summons were again issued. The summons were hand delivered to Noticee 1's office on November 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All summons were again issued. The summons were delivered through Superintendent, Mumbai Central Prison on November 06, 2016. Acknowledgement provided by Superintendent *vide* letter dated December 12, 2016.
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T Limited of Pangal Nayak. The aforesaid summons was issued along with copy of summon no. - 17532 & 18503 issued through Superintendent of Jail, Mumbai Central Prison. Delivered. Informed and acknowledgement provided by Superintendent *vide* letter dated 18/07/2016.
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at his residence. Advocate Ravi Kotian submitted *vide* letter dated July 15, 2016 that Noticee 2 is not in charge of day-to-day operations of Noticee 1 and was not aware of any such transfers. The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at his residence.
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities.
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts.
17/03/2016	Hand delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited and other general details w.r.t. the operations of RTA. Noticee 2 sought extension for all summons *vide* email dated 17/03/2016. Granted extension till 31/03/2016 *vide* email dated 21/032016.
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding transactions in Kansai Nerolac. The summons was also served *vide* email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. The summons was also served *vide* email dated 09/03/2016.

Date	Summons No	Annexure No	Remarks
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. The summons was also served *vide* email on 01/03/2016. Extension sought *vide* email dated 08/03/2016. Extension granted.
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 of the summons w.r.t. register of members but other information/documents sought in the summons such as salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Information/documents sought regarding transactions in Noticee 4 were provided. However, information/documents sought w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta was not provided.
04/12/2015	Hand delivered	Annexure-SG17	Hand delivered to GR Rao on December 04, 2015. The summon was issued (i) regarding dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, (ii)dividend of the shares of Tata Communications issued to Satyam Brush, and (iii) other dividend related information.

However, it is alleged that Noticee 1 and Noticee 2 failed to cooperate with the investigation.

Further, it is also alleged that Noticee 8 failed to comply with the summons mentioned below:

Date	Summon No	Annexure No	Remarks
14/06/2016	Letter from CDSL	Annexure-SAJ	CDSL informed that Noticee 8 has refused to reply about various facts under investigation and contained in SEBI order dated March 22, 2016. Hence, they have terminated the service of their employee *i.e.* Noticee 8.
10/05/2016	MIRSD2/DB/SD/SSIL/13677/2016	Annexure-SAJ1	Delivered by post to Advocate Arun Panicker who *vide* letter dated April 22, 2016 informed that all records at Noticee 1 are seized by EOW because of which his client (Noticee 8) cannot reply. SEBI *vide* letter no 13677/2016 informed him that citing non-availability of document/information with third party will not be accepted. Reply should be provided from own records. A copy of the summons was sent to clients vide letter no. - MIRSD2/DB/SD/SSIL/13684/2016.
10/05/2016	MIRSD2/DB/SD/SSIL/13684/2016	Annexure-SAJ2	
13/04/2016	MIRSD2/DB/SD/SSIL	Annexure-SAJ3	Extension of time sought *vide* letter dated April 01, 2016 for the summons. Extension granted *vide* this letter. Delivered through post.

Date	Summon No	Annexure No	Remarks
	/11145/2016		
29/03/2016	MIRSD2/DB/SD/OW/9074/2016	Annexure-SAJ4	SEBI order 22/03/2016 and summons 01/03/2016 through CDSL. CDSL hand delivered on 29/03/2016 and informed us *vide* letter dated 31/03/2016.
29/03/2016	Forwarding letter MIRSD2/DB/SD/SSIL/9152/2016 and Summon No MIRSD2/DB/SD/SSIL/9156/2016	Annexure-SAJ5	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc. also details w.r.t. transactions in his bank account, dividend received *etc*. Delivered through post.
01/03/2016	MIRSD2/DB/SD/SSIL/6100/2016	Annexure-SAJ6	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc. also details w.r.t. transactions in his bank account, dividend received etc. No acknowledgement was received.

301. Summary of violations and applicable regulatory provisions are as below:

Sr No.	Name of the entity	Violations	Applicable regulatory provisions
1	Noticee 1	Failure to do due diligence, non-maintenance of proper records, falsification of records, fraudulent and unauthorized transfers, and non compliance with summons.	Section 11C(2)and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4(1) & (2)(p)of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003., Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25),(28),(30) of Code of Conduct specified in Regulation 13 of RTA Regulations ", Regulation 9(A)(f), Regulation 6(g) and Regulation 14(3)(b)&(c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001) dated May 09, 2001.
2	Noticee 2	Vicarious liability and non compliance with summons.	Section 11C(2)and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	Noticee 3	Master mind of the conspiracy, committed fraud, and beneficiary of fraud.	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

Sr No.	Name of the entity	Violations	Applicable regulatory provisions
4	The Noticee 5	Committed fraud by using the accounts of different conduits and beneficiary of fraud.	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
5	The Noticee 8	Committed fraud, beneficiary of fraud, and non compliance with summons.	Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

F. Company Name: Navin Fluorine International Ltd.(herein after referred to as 'NFIL') (Sharepro back office code- NFNF for partly paid and PRPR for fully paid)

302. NFIL was summoned to submit various information/documents/explanations *vide* SEBI summons dated March 01, 2016 (**Annexure-SNF1**). NFIL submitted its reply *vide* letter dated April 07, 2016 (**Annexure-CRNF1**). The general explanations of the company are as below:

- Polyolefins Rubber Chemicals Limited ('**PRCL**' now Navin Fluorine International Limited) came into existence due to demerger of Mafatlal Industries Limited (MIL or Mafatlal) approved by BIFR and chemical division of Mafatlal was demerged as PRCL.
- One share of PRCL was allotted for every one equity share held in Mafatlal as on record date February 06, 2003.
- Noticee 1 was appointed as registrar and transfer agent *vide* board resolution dated September 29, 2003.
- Noticee 1 was authorized to process transfer of shares w.r.t. transfer/transmission /transposition/split/duplicate/consolidation/remat/name deletion *etc.* and generate relevant "register" for the same. This "register" was sent to the company for approval by hand delivery. Two of the three officials of the company who were part of share transfer committee were authorized to approve the same without holding any meetings. The said officials used to sign the "registers" sent by Noticee 1 and return the same by

hand delivery. Neither any minutes of approval were prepared nor any inward/outward records of emails exchanged with Noticee 1 were maintained. Any copy of the approved "register" was also not kept by the company.

- Noticee 1 was authorized to sign new share certificates on behalf of NFIL for duplicate/split/consolidation/rematerialization.
- Noticee 1 was not required to take approval of NFIL for dematerialization of shares of the company.
- Further, it was explained by the company that most of the SEBI queries relates to shares held by UTI. It was explained that some of the holding of UTI in MIL was sold before the record date but the shares were not lodged with the company for transfer. Because of the above, the corresponding shares of PRCL were allotted to UTI but they had disclaimed and returned those shares. Noticee 1 on receipt of original shares for transfer or out of their own, allotted the shares of PRCL to entities through "rectification entries" without making any reference to the company.

The above explanation also shows that the company was negligent in maintenance of various records and supervising the RTA w.r.t. transactions in the shares of the companies.

The examination of the irregular transactions of Noticee 1 is as below:

Fraudulent transactions in the matter of Suresh D Shah (Folio Number- 19036380; Code NFNF- NFIL -Partly Paid)

303. From the records of Folio Number-19036380 (Screen Shot placed at **Annexure-SP28**) available in the back office module of Noticee 1, SEBI observed that dividend dated July 29, 2005 on 10 shares was in the name of Mr. Suresh D Shah but the shares folio record reflected the name of Mr. Suresh Unavane. SEBI also observed that there is no record of how the shares got transferred. It is alleged that along with the entry of "change of address" dated July 20, 2006, the name of the shareholder also got changed from Mr.

Suresh D Shah to Mr. Suresh Unavane, who is an entity linked to Noticee 3. SEBI observed that current holding in the said folio is zero without any record of sale/demat of shares.It is alleged that the Folio Number-19036380 available at the back office module of Noticee 1 which shows that the current holding of Suresh Unavane is zero is without any record of sale/dematerialization of 10 shares transferred to him.

304. SEBI observed from the "System Log for Changes in Folio Master" as taken on record *vide* statement dated March 23, 2016 of Noticee 2 that the name of the folio no. - 19036380 was changed from Suresh D Shah to Suresh Unavane on 20/07/2006 by User "edp" login Terminal id "SHETTY1"(**Annexure-SR12**).

SEBI observed from the "Signature" record of the folio no. - 19036380 taken out from the system of "Signature Verification Department" that the signature attached to the folio is still that of "Suresh D Shah"(**Annexure-SR11**).

SEBI further observed from the annual return data submitted by Noticee 2 *vide* statement dated March 23, 2016 (Annexure-SR12), that the folio no 19036380 in the year 2005, 2007, 2008, 2009, 2010 with respect to 6, 16, 16, 16, 16 shares respectively was in the name of Suresh D Shah. It is alleged that Noticee 1 could not provide annual return data for the year 2006. Further, it is pertinent to note that in annual return for 2011 the folio has been omitted altogether (Screen Shot of Annual Return data placed at **Annexure–ARSP23**). Thus it is alleged that Noticee 1 has caused wrong reporting to the regulator

305. Noticee 1 failed to reply to SEBI summons. However, in this regard, NFIL replied and explained that it appears that shares were not transferred to Suresh Unavane as the dividend of Rs. 136/- for the year 2014-15 was paid to Suresh D Shah in July 2015. SEBI observed that the dividend has indeed been encashed by Suresh D Shah.

306. SEBI observed that the company has no records and had replied based on dividend records available with Noticee 1. While the actual records of the folio at Noticee 1 shows that the folio has been changed from Suresh Shah to Suresh Unavane. Even if the

dividends had been issued to Suresh Shah, it cannot be concluded that the folio was not transferred to Suresh Unavane because the folio apparently reflects the name of Suresh Unavane due to back end modifications. It is alleged that if Mr. Suresh Unavane would have got the shares through a genuine transfer the share certificates would have come in his possession, the transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it. Further, if the shares were transferred through genuine transfers, there would not have been any need of change of the folio through back end entry which is in violation of secretarial standards as well as against the established practice of Noticee 1 as per statement of Noticee 2 dated January 28, 2016 (Annexure-SR15). It is alleged that the shares have been misappropriated by entities related to Noticee 3 and Noticee 1 has also failed to maintain proper records for the transactions. Suresh Unawane appeared before investigating authority and in his statement dated September 20, 2016 stated that his accounts are being operated by Noticee 5 & Noticee 3, which is also admitted by Noticee 5 in his statement dated September 27, 2016 (**Annexure-SR1**). Thus, it is alleged that while dividend was issued to Suresh D Shah, the records had been tampered to indicate Suresh Unawane as the shareholder. It is alleged that such an act where a folio is in the name of a person different from the dividend recipient is itself irregular and wrong. The company has also been negligent in this regard.

307. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the share as on date of siphoning	Value of the share as on October 10, 2016
1	10 shares of Navin Fluorine International Ltd. belonging to Suresh D Shah misappropriated by Suresh Unavane *vide* back end modification entry on 20/07/2006.	Rs. 2075.5 (Price @ BSE Rs. 207.55)	Rs. 2,3384.5 (Price @ NSE Rs. 2,338.45)

Fraudulent transactions in the matter of Pradeep Rathod (Folio Number- 26007865; Code NFNF- NFIL)

308. As per back office software module, on 03/04/2006, the Folio No. - 26007865 of Pradeep Rathod (Screen Shot placed at **AnnexureSP29**) received 1000 shares of NFIL (Certificate no. - 139126; Distinctive no. - 1105343 to 1105442, Certificate no. - 139127; Distinctive no. - 1105443 to 1105542, Certificate no. - 139128; Distinctive no. - 1105543 to 1105642, Certificate no. - 139129; Distinctive no. - 1105643 to 1105742, Certificate no. - 139130; Distinctive no. - 1105743 to 1105842, Certificate no. - 139131; Distinctive no. - 1105843 to 1105942, Certificate no. - 139132; Distinctive no. - 1105943 to 1106042, Certificate no. - 139133; Distinctive no. - 1106043 to 1106142, Certificate no. - 139134; Distinctive no. - 1106143 to 1106242 and Certificate no. - 139135; Distinctive no. - 1106243 to 1106342) as "rectification" entry (inward no. - 800019) from Folio no. - 31000092 (UTI).

309. SEBI observed that in the Folio No. - 26007865 of Pradeep Rathod on 03/04/2006 all the 10 certificates of 100 each shares of NFIL as received above from Folio no. - 31000092 were "merged" (viz. consolidation of old certificate into new ones) (inward no. - 270205) into one share certificate (no. - 155804) of 1000 shares.

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD68**) that the certificate No 155803 and 155807 were printed on April 03, 2006 but the entry for printing of 155804 is missing in the said register though other entries of the period are present.

310. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	1000 shares of Navin Fluorine International Ltd. belonging to UTI misappropriated by Pradeep Rathod *vide* back office rectification entry on 03/04/2006.	Rs. 303000 (Price @ BSE Rs. 303.00)	Rs. 2,338450 (Price @ NSE Rs. 2,338.45)

311. Folio No. - 26007865 of Pradeep Rathod (PRPR- Navin Fluorine International Ltd) dematerialized 1000 shares (certificate no. - 155804) on 27/04/2006 in demat account no. - IN300513-11049708. After demat the shares were transferred as below:

DP ID	Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Order No	Description	Debit	Credit
IN300513	11049708	Pradeep M Rathod	AADPR5838A	INE048G01018	Navin Fluorine International Ltd. EQ	28-Apr-2006	548874	By dematerialisation	0	1,000
						02-May-2006	13571760	To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607021	1,000	0

312. Extract of ledger statement of Pradeep Rathod as provided by SVS Securities *vide* email dated June 01, 2016(**Annexure-OD105**) is as below:

Date	Ref No	Narration	Debit Amount (in Rs)	Credit Amount (in Rs)	Remark
03/05/2006	290092	Y02106 BSE-Y2006021BILL POSTING GR.Y2006021		2,84,382.50	Sale of 1000 Navin Fluorine @ Rs. 401390.00; Net Profit on Day trading of LML Ltd. @ Rs. 1747.35; Buy of 250 Rs Systems Int @ Rs. 57730.00; Buy of 2000 Sunflag St. 35460.00; Buy of 2000 of Lloyd Steel @ Rs. 24660.00.
03/05/2006	2660	BC32ICICI-000405005381	2,84,382.50		Paid to client.

SEBI observed that withdrawal of the funds mentioned above from the broker were received by Mr. Pradeep Rathod in his Union Bank a/c no. 316002010070270 (**Annexure-BRMISC; Page No. - 172**) on May 06, 2006. Mr. Rathod issued cheque no. 138117 worth Rs. 3,78,300 in favour of Noticee 3. She encashed the same in her National Co-op Bank account no. 4672 on May 06, 2006 (as confirmed by bank letter dated

January 04, 2017 **Annexure-BRMISC- Page No. - 82**). Thus it is alleged that Noticee 3 was beneficiary of the fraud.

313. Various information/documents were sought by SEBI from Pradeep Rathod *vide* summons MIRSD2/LS/2016/10977 dated April 12, 2016, but it is alleged that Pradeep Rathod failed to provide any information, though he replied through one Advocate "SSP Legal". It was observed that the replies dated April 22, 2016 and May 16, 2016 (**Annexure-LIR10**) are just to show intent to cooperate but there is no information provided in the said letters. Subsequently, Pradeep Rathod submitted another reply through his advocates Legal Juris *vide* letter dated June 27, 2016 (**Annexure-LIR8**). He stated that he was approached by Noticee 3 and that few persons *viz.* Anil CJ, Raju Landge & Suresh Unavane are holding shares of certain companies and they are interested to sell the same. Noticee 3 undertook to indemnify him for any dispute arising in future (copy of Indemnity bond on stamp paper is placed at **Annexure–OD69**). He agreed to acquire the said shares subject to the condition that the sum of the shares will be paid to the respective shareholders after transfer of shares in his name, getting it dematerialized and selling the same in open market after deducting certain sum from the sale proceeds. Accordingly in the year 2005/2006 he purchased the shares as below:

Sr. no	Name of the company	No. of shares	Purchase price
A	M/s Hexaware Technologies Limited	13840	Left blank in the reply by Mr. Rathod.
B	M/s Aptech Ltd.	4152	
C	M/s Navin Fluorine Ltd.	1000	
D	M/s Hexaware Technologies Ltd.	9500	

He further stated that he purchased 1000 shares from one Suresh Unavane. A certificate dated March 17, 2006 (**Annexure-OD70**) was issued by Noticee 1 (signed by Noticee 3) stating that Suresh Unavane is the holder of 1000 shares of Navin Fluorine on the share certificate no. - 164071 (Distinctive Nos. 1105343 to 1106342). He further stated that the said share certificate was sent for transfer in his favour and then same was also dematerialized in his demat account. He then sold the said 1000 shares on April 29, 2006

in market for Rs. 400690/- and later paid Rs. 378300/- to Noticee 3 *vide* cheque no - 138117 dated May 05, 2016 which was debited from his bank account on May 06, 2006. It was noted from the documents submitted by Pradeep Rathod that the share certificate for 1000 shares submitted for dematerialization was having certificate number 155804 (Distinctive Nos. 1105343 to 1106342) which is missing from the records of share certificate print reconciliation/control register.

314. It is alleged that if the explanation given by Pradeep is true, will any prudent person, as per similar logic given by Pradeep, transfer (without prior consideration or any agreement for purchase price) his house/shop/office properties under NOC to someone, get it registered in the name of another person & ask another person to sell the same in market and then afterwards pay him the sale price especially when the value of the assets is in lakhs/crores. It is alleged that the above explanations furnished by Pradeep Rathod are just an afterthought to hide his connivance with Noticee 3 for the said fraudulent transactions. It is alleged that he was very well aware about the suspicious/fraudulent nature of the transactions from very beginning and therefore he obtained indemnity bond from Noticee 3. It is also alleged that Noticee 3 had used the above circuitous transactions for "layering" and creating "smoke screen" for fraudulent transactions to blur the audit trail and any future investigation/inspection to detect the same becomes difficult.

It was further observed that the share certificates that were transferred from UTI to Pradeep Rathod were having number viz. Certificate no. - 139126; Distinctive no. - 1105343 to 1105442, Certificate no. - 139127; Distinctive no. - 1105443 to 1105542, Certificate no. - 139128; Distinctive no. - 1105543 to 1105642, Certificate no. - 139129; Distinctive no. - 1105643 to 1105742, Certificate no. - 139130; Distinctive no. - 1105743 to 1105842, Certificate no. - 139131; Distinctive no. - 1105843 to 1105942, Certificate no. - 139132; Distinctive no. - 1105943 to 1106042, Certificate no. - 139133; Distinctive no. - 1106043 to 1106142, Certificate no. - 139134; Distinctive no. - 1106143 to 1106242 and Certificate no. - 139135; Distinctive no. - 1106243 to 1106342. SEBI also observed that

these certificates were merged/consolidated into single certificate number 155804 which was the same that was submitted for dematerialization by Pradeep Rathod. Thus, it is alleged that Pradeep's submissions are false and misleading because the said 1000 shares were neither bearing number 164071 (as per NOC certificate issued to him by Noticee 1/ Noticee 3) nor were in the name of Suresh Unavane. SEBI observed that the submission of Pradeep that shares certificate bearing number 164071 (which is in fact of a series later than even certificate number 155804) was in the name of Suresh Unavane then it was transferred in his name and then dematerialized because in case of genuine transfers the same certificate (in this case it should have been 155804) is endorsed in the name of transferee/purchaser, is not acceptable. Certificate number 155804 was printed in the name of Pradeep and in the folio of Pradeep who should have known as to why a new certificate was printed, if he was buying from a genuine shareholder. It is also contradictory to say he paid consideration to Noticee 3 while he bought shares from Suresh Unavane as per his own submissions. It is alleged that he was fully hand in glove with Noticee 3 in the conspiracy of fraudulent transfer of shares. Pradeep even failed to submit copy of certificate bearing number 164071 while Noticee 1 and Noticee 3 have not cooperated with the investigations. SEBI also observed from receipt document (signed by Noticee 3placed at **Annexure-OD71**) submitted by Pradeep that he had submitted the shares to Noticee 1 for transfer in his name on April 04, 2006 while as per the Noticee 1 back office records the shares were already transferred in his name and a new certificate was printed in his folio on April 03, 2006 itself. In view of the above, it is alleged that the documents submitted are forged.

An analysis of share price at BSE revealed that from March 17, 2006 (date of NOC certificate by Noticee 1 that shares belonged to Suresh) to April 04, 2006 (lodging of shares for transfer with Noticee 1) the price varied between Rs. 245.60 (intraday low on 29/03/2006) to Rs. 318.15 (intraday high on 04/04/2006). The price at which he sold the shares on April 29, 2006 was Rs. 403/. While the prevailing price on May 03-04, 2006,

i.e. one day before he paid amount (Rs. 378300/- *i.e.* @ 378.3 per share) to Noticee 3 was Rs 353.15 (intraday low on 04/04/2006) to Rs 398.70 (intraday high on 03/04/2006) *i.e.* in the range of what was paid to Noticee 3. The aforesaid analysis raises suspicion regarding the motive of Pradeep to buy physical shares from Suresh/ Noticee 3 @ Rs 378.3 per share when he could have bought the same shares in demat form at much cheaper rate from the market. Further, Pradeep neither mentioned the agreed sale price in his reply nor submitted any copy of agreement for the sale w.r.t. terms of condition (especially since sale price was required to be paid after purchase/transfer/demat/sale in market). In view of the above, it is alleged that transfers to & sale through Pradeep was an attempt to blur the audit trail and the difference between sale price of the shares in the market (@ Rs 403/-) and what was paid to Noticee 3 (@ Rs 378.3/-) alleged to be the commission of Pradeep in return for helping Noticee 3 in the said fraud. It is also alleged that Pradeep's inconsistent explanations appears to be after thoughts and attempt to hide the truth of fraudulent transfers.

315. NFIL *vide* its reply dated April 07, 2016 submitted that the shares transferred to Pradeep Rathod appears to be transferred out of shares disclaimed by UTI/SHCIL. Further, it stated that Noticee 1 has transferred the shares to Pradeep through "rectification mechanism" without making any reference to NFIL. NFIL submitted that it could not trace any documents w.r.t. the above transactions from the records of Noticee 1 except demat application for the dematerialization of the shares by Pradeep. NFIL further submitted that Pradeep was not a shareholder of MIL hence the said shares of earlier PRCL (now Navin Fluorine) could not have been allotted to him based on scheme of demerger. Thus, it is alleged that Noticee 1 has failed to carry out transactions in prescribed manner by transferring the shares through approval from shares transfer committee as against "rectification" entries passed by Noticee 1.

316. SEBI observed from the electronic records obtained from back office of Noticee 1 that the shares of Navin Florin were wrongly transferred to Pradeep from the folio of UTI and later

new certificates in lieu of the said share certificates were printed in the folio of Pradeep Rathod. It is alleged that if these been genuine transfers the original certificates would have been actually transferred to Pradeep and there would not have been any need to re-print the share certificates. Thus, it is alleged that the shares of Navin Fluorine have been fraudulently transferred by Noticee 1 for illegally benefiting the officials of Noticee 1 and other related entities. It is alleged that Noticee 3 has a role in this. Further, as per statement dated February 15, 2016 (Annexure-SR11) of Noticee 2, all transactions of value more than rupees five lakhs are required to be approved by him which points to his involvement. It is alleged that if the transactions are processed without his approval it points to complete failure of systems/procedure & checks/balances of Noticee 1. Further, it is alleged that the funds trail makes it clear that the ultimate beneficiaries of the fraud is Noticee 1's management *viz.* The Noticee 3.

Fraudulent transactions in the matter of Chetan M. Shah (Folio Number-26013730&26013748; Code NFNF- NFIL)

317. SEBI observed from back office software module of the Noticee 1, in the Folio No. - 31003243 (UTI) that there is re-printing of share certificates by consolidation of certificates (having nos. 139365, 139366, 139367, 139368, 139369, 139370, 139371, 139372, 139373, 139374, 139375, 139376, 139377, 139378, and 139379 of 100 each of NFIL) on 30/04/2012 and a new certificate no. - 168551 (Distinctive No. - 1126907 to 1128406) of 1500 shares was printed.

The physical share certificate print reconciliation/control register (**Annexure-OD72**) shows that the certificate no 168551 was printed on April 30, 2012.

NFIL *vide* letter dated April 07, 2016 (Annexure-CRNF1) based on the documents recovered from the office of Noticee 1 has submitted that the consolidation register w.r.t. these 1500 share were never received by the company and the certificate also did not come to the company for signature. They stated that the aforesaid process would have been undertaken by Noticee 1.

318. SEBI observed from back office software module of Noticee 1, that 1500 shares of NFIL (Certificate no. - 168551; Distinctive No. - 1126907 to 1128406) were received in the Folio No. - 26013730 (Chetan M. Shah) (Screen Shot placed at **Annexure-SP30)** on 30/04/2012 from folio no. 31003243 (UTI) through "transfer" entry (inward no. - 28527).

NFIL *vide* letter dated April 07, 2016 (**Annexure-CRNF1**) based on the documents recovered from the office of Noticee 1 has submitted that the "transfer register" (without any supporting documents as a general practice) was sent to the company and it has approved the same based on due diligence done by Noticee 1. Further, it was not able to trace any other documents from the office of Noticee 1. Further, it was alleged that Noticee 1 also has not furnished any document to prove that the transfer was genuine.

319. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No	Shares Transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	1500 shares of Navin Fluorine International Ltd. belonging to UTI misappropriated by Chetan M. Shah *vide* back office entry on 30/04/2012.	Rs. 5,64,900 (Price @ BSE Rs. 376.60)	Rs. 35,07,675 (Price @ NSE Rs. 2,338.45)

320. SEBI observed from the records of Folio No. - 26013730 (Chetan M. Shah) that the said 1500 shares of Navin Fluorine International Ltd. (Certificate no. - 168551; Distinctive No. - 1126907 to 1128406) were dematerialized on 11/05/2012 in demat account no. - 12053900-00015332. After dematerialization, the shares were transferred as below:

Date of transaction	Transaction particulars	Credit/D-Debit	Qty	BOID	Sole / first holder name	Counter BOID	Counter Sole / first holder name	Transaction type
11/05/2012	Demat 06072981 Close - Cr confirmed balance	C	1500	12053900000015332	Chetan M Shah			Demat

Date of transaction	Transaction particulars	Credit/D-Debit	Qty	BOID	Sole / first holder name	Counter BOID	Counter Sole / first holder name	Transaction type
15/05/2012	EP-DR Txn:607143 CtBo:1100001000019272 1110001213031 ExId:11	D	1500	1205390000015332	Chetan M Shah	1100001000019272	Ambit Securities Broking Pvt. Ltd.	On-market transfer within CDSL

Ambit Securities Broking Pvt. Ltd. (hereinafter referred to as '**Ambit Securities**') *vide* email dated June 15, 2016 (**Annexure-OD73**) provided the copy of DRF form w.r.t. the above demat account. SEBI observed that the shares dematerialized by Chetan are of the same certificate number and are of same distinctive numbers as mentioned above. SEBI observed that originally, the shares were held by UTI. Therefore, in the normal course if duplicate certificates were to be printed in 2012, these can take place only with the request of UTI and after following due process such as filing FIR, issuing advertisements, obtaining indemnity bond *etc.* in terms of SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001. It is alleged that Noticee 1 could not produce any supporting documents in this regard which indicates that these were not duplicate certificates issued in the normal course to UTI. It is alleged that Noticee 1 printed the certificates solely to enable Chetan Shah to lodge a fraudulent claim for dematerialization.

321. SEBI observed from back office software module of Noticee 1 that another lot of 1500 shares of NFIL (Certificate no. 168552; distinctive no. - 1128407 to 1129906) were transferred on 15/05/2012 in the Folio No. - 26013748 (Chetan M. Shah) (Screen Shot placed at **Annexure–SP31)** from folio no. 31003243 (UTI) through "transfer" entry (inward no. - 28550).

SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD72**) that the certificate bearing no 168552 was printed on April 30, 2012.

322. Further, SEBI observed that on 15/05/2012, 950 shares of NFIL (Certificate no. 168553; Distinctive no. - 1129907 to 1130706, 1126742 to 1126806, 1126837 to 1126906, 1130717 to 1130731) were transferred from UTI folio no. 31003243 to the Folio No. - 26013748 (Chetan M. Shah) through "transfer" entry (inward no. - 28551).

NFIL *vide* letter dated April 07, 2016 based on the documents recovered from the office of Noticee 1 has submitted that the "transfer register" (without any supporting documents as a general practice) w.r.t. above 2450 (1500+950) was sent to it and it had approved the same based on due diligence done by Noticee 1. Further, it was not able to trace any other documents from the office of Noticee 1. Further, it is important to note that Noticee 1 also has not furnished any document to prove that the transfer is genuine.

323. SEBI observed from the Folio No. - 31003243 (UTI) there is transfer of 950 shares of NFIL (100*8+75*1+60*1+15*1: Certificate no. 168553; Distinctive no. - 1129907 to 1130706, 1126742 to 1126806, 1126837 to 1126906, 1130717 to 1130731) to folio no. - 26013748 (Chetan M. Shah) on 15/05/2012. SEBI observed that certificate no. - 168553 was obtained by re-printing share certificates (having nos. 139395, 139396, 139397, 139398, 139399, 139400, 139401, 139402, 155430, 156265 and 168368) on 30/04/2012. Further, it was also observed that certificate no. 155430, 156265 and 168368 were split & reprint of certificate bearing no. 139363, 139364and 139403 took place on 15/3/2005, 29/3/2010 and 15/04/2011, respectively. The details are provided as below:

Original certificate no	New certificate no	Dist no from	Dist no to	Creation date	No of shares
139363	155429	1126707	1126741	15/03/2005	35
	155430	1126742	1126806	15/03/2005	65
139364	156264	1126807	1126836	29/03/2010	30
	156265	1126837	1126906	29/03/2010	70
139403	168367	1130707	1130716	15/04/2011	10
	168368	1130717	1130731	15/04/2011	15

It is alleged that Noticee 1 failed to provide any explanation or supporting documents w.r.t. the transaction of printing of new share certificates bearing nos. 168553, 155430, 156265 and 168368 in place of old share certificates.

SEBI observed from the physical share certificate print reconciliation/control register that the share certificates bearing nos. 156264 & 156265 (**Annexure-OD74**) were printed on March 30, 2010. The share certificates bearing no. 155429 & 155430 (**Annexure-OD75**) were printed on March 22, 2005. The share certificate bearing no. 168553 (**Annexure-OD72**) was printed on April 30, 2012. The share certificates bearing nos. 168368& 168367 (**Annexure-OD76**) were printed on April 15, 2011.

NFIL *vide* letter dated April 07, 2016 based on the documents recovered from the office of Noticee 1 has submitted that the shares certificate was not sent to it and it might have been signed at Sharepro. Further, they were not able to trace any other supporting documents from the office of Noticee 1.

324. SEBI observed in the records of Folio No. - 26013748 (Chetan M. Shah) that total 2450 shares of NFIL (1500+950) as received from folio no. 31003243 on 15/05/2012 were dematerialized on 23/05/2012 in the demat account no. - 1205390000015332.

Ambit Securities *vide* email dated June 15, 2016 (**Annexure-OD73**) provided the copy of DRF form w.r.t. the above demat account. SEBI observed that the shares dematerialized by Chetan are of same share certificate number as mentioned above *viz.* share certificate no. 168552 and share certificate no. 168553.

325. Further, SEBI observed that on 26/05/2012, 2450 shares of NFIL were rematerialized through "rectification" entry (inward no. - 28551 for Certificate no. 168552 and inward no. - 800016 for Certificate no. 168553) in Folio No. - 26013748 (Chetan M. Shah) from demat account no. - 1205390000015332. Noticee 1 was summoned to provide a detailed explanation of the above transaction including how rematerialization took place with same share certificates which were earlier dematerialized and also to provide documents to

prove the genuineness of the transaction. However, it is alleged that Noticee 1 failed to comply.

326. The details of the demat and remat transactions are provided below as follows:

Date of trans action	Transaction particulars	Credit/D-Debit	Qty	BOID	Sole / first holder name	Count er BOID	Counter Sole / first holder name	Transac tion Type
23/05/ 2012	Demat 06082576 Close - Cr Confirmed Balance	C	2450	120539 000001 5332	CHETAN MULCHAND BHAI SHAH			Demat
25/05/ 2012	CA-Rectification001 45348 1DEBIT	D	2450	120539 000001 5332	CHETAN MULCHAND BHAI SHAH			Corporat e Action

SEBI observed that Ambit Securities *vide* email dated June 15, 2016 (**Annexure-OD73**) submitted that the above rectification is "CA Rectification" (*viz.* rectification of corporate action) and that Noticee 1 is not giving it any clarification for the above transactions. CDSL *vide* email dated November 28, 2016 (**Annexure-OD77**) provided the document based on which the CA rectification was carried out. SEBI observed from the document submitted by CDSL that Noticee 1 has issued instruction cum indemnity letter dated May 25, 2012 to CDSL for rectification of "erroneous credit" to Chetan Shah and also mentioned that it will give credit in physical mode. SEBI observed that a similar letter was also issued by the company NFIL on the same day.

327. Extract of sauda book and ledger statement of Chetan Shah as provided by broker Ambit Securities *vide* email dated May 30, 2016(Annexure-OD101) is provided below:

Sauda book

Date	Scrip code	Security name	Quanti ty	Buy or sell	Net rate (average)	Amount (in Rs.)
14/05/2012	32504	Navin Fluorine	1500	Sell	405.3347	-608040.15
25/05/2012	32505	Navin Fluorine	2450	Sell	404.3055	-990607.25
29/05/2012	32506	Navin Fluorine	2450	Buy	436.0627	1068353.6

Ledger

Date	Voucher	Bank	Che que	Description / narration	Dr. amount (in Rs)	Cr. Amount (in Rs)	Balance	
16-May-2012	B/NM/031/ 61			By Bill B/nm/031/ 61 For Ex: Bse - Bt: Depository - Settlement=2012031	0	6,07,082.31	-6,07,582.31	Sale of 1500 Navin Fluorine
16-May-2012	PYMAY09000000 9	CA 12388	52279452	Ag. Bill	6,00,000	0	-7,582.31	Paid to client
29-May-2012	B/NM/040/ 18			By Bill B/nm/040/ 18 For Ex: Bse - Bt: Depository - Settlement=2012040	0	9,88,923.52	-10,08,968.51	Sale of 2450 Navin Fluorine
29-May-2012	B/NA/040/ 2			To Bill B/na/040/ 2For Ex: Bse - Bt: Auction - Settlement=2012040	10,68,353.62	0	59,385.11	Buy of 2450 Navin Fluorine in Auction
30-May-2012	REMAY0 90000028	A002	42137	Ag. Bill	0	60,000	-614.89	Paid to client

SEBI observed that Chetan Shah transferred Rs. 5,00,000 to one Samir Doshi on 19-May-2012 after receiving sale proceeds of Rs. 6,00,000 in his Axis Bank account. He deposited Rs. 60,000 cash in his Axis Bank account and then transferred the aforesaid amount to his broker. Copy of his bank account statement is placed at Annexure-BRSTMT; Page no. - 439.

The demat account transactions and ledger/sauda book of Chetan Shah reveals that Chetan has actually sold the 2450 shares in the market and bought the same shares from market transaction which also implies that the earlier share certificate must have been surrendered for demat and destroyed. Hence, after rematerialization same share certificate cannot be printed again. However, appearance of the same share certificate

number in Noticee 1 records indicates that it has been done so by falsification of records by Noticee 1 so that the siphoning of shares could not be detected in any audit later.

328. SEBI observed that in the Folio No. - 26013748 (Chetan M. Shah) share certificates bearing no 168552 & 168553 which were rematerialized earlier were "merged" (*viz.* consolidation of old certificate into new ones) (inward no. - 664735) into one share certificate bearing no. 169327 (for 2450 shares of NFIL with same distinctive numbers) on 16/11/2015. The aforesaid folio no. still holds 2450 shares. The physical share certificate print reconciliation/control register (**Annexure-OD78**) shows that the share certificate bearing no. 169327 was printed on November 16, 2015.

NFIL *vide* letter dated April 07, 2016 (**Annexure-CRNF1**) based on the documents recovered from the office of Noticee 1 submitted that the "consolidation register" was sent to the company/NFIL and it had approved the same based on due diligence done by Noticee 1. Further, it was not able to trace any other documents from the office of Noticee 1. All the above transfer and consolidation registers recovered from the office of Noticee 1 was provided by the company/NFIL as page nos. 66 to 74 of the compilation (Part-II) attached to the letter dated April 07, 2016 (**Annexure-CRNF1**).

329. Thus, it is alleged that the rematerialized share certificate bearing nos. 168552 & 168553 were later merged/consolidated as certificate bearing no. 169327 because the earlier certificates did not exist after rematerialization. Hence, it is alleged that "merge entry" was carried out to print yet another certificate and to provide "smoke screen" for these fraudulent transactions.

330. SEBI also observed that the above shares *i.e.* 2450 shares on share certificate bearing no. 169327 were once again issued to Chetan Shah who submitted the same for dematerialization through SMC Global Securities Limited (hereinafter referred to as 'SMC Global') on November 24, 2015. As per the information received from SMC Global *vide* email dated June 16, 2016 (**Annexure-OD79**), it was noted that 2450 shares on certificate no. 169327 were submitted *vide* DRF Number 218289 (DRN 7243867) on November 24,

2015. SEBI observed from the correspondence between the depository participant and Noticee 1 (email of the Noticee 1 dated December 15, 2015) that the demat request was rejected on December 11, 2015 and the share certificates were retained by Noticee 1. It was observed that again a DRN was raised on December 15, 2016 on the request of Noticee 1 but the same was again rejected on January 12, 2016. SEBI observed that its investigation started in December 2015 and during investigation in the shares of the same company and folio of Chetan Shah was also taken as sample which acted as catalyst for Noticee 1 to abort this attempt to siphon off the shares.

331. Information/documents w.r.t. the above transactions were sought from Chetan Shah *vide* summons no. MIRSD2/DB/LS/2016/10978 dated April 12, 2016 and summons no. - MIRSD2/DB/SD/SSIL/13568/2016 dated May 06, 2016 (also delivered to Advocate Preeti Thobhani *vide* letter no MIRSD2/DB/SD/SSIL/13566/2016 dated May 06, 2016). Chetan M Shah *vide* his letter dated May 16, 2016 (**Annexure-LIR11**) stated that he does not know Noticee 3 or Noticee 5 but he has met one Mr. Rao at Sharepro office when he visited the office for transfer of shares. He stated that the above shares of NFIL were transferred from Folio no. - 31003243 to his folios as a result of his 5000 physical shares of Mafatlal Industries Limited. He further stated that he has submitted all original documents w.r.t. the said shares including proof of payment received (*viz.* consideration for acquiring) to Noticee 1 and he has not retained any copy of the same. He submitted that 1500 shares demat on 30/04/2016 were disposed off at that time only. Further, he has stated that he has submitted 2450 (1500+950) shares for dematerialization and it was refused for a reason not made known to him. He further added that he spoke to Noticee 1 in 2012 but he did not write a letter w.r.t. refusal of dematerizliation as oral assurance was given to him that his shares will be credited to him in due course. He stated that he received the said shares in November 2015 by post and he sent the shares for dematerialization in his demat account 1202700000295027 and it was rejected again. He followed up but there was no communication thereafter. He submitted acknowledgement

for deposit of 2450 shares (on 1 certificate) for demat on November 24, 2015. He further stated that he has never requested for re-print of share certificate. He was called for statement recording and *vide* his statement dated December 27, 2016 (Annexure–SR20) he stated that he bought the 5000 physical shares of MIL in cash from one Adinath Consultancy in 2001-02. He further, stated that he lodged the shares of 5000 shares of MIL in the year 2003-04 after revalidation from RoC but still the transfer was held up as he lodged the shares after one month of revalidation. He stated that he was in touch with Mafatlal Consultancy for transfer of the shares and used to visit its office in Lower Parel for the aforesaid process. However, he did not write any letter to them. On his visit in 2006, he was informed that the share transfer work has been transferred to Noticee 1 and he will receive new shares of Navin Flourine against the old shares of MIL. Then in 2011, he received 1500 shares of Navin Flourine by post. The shares certificates were in his name which he sold through Ambit Securities. He was not aware whether any other shares were due to him or not, however, meanwhile he received some shares (*viz.* 2450 shares) through post. These shares were w.r.t. some bonus shares issued on the earlier shares as explained to him by Adinath Consultancy. He stated that he dematerialized the shares though Ambit Securities and sold the same through them. On the same day he received a call from Ambit Securities that his shares have been rematerialized the Noticee 1. Next day, he received a call from Noticee 1 of Mr. Rao who called him to his office. He visited their office in the same week in the year 2012. Mr. Rao asked him proof of purchase of 5000 shares of MIL, copy of transfer deed *etc.* and he submitted the copy of transfer deed and original purchase bill to him. He also stated that he never signed any document at Ambit Securities or Noticee 1 w.r.t. the rematerlization of the shares. He kept following up by calling the office of Noticee 1 but he did not sent any written letter. Thereafter, in 2015 he received 2450 shares of Navin Flourine by post. He submitted the same for dematerialization to SMC Global. However, the shares got rejected again. He called the office of Noticee 1 few times but his shares were not transferred to him and he also did not write any letter to them.

332. Thus, SEBI observed that in 2012, just a few days before the transfer of shares of UTI to Chetan Shah, Noticee 1 printed new certificates amounting to 2450 shares. It is alleged that the rationale for printing these certificates could not be explained by Noticee 1. These same certificates were then lodged by Chetan with Noticee 1 for dematerlization, which approved the dematerialization of 2450 shares, then reversed the same through corporate action rectification. Thereafter, in 2015, Noticee 1 again printed another share certificate with respect to the same 2450 shares and sent the same to Chetan Shah who lodged the same for dematerialization. Once again, on 11/12/2015, Noticee 1 rejected the dematerialization without giving proper reasons and retained the share certificates. Then, Noticee 1 *vide* email dated 15/12/2015 (placed as part of **Annexure-OD79**) asked the depository participant, SMC Global to raise a fresh DRN as issues have been rectified. However, even after raising a fresh DRN, Noticee 1 once again rejected the DRN on 12/01/2016. It was observed that if Noticee 1 had issues with Chetan Shah, it does not explain why it issued share certificates to Chetan Shah in 2015. The aforesaid conduct of Noticee 1 also does not explain why after rejecting the dematerialization on 11/12/2015 and retaining the share certificates, =it advised the depository participant to raise a fresh DRN stating that things have been rectified and yet again reject the dematerialization. The manner in which Noticee 1 printed the certificates repeatedly, then sent the same to Chetan Shah and then rejected the same repeatedly indicates that Noticee 1 did not follow due process and raises serious concerns regarding its conduct. Originally, the shares were held by UTI. Therefore, in the normal course, if duplicate certificates were to be printed in 2012, these can take place only with the request of UTI and after following due process such as filing FIR, issuing advertisements, obtaining indemnity bond *etc.* in terms of SEBI Circular No RTI Circular No. 1 (2000-2001) dated May 09, 2001. It was observed that the fact that no supporting documents could be produced by Noticee 1 indicates that these were not duplicate certificates issued in the normal course to UTI, rather Noticee 1 printed these share certificates solely to enable Chetan Shah to lodge a fraudulent claim for dematerialization. Subsequently, because of certain issues between Chetan Shah and

Noticee 1, Noticee 1 rejected his claim for dematerialization. It may be noted that Noticee 1 has already allowed the fraudulent dematerialization of 1500 shares of Chetan Shah.

333. It was observed that it is very unusual that an individual will receive assets worth lakhs after due transfer which another entity takes back without any prior written consent and the entity does not lodge a complaint anywhere. Again the share certificates submitted for dematerlization for second time were retained by Noticee 1 and Chetan Shah did not make any complaint anywhere and did not even write any letter to even Noticee 1. It is alleged that this can happen only when the entities are hand in glove and are in fact coordinating for sharing the gains of illegal transactions.

SEBI observed that Chetan Shah has failed to provide the proof of consideration paid to buy the share and also the utilization details of the sale proceeds of 1500 shares. He also failed to provide his bank account statement in which such sale proceeds were received. He also failed to submit any documents for his above assertions. Thus, it is alleged that he has only partially complied with the various summons issued to him. Further, SEBI observed that there are inconsistencies in his reply. It is unconventional that he has even submitted the original proof of buying the share without retaining a copy to RTA-, - Noticee 1 which is not required. It is also unconventional that his shares worth lakhs of rupees were rejected for dematerialization and he did not even bother to write any letter to company or the RTA (for more than one decade) though admittedly he is into small time investments. Further, he admits that the shares certificates received in November 2015 were deposited by him for dematerialization in demat account 1202700000295027 but states that he never ordered for re-print of share certificates and came to know only on receiving summons from SEBI. It is alleged that in November 2015, share certificates received by him were for the same shares which were re-printed on November 16, 2015 as 2450 shares deposited for demat were on one certificate which could have been possible only after the said consolidation and re-print. It is alleged that he kept quiet on non-transfer for about a decade and on rejection for more than three years as no

consideration was paid for it. It was also observed that as per his explanation he owned 5000 shares of MIL. Therefore, as per company reply 5000 shares of PRCL/Navin Fluorine should have been due to him. However, as per his own admission he was satisfied with receipt of 1500 shares of Navin Fluorine but later got 2450 shares as bonus shares. Even if the aforesaid is taken into account, then the total comes to less than 5000 shares. Thus, it is alleged that his explanations are inconsistent and seems like an afterthought and Chetan Shah along with Noticee 1 have fraudulently siphoned off 1500 shares which they were not entitled to as Chetan Shah failed to submit any proof for payment of consideration and Noticee 1 could not provide any document w.r.t. the transactions. Further, it is also alleged that Noticee 1 failed to maintain proper records especially regarding the shares issued by NFIL against shares of MIL and the share certificates were repeatedly printed without any authorization from investors. In view of the above sequence of events such as share certificates printed by Noticee 1 without following norms solely to enable Chetan Shah to dematerialize the shares, inability of Chetan Shah to provide proof of consideration, and lack of explanation of Noticee 1 in the matter, it is alleged that Noticee 1 and Chetan Shah had entered into a fraudulent conspiracy to siphon off shares as described above. Further, it is also alleged that Noticee 1 and Chetan Shah also made an attempt to siphon off the other 2450 shares but Noticee 1 reversed the same due to disagreements with Chetan Shah and also because SEBI started its investigation in December 2015. It is also alleged that Noticee 1 has failed to maintain high standards of integrity, not acted with due diligence and has not fulfilled its obligations in a prompt, ethical and professional manner.

334. Valuation of share in attempted misappropriation in this matter is as follows:

Sr. No.	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016

1	2450 shares of Navin Fluorine International Ltd. belonging to UTI for which an attempt was made to misappropriate by Chetan M. Shah *vide* back office entry on 15/05/2012.	Rs. 9,97,150 (Price @ NSE Rs. 407.00)	Rs. 35,07,675 (Price @ NSE Rs. 2,338.45)

Fraudulent transactions in the matter of Lalit Chandra Doshi (Folio Number-26012322; Code NFNF- NFIL)

335. SEBI observed from the back office software module of Noticee 1, in the Folio No. - 31000092 (UTI) (Screen shot- Annexure-SP32) that there is transfer of 13 shares of NFIL (4+4+5; Certificate Nos. 156267, 156268, 156269) through "Rectification Entry" (inward nos. 800020, 800021 and 800022) to folio no. - 26012322 (Lalit Chandra Doshi, Joint Holder Manjula Doshi having residential address at Vardhman, 1 Anjni Society, Nehru Nagar, Raiya Road, Rajkot) on 30/04/2010 (Screen shot- Annexure-SP33).

336. The same number of 13 shares of NFIL with same certificate numbers (viz. Certificate Nos. 156267, 156268, 156269) were reverted back on 11/05/2010 as "rectification" entry (inward no. - 800023) from folio no. - 26012322 (Lalit Chandra Doshi) to the Folio No. - 31000092 (UTI).

The physical share certificate print reconciliation/control register (**Annexure–OD74**) shows that share certificates bearing nos. 156267, 156268, 156269 were printed on April 30, 2010.

337. SEBI further, observed from the Folio No. - 31000092 (UTI) that one share of NFIL with certificate number 156266 (Distinctive no. - 1106843) was transferred to folio no. - 26012322 (Lalit Chandra Doshi) on 30/04/2010 through "Rectification Entry" (inward no. - 800019).

The physical share certificate print reconciliation/control register (**Annexure-OD74**) shows that the share certificate bearing no. 156266 was printed on April 30, 2010.

338. On 13/05/2010, the one share of NFIL on share certificate bearing no 156266 having distinctive no. - 1106843 (as received earlier from Folio No. - 31000092) got re-printed through the folio no. - 26012322 (Lalit Chandra Doshi) as certificate bearing no 156289 *vide* "Merge entry" (viz. consolidation of old certificate into new ones) (inward no. - 1517635).

The physical share certificate print reconciliation/control register (**Annexure-OD74**) shows that the share certificate bearing no. 156289 was printed on May 18, 2010.

339. Valuation of shares misappropriated and attempt to misappropriate on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	1 share of Navin Fluorine International Ltd. given to Lalit Doshi by Noticee 1 through misappropriation from the shares of UTI *vide* back office rectification entry on 30/04/2010.	Rs. 330.80 (Price @ BSE Rs. 330.80)	Rs. 2338.45 (Price @ NSE Rs. 2,338.45)
2	13 shares of Navin Fluorine International Ltd. misappropriated by Noticee 1 by transfer from the shares of UTI *vide* back office rectification entry on 30/04/2010 and reversed back on 15/05/2010.	Rs. 4300.4 (Price @ BSE Rs. 330.80)	Rs. 30399.85 (Price @ NSE Rs. 2,338.45)

340. It is alleged that due to the irregularity committed by Noticee 1, the one share of NFIL on new certificate bearing no. 156289 (Distinctive no. - 1106843) was dematerialized by folio no. - 26012322 (Lalit Chandra Doshi; PAN-ABJPD7432P) on 10/08/2010 (as per depository data on 11-Aug-2010) in demat account no. - IN300974-11564408.

341. SEBI observed that in Folio 26012478 (**Screen shot- Annexure-SP34**) of Shri Govind Raj Rao 14 shares of NFIL (Certificate No. 9000001; distinctive no 890416 to 890429) were rematerialized on 13/07/2010 (Transaction no. 500043; Inward no. 4024743). The entries in his demat account are provided below as follows:

DP ID	Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Order No	Description	Debit	Credit
IN300757	10703472	GOVIND RAJ RAO	AGAPR1557P	INE048G01018	NAVIN FLUORINE INTERNATIONAL Ltd. EQ	22-Apr-2010	8360745	By Inter Depository transfer CDS / 1100001000012414	0	4
						22-Apr-2010	21816490	By CM ICCL DIRECT DELIVERY ACCOUNT, ROLLING MKT LOT / 1011014	0	10
						29-Jun-2010	1145363	To rematerialisation	14	0

It is alleged that Noticee 2 has bought the shares and rematerialized the same.

342. In Folio no. - 26012478 of Govind Raj Rao, 14 shares of NFIL on share certificate bearing no. 9000001 (distinctive no 890416 to 890429) was re-printed as share certificate bearing no. 156300 on 13/07/2010 (inward no. - 1541446). SEBI observed from the physical share certificate print reconciliation/control register (**Annexure-OD74**) that the share certificates bearing no. 156299 and 156301 were printed on July 03, 2010 and July 26, 2010, respectively, however, the entry for share certificate bearing no. 156300 was not recorded.

343. On 15/02/2011, from the Folio 26012478 of Govind Raj Rao, total 14 shares of NFIL (5+4+4+1: Certificate nos. 156301 to 156304) were transferred to folio 26012958 (Lalit Doshi) by way of rectification entry (Transaction no. 800003; Inward no. 800015).

344. On 15/02/2011, from the Folio 26012478 of Govind Raj Rao, total 14 shares of NFIL (Certificate nos. 156301 to 156304) were transferred to folio no 26012958 (Lalit Doshi) by way of rectification entry. However, it was observed that the distinctive nos. on share certificates no. 156300 (printed on 13/07/2010) and the 4 share certificates as transferred to Lalit Doshi is the same, which means that new share certificates were printed in lieu of share certificate no. 156300 by split entry but there is no record of the same in the system.

SEBI observed that the physical share certificate print reconciliation/control register (Annexure-OD74) shows that the share certificates bearing no. 156301 to 156304 were printed on July 26, 2010.

345. Noticee 2 was summoned to explain the above mentioned transactions *vide* summons no. - MIRSD2/LS/2016/10903 dated 12/04/2016 but it was observed that he failed to co-operate.

346. SEBI observed that NFIL *vide* letter dated April 07, 2016 (**Annexure-CRNF1)** based on the documents recovered from the office of Noticee 1 has submitted that Lalit Doshi along with his family members Manjula Doshi, Sandip Doshi and Mitesh Doshi held 14 shares in MIL. However, as per rehabilitation/demerger scheme, he did not receive any shares of PRCL. After repeated requests, he was given 14 shares after purchasing the same from open market by Mr. G.R.Rao. It was also observed that before transfer of 14 shares bought from market and rematerialized by Noticee 2, 14 shares were transferred out of UTI lot but after few days 13 shares were reversed. Further, NFIL stated that the transfer of 14 (13+1) shares to Lalit Doshi and reversing of 13 shares was done by way of "rectification entry" by Noticee 1 and the aforesaid activities did not come to the company for approval. SEBI observed that 1 share certificate re-printed in the folio of Lalit Doshi also did not come to NFIL. However, remat register w.r.t. rematerialization of 14 shares by Noticee 2 came to the company for approval but the transfer register for transferring 14 shares from Noticee 2 to Lalit Doshi did not come to it as it was through "rectification entry". NFIL received split register for re-print of 14 shares in the folio of Noticee 2 but it did not receive any other document in this regard. The documents recovered by NFIL from the office of Noticee 1 indicated series of correspondences with Lalit Doshi for claiming the shares due to him. It is alleged that the 14 shares due to him in demerger scheme were transferred to him in his demat account but because he had already closed the demat account before the said shares could be transferred to him, the said shares were not credited to him. It is also alleged that there is no proper record in the

systems/folio of Lalit Doshi w.r.t. the shares not delivered to him and how it was disposed off or accounted for. The documents submitted by NFIL are placed at (Part-II) page no. 75 to 166 of the reply dated April 07, 2016 (**Annexure-CRNF1**).

347. SEBI sought various data from Lalit Doshi *vide* summons dated April 12, 2016 (Annexure SLD1). Reminder was sent on May 9, 2016 (Annexure SLD2). Lalit Doshi *vide* his reply dated May 11, 2016 (**Annexure-LIR12**) stated that he obtained the shares of NFIL by corporate action of Mafatlal Industries Limited. He also stated that he has not asked for any re-print of share certificate and that his initial claim was denied by Noticee 1 and the shares due to him were given after 2 years of correspondences. He denied knowing or having any kind of dealing/relationship with Noticee 3, Govind Raj Rao and Noticee 5. However, it is alleged that the aforesaid reply is only partial as he has not provided any documents such as bank/demat account details, bank account statement *etc* for backing his assertions. He also did not explain the exact number of shares due to him and received by him especially about the 1 share transferred to him from UTI and not reversed. It is also alleged that Noticee 1 and Noticee 2 has failed to cooperate with investigation or reply to SEBI summons w.r.t. the above transactions.

348. It is alleged that shares originally belonging to Lalit Doshi were allotted to someone else either fraudulently or by mistake and when he demanded the shares, he was allotted the shares from the shares belonging to UTI but later to avoid detection the same was reversed and Noticee 2 purchased the shares from market and transferred to Lalit Doshi. In view of the foregoing, it is alleged that there is complete lack of due diligence in maintaining records and that the share certificates were re-printed, transferred and re-transferred in an indiscriminate manner without any supporting documents. There is no record in the systems of Noticee 1 regarding the original shares of Lalit Doshi. It was also observed from the documents submitted by the company that Lalit Doshi was communicating with Noticee 1 since 2003 and his claims were denied and subsequently admitted & settled only after he approached the Ministry of Corporate affairs. The entire

process took more than 7 years. Thus, it is alleged that the investor grievance handling process of Noticee 1 was not proper. It is important to note that as per the relevant regulations, Noticee 1 is required to resolve grievances within one month, however, in this case it took almost seven years. Further, it is alleged that Noticee 2 was aware of all these surreptitious dealings and also attempted to misappropriate shares of UTI. Further, it is alleged that Lalit Doshi also failed to fully comply with the summons issue by SEBI.

Fraudulent transactions in the matter of Virbala Shah (involving Folio Number-26012287&31003243; Code NFNF- NFIL)

349. SEBI observed from the Folio No. - 31003243 (UTI) (**Screen shot- Annexure-SP35**) that there was transfer of 30 shares of NFIL (certificate no 156264; distinctive no 1126807 to 1126836) as rectification entry on 20/04/2010 to folio no. - 26012287 (Virbala Shah).

350. SEBI also observed that on 15/05/2010, there was record of dematerialization in folio no. - 26012287 (Virbala Shah) for 30 shares of NFIL (certificate no 156264; distinctive no 1126807 to 1126836) in demat account no. - IN300343-10484728 which were received from the Folio No. - 31003243 (UTI) as rectification entry on 20/04/2010.

From the demat account statement of Virbala Shah, SEBI observed that she did not transfer or sold the shares till March 22, 2016. Various data/information/documents were sought from Virbala Shah. She replied *vide* letter dated April 20, 2016 and stated that she had applied for 30 shares and the same were allotted to her, however the said shares were not credited to her demat account. It is alleged that she approached Noticee 1 pursuant to which it bought shares from open market and delivered to her.

351. NFIL *vide* reply dated April 07, 2016 (Annexure-CRNF1) based on documents obtained from the office of Noticee 1 submitted that at the time of rights issue of the company in 2004, erroneous credit was given to one Sanjeev L. Upadhyay in place of Virbala Shah. While, the Noticee 1 instead of compensating Virbala by buying the shares from open market, Trasferred shares to her out of the shares returned by UTI. NFIL stated that the

transfer register was not sent to the company as the shares were transfer by Noticee 1 through "rectification entry". SEBI observed from the reply of NFIL and documents obtained by them from the office of Noticee 1 *(i.e.* page 488 to 511 of Compilation Part-III of letter dated April 07, 2016) (**Annexure-CRNF1)**, that she applied for rights issue (copy of application letter for right issue at page of 493 &494 of **Annexure-CRNF1**) but shares were not credited to her and then she kept corresponding with Noticee 1 since 2004 (at page of 497, 499,501, 504of **Annexure-CRNF1**) along with all documents supporting her claim. SEBI also observed that the Noticee 1 (viz. The Noticee 3) also wrote (at page of 489 of **Annexure-CRNF1**) to Sanjeev Upadhyay for recovery of shares wrongly credited to him. However, subsequently, through rectification form (at page of 488 of **Annexure-CRNF1**) approved by Noticee 3 herself, the shares belonging to UTI were transferred to Virbala Shah to satisfy her claims. The share certificate bearing no. -156264 transferred to Virbala Shah was in the name of UTI and transferred by endorsement in the name of Virbala Shah (at page of 510-511of **Annexure-CRNF1**). It is alleged that Virbala Shah could not have obtained shares from UTI in rights issue but later the shares transferred to her against her claim was out of shares belonging to UTI (and disclaimed by them as per the statement of the company) which were kept in its custody by Noticee 1 and officials of Noticee 1 *viz.* Noticee 3. Thus, it is alleged that not only Noticee 1 has fraudulently transferred shares belonging to one entity to another entity but it has also not maintained the books in proper manner to reflect the correct picture of disclaimed shares kept in its custody. Further, Noticee 1 should have also followed proper procedure to transfer the shares by duly sending transfer register to the company for approval. It was also alleged that Noticee 1 was not dealing with investor complaints in an appropriate manner as genuine investors had to do repeatedly correspond for years to obtain their own shares.

352. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	There was error in processing of 30 shares of Navin Fluorine International Ltd. belonging to Virbala Shah by Noticee 1 and the said shares were transferred to Sanjeev Upadhyay in 2004.	Exact date not available	Rs. 70153.5 (Price @ NSE Rs. 2,338.45)
2	30 shares of Navin Fluorine International Ltd. given to Virbala Shah to meet her claim were given by Noticee 1 and Noticee 3 by misappropriating shares of UTI on 20/04/2010.	Rs. 10249.5 (Price @ NSE Rs. 341.65)	Rs. 70153.5 (Price @ NSE Rs. 2,338.45)

Non maintenance of records and failure to do proper due diligence in certain matters:

353. It is alleged that there is clear lack in maintenance of proper documents and carrying out due diligence on part of Noticee 1 while processing these transactions. The details of the said transactions and the reply of Noticee 1 is tabulated below:

Sr. No.	Transferor Folio No	Certificate Reprint Details	Transfer Details	Company reply *vide* letter dated April 07, 2016	Remarks
1	31028054 of UTI (Screen Shot placed at Annexure-SP36)	As per system, Certificate no 156321 for 100 shares (Distinctive no 2442278 to 2442377) printed on 12/10/2010 in place of old certificate no 152600. As per physical share certificate print reconciliation/control register (Annexure-OD74) certificate No	Transfer of 100 shares on share certificate bearing no. - 156321 (Distinctive no 2442278 to 2442377) as "Rectification entry" (Inward No. - 800013, transaction no. - 800001) to Folio No. - 26012771 (Malani Mukesh Sundar) on 12/11/2010.	Mukesh has purchased the shares of MIL but lodged it very late. Noticee 1 has transferred the shares to Mukesh through "Rectification mechanism" and signed the shares certificates without making any reference to the Company. The documents submitted by the company (page 11-29 of compilation Part-II of reply dated April 07, 2016; Placed as Annexure-CRNF1).	The mismatch of dates of printing of certificates in system *vis-à-vis* control register indicates that improper maintenance of records by Noticee 1. Such issues should have been referred by Noticee 1 to company also.

Sr. No.	Transferor Folio No	Certificate Reprint Details	Transfer Details	Company reply *vide* letter dated April 07, 2016	Remarks
		156321 printed on October 19, 2010.			
2	31028054 of UTI	NA	Transfer of total 150 shares viz. 100 shares on certificate nos. 152607 (Distinctive no 2442978 to 2443077) and 50 shares on certificate no. - 152608 (Distinctive no 2443078 to 2443127) to Folio No. - 26001828 (Neha Jain; Screen Shot at Annexure-SP37) as "rectification entry" (Inward no -800004, transaction no. - 800002) on 03/02/2004	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page 30-36 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1).	As per the statement of Noticee 2 dated February 15, 2016(Annexure--SR11), there is no signature record for the folio no 31003243 as it is "No Card" case *i.e.* neither any original data of signature was received from the company at the time of taking over share transfer work by Noticee 1 nor such data was subsequently available with Noticee 1. The certificates transferred to Neha and dematerialized by her appears to be of old series which strongly suggeststhat such certificates were actually kept by the Noticee 1 without any records in the system.
3	31003243 of UTI (Screen Shot placed at Annexure-SP35)	NA	Transfer of 200 shares (Certificate no. - 139355; Distinctive no. - 1125907 to 1126006 and Certificate no. - 139356; Distinctive no. - 1126007 to 1126106) to Folio No. - 26001828 of Neha Jain through "rectification entry" on 03/02/2004.		
4	31000092 of UTI (Screen Shot placed at Annexure-SP32)	NA	Transfer of 265 shares (Certificate no. - 139228; Distinctive no. - 1115543 to 1115642, Certificate no. - 139229; Distinctive no. - 1115643 to 1115742 and Certificate no. - 155236; Distinctive no. - 1115743 to 1115807) to Folio No. - 26001828 of Neha Jain (Screen Shot placed at Annexure-SP37) through "Name Deletion" entry on 16/03/2004.		

Sr. No.	Transferor Folio No	Certificate Reprint Details	Transfer Details	Company reply *vide* letter dated April 07, 2016	Remarks
5	31000092 of UTI	NA	Transferred 315 shares (Certificate no. - 139106; Distinctive no. - 1103343 to 1103442, Certificate no. - 139107; Distinctive no. - 1103443 to 1103542, Certificate no. - 139109; Distinctive no. - 1103643 to 1103742 and Certificate no. - 155427; Distinctive no. - 1103543 to 1103557) to the Folio No. - 26004438 of Anish Bhatt (Screen Shot placed at Annexure-SP38) through "transfer" entry on 16/03/2005.	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page 37-64 of compilation Part-II; of reply dated April 07, 2016; Placed as **Annexure-CRNF1).** The earliest available correspondence from Anish Bhatt to SHCIL is of 18/12/2003. SHCIL had corresponded with Noticee 1 at the same time. First available correspondence with Noticee 1 is dated 16/02/2004.	The certificates transferred to Anish and dematerialized by him appears to be of old series. It was noted from the correspondence between SHCIL and Noticee 1 that initially Noticee 1 tried to pass the matter to SHCIL by stating that the share certificates are in the custody of SHCIL but when SHCIL demanded dispatch details *etc.* they stated that the shares certificates were in their custody. Noticee 1 took extremely long time (more than one year) to resolve the complaint.
6	31003243 of UTI	NA	Transfer of 635 shares to folio no. - 26004438 (Anish Bhatt) on 16/03/2005.		
7	31000092 of UTI	NA	Transferred 100 shares on Certificate no. - 139137 (Distinctive no. - 1106443 to 1106542) (inward no. - 21253) to folio no. - 26009992 (Pawan Kumar Jain) on 01/10/2007 which was dematerialized in demat account no. - IN300206-10393867 on 05/11/2007.	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page of 166 to 199 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1). The earliest available correspondence from Pawan Kumar Jain to Mafatlal Industries Limited is of July 16, 2007 which was forwarded to Noticee 1 on July 21, 2007	The certificates transferred to Pawan and dematerialized by him appears to be of old series and in the name of UTI later transferred by endorsement in the name of Pawan which strongly suggests that such certificates were actually kept by Noticee 1 without any records in the system. Pawan received the shares after long correspondences with the RTA of Mafatlal Noticee 1 took long time (around six

Sr. No.	Transferor Folio No	Certificate Reprint Details	Transfer Details	Company reply *vide* letter dated April 07, 2016	Remarks
					months) to resolve the complaint.
8	31000092 of UTI	NA	Transferred 100 shares on certificate no. - 139111 (Distinctive no. - 1103843 to 1103942) to 26009744 (Murari Lal Aggarwal) on 18/06/2007 which he dematerialized in demat account no. - 12033503-00107375 on 17/09/2008.	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page of 200 to 205 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1).	From the reply of the company and documents obtained by them from the office of Noticee 1, it appears that Murari got the shares transferred in his name after obtaining order from Consumer Forum. The certificates transferred to Murrari and dematerialized by him appears to be of old series and in the name of UTI later transferred by endorsement in the name of Murari which strongly suggests that such certificates were actually kept by Noticee 1 without any records in the system.
9	31000092 of UTI	The share certificate print reconciliation/control register (Annexure-OD80) shows that the certificate bearing no. 155883 was printed on August 18, 2006 though the page is torn/mutilated.	Transferred total 935 shares (Certificate no. - 139116; Distinctive no. - 1104343 to 1104442, Certificate no. - 139117; Distinctive no. - 1104443 to 1104542, Certificate no. - 139118; Distinctive no. - 1104543 to 1104642, Certificate no. - 139119; Distinctive no. - 1104643 to 1104742, Certificate no. - 139120; Distinctive no. - 1104743 to 1104842, Certificate no. - 139121; Distinctive no. - 1104843 to 1104942, Certificate no. - 139122; Distinctive no. - 1104943 to 1105042,	Reply received was similar to reply provided in serial no. 1 above Documents submitted by the company (page of 206 to 226 of compilation Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1).	The share certificates transferred to Ashok Naraidas were in the name of UTI and transferred by endorsement in the name Ashok Naraidas. This strongly suggests that the records of the share certificates were not maintained properly and certificates had to be reprinted.

Sr. No.	Transferor Folio No	Certificate Reprint Details	Transfer Details	Company reply *vide* letter dated April 07, 2016	Remarks
			Certificate no. - 139123; Distinctive no. - 1105043 to 1105142, Certificate no. - 139124; Distinctive no. - 1105143 to 1105242 and Certificate no. - 155883; Distinctive no. - 1105243 to 1105277) to folio no. - 26008573 (Ashok Kumar Naraindas) through Rectification Entry on 16/08/2006 which he dematerialized in demat account no. - IN300476-42652016 on 11/09/2006.		
10	31000092 of UTI	The share certificate print reconciliation/control register (Annexure-OD76) shows that the certificate bearing no. 168365 & 168366 were printed on April 15, 2011.	Transferred 150 shares (100*1+ 50*1: Certificate no. - 168365; Distinctive no. - 1115443 to 1115542 and Certificate no. - 168366; Distinctive no. - 1103743 to 1103792) through "Rectification Entry" (inward no. - 800018) to 26013126 (Shyam Narain) on 31/05/2011 which he dematerialized in demat account no. - IN302679-31457058 on 21/10/2011.	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page of 227 to 288 of compilation Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1).	Noticee 1 obtained PAN of the transferee for registering the shares in his name as per SEBI circular no. - MRD/DoP/Cir-05/2009 dated May 20, 2009. The share certificates transferred to Shyam Narain was in the name of UTI and transferred by endorsement in the name Shyam Narain but the share certificates nos. are of new series and there are no records w.r.t. the time and reason for re-printing of such share certificates.
11	31000092 of UTI	The share certificate print reconciliation/control register (Annexure-OD75) shows that the certificate bearing no.	Transfer of 85 shares (certificate no. - 155428; Distinctive no. - 1103558 to 1103642) through rectification entry (inward no. - 800017) on 01/03/2006 to Folio no. - 26007626 (Neha Jain) which dematerialized the	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page of 289 to 292 of compilation Part-III; of reply dated	The share certificates transferred to Neha Jain were in the name of UTI and transferred by endorsement which strongly suggests proves that such share certificates were actually kept by

Sr. No.	Transferor Folio No	Certificate Reprint Details	Transfer Details	Company reply *vide* letter dated April 07, 2016	Remarks
		155428 was printed on March 22, 2005.	shares on 25/03/2006 in demat account no. - IN300476-42126617	April 07, 2016; Placed as Annexure-CRNF1).	Noticee 1 without any records in the system.
12	31000092 of UTI	NA	Transferred 400 shares (Certificate no. - 139112; Distinctive no. - 1103943 to 1104042, Certificate no. - 139113; Distinctive no. - 1104043 to 1104142, Certificate no. - 139114; Distinctive no. - 1104143 to 1104242 and Certificate no. - 139115; Distinctive no. - 1104243 to 1104342) through rectification entry (inward no. - 800014) on 01/03/2006 to folio no. - 26007627 (Rajesh Sohanraj Punmiya) who dematerialized the shares on 22/03/2006 in demat account no. - IN300829-10622117.	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page of 293 to 381 of compilation Part-II; of reply dated April 07, 2016; Placed as Annexure-CRNF1).	The share certificates transferred to Rajesh were in the name of UTI and transferred by endorsement in the name Rajeshwhich strongly suggests that such share certificates were actually kept by Noticee 1 without any records in the system.
13	31000092 of UTI	NA	Transfer of 140 shares (100*1+10*4: Certificate no. - 139138; Distinctive no. - 1106543 to 1106642, Certificate no. - 156064; Distinctive no. - 1106643 to 1106652, Certificate no. - 156065; Distinctive no. - 1106653 to 1106662, Certificate no. - 156066; Distinctive no. - 1106663 to 1106672 and Certificate no. - 156067; Distinctive no. - 1106673 to 1106682) through "Name Deletion Entry" (inward no. - 830655) on 16/11/2007to folio no. - 37000115	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page of 382 to 431 of compilation Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1).	The transfer deeds w.r.t. the transfer was of year 1999 while the same was received and processed by Noticee 1 in the year 2006 without revalidation from RoC. The share certificates transferred to Praveen were in the name of UTI and transferred by endorsement which strongly suggests that such certificates were actually kept by

Sr. No.	Transferor Folio No	Certificate Reprint Details	Transfer Details	Company reply *vide* letter dated April 07, 2016	Remarks
			(Praveen Kumar Dhall) which he dematerialized on 18/02/2013 in demat account no. - IN300118-10153943.		Noticee 1 without any records in the system. The shares were been transferred and "Name Deletion" entry was passed. It is pertinent to mention that Praveen was not a surviving joint holder of shares with UTI for which "name deletion" entry should have been passed.
14	31000092 of UTI	NA	Transfer of 100 shares (Certificate no. - 139140; Distinctive no. - 1106743 to 1106842) through "name deletion entry" (inward no. - 830682) on 16/11/2007 to folio no. - 26010577 (Gayatri Gupta) which she dematerialized on 16/11/2007 in demat account no. - IN302269-10464323.	Reply received was similar to reply provided in serial no. 1 above. Documents submitted by the company (page of 432 to 487 of compilation Part-III; of reply dated April 07, 2016; Placed as Annexure-CRNF1).	The share certificates transferred to Gayatri were in the name of UTI and transferred by endorsement in the name of Gayatri which strongly suggests that such share certificates were actually kept by Noticee 1 without any records in the system. The shares were transferred and "Name Deletion" entry was passed. It is pertinent to note that Gayatri was not a surviving joint holder of shares with UTI for which "name deletion" entry should have been passed.

From the above table it appears that the entities provided therein may be genuinely entitled to the said shares. In view of the above, it is alleged that Noticee 1 has failed to maintain proper records and carry out transactions in prescribed manner as:

- It has not transferred the shares after obtaining approval from shares transfer committee.
- There is no record even w.r.t. which shares of PRCL were allotted to UTI as against shares of MIL and not lodged for transfer by the entities.
- There is no record w.r.t. what happened to original shares certificates of Navin Fluorine allotted to UTI and why new share certificates were printed.
- The certificates were issued and signed without making any reference to the company.
- The transfer was carried through "Rectification entry" which as per own statement of Noticee 2 dated January 28, 2016 (**Annexure-SR15**), the same is used in only rare cases.
- In the case of Anish Bhatt, though the company stated that the transfer was effected by normal transfer route, however, no copy of approved "transfer register" was found in the documents submitted (as recovered from Noticee 1 records) by the company.
- In some of the cases transferred through "name deletion" entry which is used only for transmission cases. Apparently UTI could not die and the individuals could not be the heirs of UTI.
- In some cases, the transfer deeds w.r.t. the transfer was many years old, however, the same was received and processed by Noticee 1 without revalidation from RoC.

Noticee 1 is expected to resolve grievances of investors within one month. It is also observed that Noticee 1 has not taken prompt steps to redress the grievances of investors as the aggrieved investors obtained their shares only after long and repeated correspondences with Noticee 1.

Non compliance with summons

354. G.R.Rao, MD of Noticee 1, was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Navin Fluorine International Ltd., however, Noticee 1 and GR Rao failed to comply.

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered to Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendent vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited and other general details w.r.t. the

Date	Summons No	Annexure No	Remarks
			operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

355. It is alleged that Lalit Doshi failed to fully comply with the summons mentioned below:

Date	Summons no.	Annexure no.	Remarks
April 12, 2016	MIRSD2/LS/2016/10979	Annexure-SLD1	W.r.t. his transactions in Navin Flourine and other details.
May 09, 2016	MIRSD2/DB/LS/SSIL/13500	Annexure-SLD2	Reminder to the summons issued on April 12, 2016.

He has not provided any documents such as bank/demat account details, bank account statement *etc.,* to support his assertions. He also did not explain the exact number of shares due to him and received by him specifically he has not explained the 1 share transferred to him from UTI and not reversed.

356. It is alleged that Chetan Shah failed to fully comply with the summons and statement mentioned below:

Date	Summon no.	Annexure no.	Remarks
April 12, 2016	MIRSD2/LS/2016/10978	Annexure-SCS1	Regarding his transactions.
May 06, 2016	MIRSD2/LS/2016/13966	Annexure-SCS2	Extension granted through letter to Advocate Preeti Thobhani and a copy was marked to client.
May 06, 2016	MIRSD2/LS/2016/13966	Annexure-SCS3	
June 20, 2016	MIRSD2/DB/LS/SSIL/17513/16	Annexure-SCS4	Extension granted through letter to Advocate Preeti Thobhani and a copy was marked to client.
June 20, 2016	MIRSD2/DB/LS/SSIL/17513/16	Annexure-SCS5	

It is alleged that Chetan M Shah failed to provide specific answers and supporting documents for question numbers 5, 6, 7, 8, 9, 10 and 11 of summons dated April 12, 2016. Subsequently, he appeared for statement recording dated December 27, 2016 and provided general explanations for the transactions but failed to support his assertions with documents. Specifically, he was asked to submit below mentioned information/documents in the said statement recording but he failed to submit the said documents:

i. Copy of transfer deed, copy of share certificate received, proof of consideration paid for buying 5000 shares of MIL and source of funds for payment of consideration.

ii. Receipt for lodging the 5000 shares of MIL for transfer.

iii. Copy of share certificate for 1500 shares received and sold by him, copy of covering letter of Noticee 1 w.r.t. these share, and copy of bank account statement (5 days before and 15 days after deposit of sale proceed) where the consideration of sale was deposited.

iv. Copy of share certificates for 2450 shares received later and sold by him, copy of covering letter of Noticee 1 w.r.t. these shares, and copy of bank account

statement (5 days before and 15 days after deposit of sale proceed) where the consideration of sale was deposited.

v. Copy of share certificate for 2450 shares received again and lodged for demat by him in 2015, copy of covering letter of the Noticee 1 w.r.t. these shares and copy of rejection letter received.

vi. Any other document in his possession.

It is alleged that Chetan Shah *vide* his letter dated January 09, 2017 submitted his bank accounts statements but failed to submit any of the above mentioned documents.

357. The summary of violations and applicable regulatory provisions are provided below as follows:

Sr No	Name of the Noticee	Violations	Applicable Regulatory provisions
1	Noticee 1	Failure to do due diligence, non-maintenance of proper records, non redressal of investor grievance promptly, falsification of records, facilitating fraudulent and unauthorized transfers, non compliance with summons, settling/ attempting to settle claim of investors through misappropriation.	Section 11C(2)and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4(1) & (2)(p)of PFUTP Regulations, 2003, Clauses (1),(2), (3),(5),(6),(16), (17),(18),(20),(25),(28),(30) of Code of Conduct specified in Regulation 13 of RTA Regulations, Regulation 9(A)(e)&(f) and Regulation 6(g) of RTA Regulations and Regulation 14 (3) (b)& (c) of RTA Regulations, SEBI Circular No. RTI Circular No. 1 (2000-2001) dated May 09, 2001.
2	Noticee 2	Committed fraud, settling/ attempting to settle claim of investors through misappropriation, vicarious liability, and noncompliance with summons.	Section 11C(2) and 11C(3) of SEBI Act, 1992. Section 12A (a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003.
3	Noticee 3	Mastermind of the conspiracy, committed fraud, beneficiary of fraud, and settling claim of investors through misappropriation.	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003.
4	Noticee 5	Committed fraud and beneficiary of fraud.	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

Sr No	Name of the Noticee	Violations	Applicable Regulatory provisions
5	Noticee 16	Committed fraud by providing demat/bank accounts, and beneficiary of fraud.	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003.
6	Noticee 10	Beneficiary of fraud, and non compliance of summons.	Section 11C(2), 11C(3) and 11C(5) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003.
7	Lalit Doshi	Non compliance with summons	Section 11C (3) ,11C(5)and 11C(6) of SEBI Act , 1992.

G. Company Name: Apple Finance Ltd. (herein after referred to as 'AFL') (Shareproback office Code-AFAF)

The following discrepancies and fraudulent transactions were observed:

Fraudulent transactions in the matter of Raju L. Khanchandani (Folio Number-R14439, AFAF - Apple Finance Ltd)

358. SEBI observed from the back office system of Noticee 1 in the Folio Number- R14439 (Screen Shot placed at **Annexure–SP39**) of AFL, the Folio Name is shown as Raju Landge. SEBI, further observed that the folio holds 70 shares of AFL (Certification No 72770; Distinctive Nos5491356 to 5491395, Certification No 174632; Distinctive Nos. 10459122 to 10459136, Certification No 275114; Distinctive Nos. 15458747 to 15458761) but there is no other entry in the back office software module of Noticee 1. It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how and when the said shares were acquired by Raju Landge.

SEBI observed from the statement of Noticee 2 dated February 15, 2016 (**Annexure-SR11**) that there is no signature on record for the folio no. R14439 as it is a "no card" case *i.e.,* neither any original data of signature was received from the company at the time of taking over share transfer work by Noticee 1 nor such data subsequently available with the Noticee 1 and same was also corroborated by Mr. Madhukar J. Kotian of

"signature verification department" of Noticee 1. It is alleged that "no signature record" cases have acted as a catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. Thus, it is alleged that Noticee 1 has failed to do additional due diligence and exercise proper skill and care in such vulnerable cases.

Fraudulent transactions in the matter of R.S.Sawant (Folio Number- R18516, AFAF - AFL)

359. SEBI observed from back office system of Noticee 1 in the Folio Number-R18516 (Screen Shot placed at **Annexure–SP40**) of AFL, the Folio Name is shown as Raju Landge. SEBI further, observed that the folio holds 100 shares of AFL (Certification No 129941; Distinctive Nos. 8614212 to 8614261, Certification No 230423; Distinctive Nos13613837 to 13613886) but there is no other entry in the back office software module of Noticee 1. It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how and when the said shares were acquired by Raju Landge.

SEBI observed from the statement of Noticee 2 dated February 15, 2016 (**Annexure-SR11**) that there is no signature record for the folio no R18516 as it is "no card" case *i.e.* neither any original data of signature was received from the company at the time of taking over share transfer work by Noticee 1 nor such data became subsequently available with Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of Noticee 1. It is alleged that "no signature record" cases have acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature

record of original investor and comparison of fraudster's signature with the same. It is alleged that Noticee 1 has failed to do additional due diligence and exercise proper skill and care in such vulnerable cases.

Fraudulent transactions in the matter of Rajesh Jhaveri (Folio Number- R19545, AFAF - AFL)

360. SEBI observed from back office system of Noticee 1 in the Folio Number-R19545 (Screen Shot placed at **Annexure–SP41**) of AFL (Code-AFAF), the Folio Name is shown as Raju Landge. The folio holds 100 shares (Certification No 130970; Distinctive Nos8665662 to 8665711, Certification No 231452; Distinctive Nos13665287 to 13665336) but there is no other entry in the back office software module of Noticee 1. It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how and when the said shares were acquired by Raju Landge.

SEBI observed from the statement of Noticee 2 dated February 15, 2016 (**Annexure-SR11**) that there is no signature record for the folio no R19545 as it is "no card" case *i.e.* neither any original data of signature was received from the company at the time of taking over share transfer work by Noticee 1 nor such data became subsequently available with the Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of Noticee 1. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that Noticee 1 has failed to do additional due diligence and exercise proper skill and care in such vulnerable cases.

361. For obtaining explanations for the above three transfers/change in name of shareholders, documents such as communications with Noticee 1, minutes of the "share transfer committee" for approval of transfers *etc.* , were summoned by SEBI *vide* summons dated

March 28, 2016 (**Annexure-SAF1**) from AFL. AFL responded to the aforesaid summons *vide* its reply dated April 20, 2016 (**Annexure-CRAF1**) and stated that as per information received from Noticee 1, 70 shares of the company under folio no. - R14439 belonged to Raju L. Khanchandani, 100 shares under folio no. - R18516 belonged to R.S. Sawant and 100 shares under folio no. - R19545 belonged to Rajesh Jhaveri. It further stated that the aforesaid 270 shares were fraudulently transferred by Noticee 1 to Raju Landge sometime during the year 2000 without advising the company and without authorization of the concerned *bonafide* shareholders Further, *vide* letter dated May 16, 2016, it submitted that as a process it has never authorized Noticee 1 to transfer the shares from one shareholder to another, without approval from the company. Further, Noticee 1 is not required to take permission for dematerialization but it is required to take approval for rematerialization and that Noticee 1 officials are authorized to sign new share certificates issued only if receives specific authorization of the company, it can sign on endorsement pursuant to transfer/transmission. The person authorized for such signing were Noticee 2, Noticee 3, Noticee 11, Loknath Poojary, Madhukar Kotian and RC Amin.

362. It is alleged that Raju Landge being driver of Noticee 3 and Noticee 5 could not have acquired such shares. Raju Landge *vide* his letter dated October 01, 2016 stated that he was the driver of Noticee 5 and Noticee 3. He further, stated that Noticee 3 used to operate his bank account no 001810100075247 and he had no knowledge of the transactions. Further, Noticee 5 *vide* his statement dated September 27, 2016 (**Annexure-SR1**) has accepted that Noticee 3 has opened Raju Landge bank account for her share related work. In view of the above such as similar transactions in other scrips, similar misuse of Raju Landge's name as front entity by Noticee 3, the folio being "no card case" etc, deliberate non compliance by entities including Noticee 1 to provide information/documents, reply of the company and the admissions of Noticee 5, it is alleged that the folio along with the shares contained in it were illegally siphoned off by Noticee 3 and Noticee 1 has facilitated the fraud.

363. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	270 shares (70 of R14439, 100 each of R18516 and R19545) of AFL misappropriated by Noticee 3 through Raju Landge in the year2000.	Rs 1487.7 (Average close price @ BSE during 2000-01 Rs. 5.51)	Rs. 845.1 (Price @ BSE Rs. 3.13)

H. Company Name : Aptech Ltd. (the Noticee 1 back office Code-ATAT &APAP)

Aptech *vide* its letter dated April 05, 2016(**Annexure-CRAT1**) in reply to SEBI summons dated March 22, 2016 (**Annexure-SAT1**) submitted that Noticee 1 is not authorized to transfer shares from one investor to another without informing or taking approval from the company. It stated that as per agreement between them, Noticee 1 will received requests for transfer/transmission/ consolidation and process the same. In case of transfer, after processing the same, it prepare transfer register and submit the same to "shareholders grievance committee" of the company. After approval from the company, Noticee 1 will authenticate the share certificates in the name of transferee by endorsing on the back of the share certificates. It stated that Noticee 1 is not required to take approval for dematerialization or rematerialization of shares. Further, Noticee 1 is not authorized to sign new certificates or duplicate share certificates. Aptech Ltd. *vide* another letter dated April 15, 2016 (**Annexure-CRAT2**) in reply to summons dated March 28, 2016 (**Annexure-SAT2**) submitted that Aptech Limited (Noticee 1 back office code-ATAT) (herein after referred to "this Aptech") was incorporated in the name of Aptech Online Limited on January 25, 2000. The name was changed from Aptech Online Limited to Aptech Training Limited on July 18, 2001. Further, Hexaware Technologies Limited (Present Hexaware Sharepro back office Code HXHX) got its name changed from Aptech Limited ("earlier Aptech" *i.e.* Sharepro back office Code -APAP) to Hexaware Technologies Limited on April 02, 2002. Again, the name of Aptech Training Limited was

changed to Aptech Limited ("this Aptech") on October 04, 2002. It further stated that in February 2002, 1,81,47,437 equity shares of Rs. 10/- each were allotted as fully paid up shares to the shareholders in Aptech in accordance with the scheme of demerger. The scheme in respect of demerger of training division of the "earlier Aptech" (Now Hexaware) into "this Aptech" was approved by Bombay High Court *vide* its order dated November 09, 2001. Pursuant to the said scheme, for every five equity shares held in "earlier Aptech" on the record date of February 08, 2002, the shareholders were allotted three equity shares of Rs. 10/- each in "this Aptech".

The following discrepancies and fraudulent transactions were observed:

Fraudulent transactions in the matter of Raju Khanchandani (Folio Number-02163187, APAP - Aptech Ltd.)

364. SEBI observed from back office system of Noticee 1 in the Folio Number- 02163187 (Screen Shot placed at **Annexure-SP42**) of Aptech Ltd. (Code-APAP), the Folio Name is shown as Raju Landge. Dividend records on various shares for issue date 15/05/1997 to 30/09/1999 was being shown in the name of Raju Khanchandani. The folio records indicates sale of 14 shares in 1999-2000. SEBI observed that the folio is currently shown in the name of Raju Landge and shows NIL holding and that there is no other entry in the back office software module of Noticee 1. It is alleged that Noticee 1 failed to comply with SEBI summons to provide explanation how same folio was at one time in the name of Raju Khanchandani and at another time in the name of Raju Landge, a different entity and also failed to submit documents to verify the authenticity of the transactions including sale of 14 shares (5*2+1*4: certificate no. - 240242, certificate no 501423, certificate no 501424, certificate no 501425, certificate no. - 240243, certificate no. - 240244).

SEBI observed that Aptech Ltd. (APAP) has come into being due to demerger (10:1) from AFL (AFAF) where the corresponding folio for this folio in APAP was R14439 (10:1 demerger then 1:1 Bonus twice). Hence, for 70 shares of AFAF, this folio had become of 14 shares of APAP (since 14 shares had already been sold). In view of the non-

cooperation by Noticee 1 and because the records are very old, it is not clear whether the 14 shares were sold by Raju Landge or Raju Khanchandani. However, it is alleged that similar to other cases, the folio has been misappropriated by Raju Landge and Noticee 1 has facilitated the fraud.

Fraudulent transactions in the matter of R.S. Sawant (Folio Number- 01788892, APAP - Aptech Ltd.)

365. SEBI observed from back office system of Noticee 1 in the Folio Number- 01788892 (Screen Shot placed at **Annexure-SP43**) of Aptech Ltd. (Code-APAP), that the Folio Name is shown as Raju Landge. SEBI further observed that dividend records on various shares for issue date 15/05/1997 to 30/09/1999 were being shown in the name of R. S. Sawant. Dividend records from issue date 17/05/2000 is shown in the name of Raju Landge. The folio currently has NIL holding. There is no other entry in the back office software module of Noticee 1. SEBI observed that Aptech Ltd. (APAP) has come into being as demerger (10:1) from AFL where the corresponding folio for this folio in Aptech Ltd. was R18516 (10:1 demerger then 1:1 Bonus twice). Hence, for 100 shares of AFL, this folio became of 40 shares of APAP. It is alleged that Noticee 1 failed to comply with SEBI summons to provide explanation how same folio was at one time in the name of R. S. Sawant and at another time in the name of Raju Landge, a different entity as well as documents to verify the authenticity of the transactions including sale of 40 shares.

Fraudulent transactions in the matter of Rajesh Jhaveri (Folio Number- 01788922, APAP - Aptech Ltd)

366. SEBI observed from back office system of Noticee 1 in the Folio Number- 01788922 (Screen Shot placed at **Annexure-SP44**) of Aptech Ltd. (Code-APAP), the Folio Name is shown as Raju Landge. Dividend records on various shares for issue date 15/05/1997 to

30/09/1999 is being shown in the name of Rajesh Jhaveri. Dividend records from issue date 17/05/2000 is shown in the name of Raju Landge. The folio currently has NIL holding. SEBI further, observed that there is no other entry in the back office software module of Noticee 1. It was noted that Aptech Ltd. has come into being due to demerger (10:1) from AFL where the corresponding folio for this folio in Aptech Ltd. was R19545 (10:1 demerger then 1:1 Bonus twice). Hence, for 100 shares of AFL, this folio had become 40 shares of APAP. It is alleged that Noticee 1 failed to comply with SEBI summons to provide explanation how same folio was at one time in the name of Rajesh Jhaveri and at another time in the name of Raju Landge, a different entity as well as documents to verify the authenticity of the transactions including sale of 40 shares.

367. The value at replacement cost could not be calculated for the folios of Aptech Ltd. as it has now became Hexaware. Therefore, corresponding shares siphoned off (along with bonus, split *etc*) will be reflected in the folios of Hexaware.

Fraudulent transactions in the matter of Raju Landge (Folio Number- 01788892, ATAT - Aptech Ltd.)

368. SEBI observed from back office system of Noticee 1 in the Folio Number 01788892 (Screen Shot placed at **Annexure–SP45**) of Aptech Limited, the Folio Name shown as Raju Landge. The folio holds 24 shares (Certification No 18635; Distinctive Nos. 571612 to 571635) but there is no other entry in the back office software module of Noticee 1 except dividend records in the name of Raju Landge from 25/07/2004 to 18/05/2015. It is alleged that Noticee 1 failed to comply with SEBI summons to provide explanations and documents to verify the authenticity of the transactions.

The company *vide* letter dated April 15, 2016(**Annexure-CRAT2**) submitted that 24 shares of the company were allotted to Raju Landge against 40 shares of Hexaware (Earlier Aptech; code APAP) held by him as per the scheme of demerger.

Fraudulent transactions in the matter of Raju Landge (Folio Number- 01788922, ATAT - Aptech Ltd)

369. SEBI observed from back office system of Noticee 1 in the Folio Number-01788922 (Screen Shot placed at **Annexure–SP46**) of Aptech Limited (Code-ATAT), the Folio Name shown as Raju Landge. The folio holds 24 shares (Certification No 18638; Distinctive Nos. 571684 to 571707) but there is no other entry in the back office software module of Noticee 1 except dividend records in the name of Raju Landge from 25/07/2004 onwards.

The company *vide* letter dated April 15, 2016(**Annexure-CRAT2**) submitted that 24 shares of the company were allotted to Raju Landge against 40 shares of Hexaware (Earlier Aptech) held by him as per the scheme of demerger.

370. It is alleged that Raju Landge being driver of Noticee 3 and Noticee 5 could not have acquired such shares. Raju Landge *vide* his letter dated October 01, 2016 (**Annexure-LIR3**) stated that he was the driver of Noticee 5 and Noticee 3. He further stated that Noticee 3 used to operate his bank account no 001810100075247 and he has no knowledge of the transactions. Further, Noticee 5 *vide* his statement dated September 27, 2016 (**Annexure-SR1**) has accepted that Noticee 3 has opened his bank account for her share related work.Further, , the following needs to be taken into consideration:

- There were similar transactions in other shares,
- There was similar misuse of Raju Landge's name as front entity by Noticee 3 in other cases,
- The folios of APAP came into being due to the demerger from Apple Finance Limited (AFAF) which was "no card case" and which was illegally modified by back end modification etc,

- The folios of ATAT allotted in demerger scheme on the basis of holding in APAP were by itself misappropriated folios,
- There was deliberate non compliance by entities including Noticee 1 to provide information/documents,
- The reply of the company; and
- The admissions of Noticee 5,

In view of the above, it is alleged that these folios along with the shares contained in it were illegally siphoned off by Noticee 1's management *viz.* Noticee 3.

371. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr No	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	48 shares (24 each of 0178892 and 1788922) of Aptech Limited (Code-ATAT) misappropriated by Noticee 3 through Raju Landge.	Exact date not available	Rs. 7893.6 (Price @ NSE Rs. 164.45)

Fraudulent transactions in the matter of UTI "India Fund Unit Scheme 1986" (Folio Number- 02752000, ATAT - Aptech Ltd)

372. SEBI observed from back office system of Noticee 1 in the Folio No. - 02752000 of Aptech Limited (Code-ATAT)(**Screenshot- Annexure-SP47**), and the back office software module of Noticee 1 that dividend records of issue date 25/07/2004 on 10980 shares was being reflected in the name of UTI "India Fund Unit Scheme 1986" but the folio was reflecting the name of Suresh Unavane with "NIL" shares. SEBI also observed that through updation no. - 6470 on 03/11/2006, that there was change of name of the folio (through change in address field) from Satyam Brush Industries to Suresh Unavane. It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the

name of UTI "India Fund Unit Scheme 1986", at another time in the name of Satyam Brush Industries and yet at another time in the name of Suresh Unavane, all being different entities.

SEBI observed from the "system log for changes in folio master" as taken on record *vide* statement dated March 23, 2016 of Noticee 2 that the name of the folio no. - 02752000 was changed from UTI "India Fund Unit Scheme 1986" to Satyam Brush Industries on 03/11/2006 and then from Satyam Brush Industries to Suresh Unavane on 08/12/2006 by User "edp" login Terminal id "SUNIT"(Annexure-SR12).

SEBI observed from the statement of Noticee 2 dated February 15, 2016(**Annexure-SR11**), that there is no signature record for the folio no. 02752000 as it is a "no card" case *i.e.* neither any original data of signature was received from the company at the time of taking over the share transfer work by Noticee 1 nor such data subsequently became available with Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of Noticee 1. It is alleged that "no signature record" cases have acted as a catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that Noticee 1 has failed to do additional due diligence and exercise proper skill and care in such vulnerable cases. It is alleged that if Mr. Suresh Unavane would have obtained the shares through a genuine transfer, a new folio would have been allotted to him after transfer through proper "transfer entry", and there would not have been a need to misappropriate the folio through back end modification in violation of secretarial standards or established practices of Noticee 1 as stated by Noticee 2 *vide* statement dated January 28, 2016 (Annexure-SR15).

373. Aptech Ltd. *vide* letter dated April 15, 2016(**Annexure-CRAT2**) alleged that Noticee 1 transferred the shares in an unauthorized manner without obtaining approval of the

company and without submitting any transfer register to the share transfer committee of the company. Aptech Ltd. further, stated that it had sought the supporting documents of the said transactions from Noticee 1, however, it responded that the same is not traceable. In view of the above, it has already filed a complaint with Economic Offence Wing.

374. SEBI observed from back office records of Noticee 1 w.r.t. the Folio No. - 02752000 (Screen Shot placed at **Annexure-SP47**) of Aptech Limited (Code-ATAT) that on 23/02/2007, Suresh Unavane dematerialized the 10980 shares on Certificate No. - 45077 (Distinctive Nos. 1452467 to 1463446) in his demat account no. IN300513-13271158. The details of the transactions in his demat account are as below:

DP ID/ Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Order No	Description	Debit	Credit
IN3005 131327 1158	SURE SH UNAW ANE	AAXP U3881 C	INE2 66F0 1018	APTECH LIMITED EQ	26-Feb-2007	60342 5	By dematerialisation	0	10,980
					02-Mar-2007	23765 767	To CM IDFC SECURITIES LIMITED, NORMAL / 2007041	2,000	0
					16-Mar-2007	24227 582	To THE NOTICEE 5 (PAN-AANPK8238K) IN300513-12752672	5,000	0
					16-Aug-2007	30218 915	To CM SHAREKHAN LIMITED, NORMAL / 2007155	480	0
					25-Sep-2007	32343 470	To CM SHAREKHAN LIMITED, NORMAL / 2007183	500	0
					10-Dec-2007	38194 516	To CM SHAREKHAN LIMITED, NORMAL / 2007236	500	0
					04-Jul-2011	10000 00443 5605	To THE NOTICEE 5 (PAN-AANPK8238K) IN300513-12752672	2,500	0

375. Extract of ledger statement of Suresh as provided by broker Share Khan (including retail business of erstwhile SSKI/IDFC now handled by Share Khan) *vide* email dated May 03, 2016(**Annexure-OD49**) is as below:

Doc Date	Doc Ref No.	Chq No.	Narration	Dr Amt	Cr Amt	Running Balance	
06/03/2007	SJV/NR/ 20070411		Bill for trade dates 02/03/2007 To 02/03/2007 Settlement - NSENR2007041	0	452310.06	-452310.54	Sale of 2000 shares of Aptech
07/03/2007	BP/200 703/4212	1016433	For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-03-07	452310	0	-0.54	
21/08/2007	SJV/NR/ 20071551		Bill for trade dates 16/08/2007 To 16/08/2007 Settlement - NSENR2007155	0	145851.4	-151210.33	Sale of 480 shares of Aptech
22/08/2007	BP/2007 08/18072	1490283	For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-08-22	150000	0	-1210.33	
27/09/2007	SJV/NR/ 20071831		Bill for trade dates 25/09/2007 To 25/09/2007 Settlement - NSENR2007183	0	183366.01	-184576.34	Sale of 500 shares of Aptech
01/10/2007	BP/2007 10/994	1653671	For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-10-01	184000	0	-576.34	
12/12/2007	SJV/NR/ 20072361		Bill for trade dates 10/12/2007 To 10/12/2007 Settlement - NSENR2007236	0	206957.65	-207533.99	Sale of 500 shares of Aptech
13/12/2007	BP/20071 2/24693	2113349	For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-12-13	205000	0	-2533.99	

376. The analysis of fund flow in the bank accounts is as below:

Date	Transferor name	Transferor bank a/c no	Chq.no.	Amount	Transfere e name	Transferee bank a/c no	Remark
07/03/2 007	Sharekhan		1016433	452,310.00	Suresh Unawane	ICICI Bank 623801517792	As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 444)
12/03/2 007	Suresh Unawane	ICICI Bank 623801 517792	761639	400,000.00	Noticee 5	ICICI Bank 623801115552	(Annexure-BRICIC; Page No. - 27)
13/03/2 007	The Noticee 5	ICICI Bank 623801 115552	807055	300,000.00	Noticee 2	Bank of Baroda 058801000063 49	(Annexure-BRSTMT; Page No. - 835)
14/03/2 007	The Noticee 5	ICICI Bank 623801 115552	807056	100.000.00	Noticee 3		As reflected in bank account of Noticee 5 (Annexure-BRICIC; Page No. - 27)

Date	Transferor name	Transferor bank a/c no	Chq.no.	Amount	Transferee name	Transferee bank a/c no	Remark
26/03/2007	Suresh Unawane	ICICI Bank 623801 517792	761641	50,000.00	Noticee 5	ICICI Bank 623801115552	(Annexure-BRICIC; Page No. - 27)
22/08/2007	Sharekhan		1490283	150,000.00	Suresh Unawane	ICICI Bank 623801517792	As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 443)
22/08/2007	Suresh Unawane	ICICI Bank 623801 517792	850803	50,000.00	Noticee 5		
22/08/2007	Suresh Unawane	ICICI Bank 623801 517792	850804	100,000.00	Noticee 5	ICICI Bank 623801115552	(Annexure-BRICIC; Page No. - 25)
01/10/2007	Sharekhan		1653671	184,000.00	Suresh Unawane	ICICI Bank 623801517792	As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 443)
01/10/2007	Suresh Unawane	ICICI Bank 623801 517792	850805	34,000.00	Noticee 5		
01/10/2007	Suresh Unawane	ICICI Bank 623801 517792	850806	150,000.00	Noticee 5	ICICI Bank 623801115552	(Annexure-BRICIC; Page No. - 25)
13/12/2007	Sharekhan		2113349	205,000.00	Suresh Unawane	ICICI Bank 623801517792	As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 443)
13/12/2007	Suresh Unawane	ICICI Bank 623801 517792	850808	180,000.00	Noticee 5	ICICI Bank 623801115552	(Annexure-BRICIC; Page No. - 24)
13/12/2007	Suresh Unawane	ICICI Bank 623801 517792	850807	25,000.00	Noticee 5		As reflected in bank account of Suresh (Annexure-BRICIC; Page No. - 443)

SEBI observed from the fund flow that the sale proceeds of the fraudulently transferred shares are being received by husband of Noticee 3 *viz.* Noticee 5, Noticee 2 and Noticee 3 herself.

377. It was noted that out of 7500 shares of Aptech received from Suresh, Noticee 5 is still holding 5000 shares after selling2500 along with other 200 shares in his account. Details of sale are as below:

Trade Date	Scrip Name	Sell Qty	Sell Rate	Sell Value	Settlement No.
10-Jan-12	Aptech Training Ltd	1,700	90.70	1,54,190.00	Nsenr2012007

11-Jan-12	Aptech Training Ltd	1,000	98.80	98,800.00	Nsenr2012008

378. SEBI also observed that Suresh Unavane received Rs. 4,52,310/- into his ICICI Bank Account No. - 623801517792 from broker Sharekhan Limited on March 07, 2007 w.r.t. sale proceeds of the 2000 shares of Aptech Limited. SEBI observed that out of the said amount, Rs. 4,00,000/- were transferred to the ICICI Bank account no. - 623801115552 of Noticee 5 on March 12, 2007 *vide* cheque no. - 761639. Thereafter, immediately on receipt of the said amount, Noticee 5 transferred Rs. 3,00,000/- to Noticee 2 *vide* cheque no. – 8,07,055 and Rs. 1,00,000/- to Noticee 3 *vide* cheque no. - 807056 on March 13, 2007 and March 14, 2007 respectively. Noticee 2 received cheque no. 807055 in his bank account no. 05880100006349 held with Bank of Baroda. All documents w.r.t. the above transactions are placed at **Annexure-BRFA5.** In the statement of Noticee 2, before the investigating authority dated December 04, 2015 (**Annexure-SR10**), he stated that Noticee 5 is not formally known to him and he has met him just once in an annual general meeting . Further, Noticee 2 stated that he has no financial relation or dealings with Noticee 5. It is alleged that Noticee 2 made deliberate false statement before investigating authority in order to mislead the investigation since the bank records show that he had financial dealings with Noticee 5 and in fact he was the recipient of the ill-gotten money earned by Noticee 5 through fraud perpetrated by them (*i.e,* Noticee 3 & Noticee 5). Noticee 2 was asked to explain the deposit of Rs. 3,00,000/- in his bank account by cheque no. - 807055 *vide* SEBI summons no. - MIRSD2/LS/2016/10903 dated April 12, 2016 which was delivered to him through Arthur Road Jail authorities on November 06, 2016. It is alleged that he failed to reply the same. Further, SEBI also observed that as per his statement dated March 23, 2016 (**Annexure-SR12**), Noticee 2 submitted that he or any of his family members has no business relationship with Noticee 3 or any of her family members, however, it is alleged that it is clearly a false statement as seen from the above sequence of events.

On the basis of direct siphoning and subsequent sharing of the illegal gains out of the sale of the said shares between Noticee 3, Noticee 5 and Noticee 2, it is alleged that they were hand in glove in the whole conspiracy of the illegal siphoning of the shares. It is alleged that as far back in 2007, Noticee 2 and Noticee 3/Noticee 5, were sharing the illegal gains out of the siphoned off shares. Further, Suresh Unavane *vide* his statement dated September 20, 2016 (**Annexure-SR3**), has submitted that he is a servant of Noticee 5/Noticee 3 and his demat/bank accounts were opened and operated by Noticee 3/Noticee 5. Noticee 5 also *vide* his statement dated September 27, 2016 (**Annexure-SR1**) has admitted the above and also stated that all the shares & money in the accounts of Suresh Unavane belongs to them. He admitted that he had undertaken the above transactions in Suresh's account and submitted that he had not paid any considerations for acquiring the said shares. Further, Noticee 5 in his initial part of the statement dated September 27, 2016 stated that he knows Noticee 2 only as boss of Noticee 3 and that he met him for the first time in an annual general meeting of L&T Finance Limited in 2015. He also stated that he has no financial or business dealings with him. Later, when he was asked about the transfer of Rs. 3,00,000/ to Noticee 2 out of sale proceeds of siphoned off shares of Aptech Limited as mentioned above, he stated that he might have given signed cheque to Noticee 3 and he is not aware of the nature & purpose of the transactions. In view of the above admissions and contradictions in the statements, it is alleged that they were not only sharing the illegal gains of the transactions but were also trying to mislead investigation. In view of the sequence of events, it is alleged that the pattern of fraudulent transactions of Noticee 1 is not simply a case of fraud perpetrated by an employee of Noticee 1 *viz.* Noticee 3 but rather a scheme whereby the managing director of Noticee 1 *viz.* Noticee 2 himself orchestrated the fraudulent scheme in connivance with Noticee 3/Noticee 5 for the purpose of illegal enrichment.

379. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	10980 shares of Aptech Limited (Code-ATAT) belonging UTI "India Fund Unit Scheme 1986" misappropriated by Noticee 3/Noticee 5/Govind Raj Rao through Suresh Unavane on system modification entry dated 08/12//2006.	Rs. 16,49,745 (Price @ NSE Rs. 150.25)	Rs. 18,05,661 (Price @ NSE Rs. 164.45)

Fraudulent transactions in the matter of The Oriental Insurance Co. (Folio Number-02749980, ATAT - Aptech Ltd)

380. In the folio no. 02749980 (Screen Shot placed at **Annexure-SP48**), from the back office software module of Noticee 1, SEBI observed that in the dividend records, the shares of Aptech Limited were in name of "The Oriental Insurance Co." on 25/7/2004. However, SEBI observed the folio is being reflected in the name of Pradeep M Rathod with "NIL" holding. There is a transaction of change of address on 17/07/2006 *vide* updation no. -6459 whereby address of Oriental Insurance Co. was changed to Mumbai address. It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how the same folio was at one time in the name of The Oriental Insurance Co. and at another time in the name of Pradeep Rathod, a different entity.

SEBI observed from the "system log for changes in folio master" as taken on record *vide* statement dated March 23, 2016 (Annexure-SR12) of Noticee 2 that the joint holder name of Pradeep M Rathod in the folio no. – 02749980 was added on 12/01/2006 by User "edp" login Terminal "SUNIT". Further, SEBI also observed that the name was changed from The Oriental Insurance Co. Ltd. (joint holder Pradeep Rathod) to Pradeep M Rathod on 19/01/2006 by User "edp" login Terminal id "ANIL". It is alleged that the name of Pradeep

Rathod as a joint holder was introduced and subsequently the whole folio was assigned to Pradeep Rathod by making changes in electronic records for the purpose of siphoning of shares.

SEBI observed from the statement of Noticee 2 dated February 15, 2016 (**Annexure-SR11**), that there is no signature record for the folio no. 02749980 as it is a "no card" case *i.e.,* neither any original data of signature was received from the company at the time of taking over share transfer work by Noticee 1 nor such data subsequently became available with Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of Noticee 1. It is alleged that "no signature record" cases have acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that Noticee 1 has failed to do additional due diligence and exercise proper skill and care in such vulnerable cases.

The company *vide* letter dated April 15, 2016 submitted that Noticee 1 has transferred the shares to Pradeep Rathod in an unauthorized manner without obtaining approval of the company and without submitting any transfer register to the share transfer committee of the company. It further stated that it had sought the supporting documents of the said transaction from Noticee 1, but it responded that the same is not traceable. In view of the above, it filed a complaint with Economic Offence Wing.

381. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the share as on date of siphoning	Value of the share as on October 10, 2016
1	4152 shares of Aptech Limited (Code-ATAT) belonging to The Oriental Insurance Co. misappropriated by Pradeep Rathod on 19/01/2006.	Rs. 5,47,441.2 (Price @ NSE Rs. 131.85)	Rs. 6,82,796.4 (Price @ NSE Rs. 164.45)

382. SEBI observed that folio no. 02749980 (Aptech Limited, Code- ATAT) held 4152 shares on 25/7/2004. Share certificate no. 45042 (distinctive no. - 1444551 to 1448702) holding 4152 shares were dematerialized on 01/02/2006 in the demat account no. - IN300888-14605604 of Pradeep Rathod (Transaction No. 708975; Inward No. 1539762). The extract of demat account transactions are as below:

DP ID/ Client ID	First Holder Name	First Holder PAN	ISIN	Scrip Name	Date	Order No.	Description	Debit	Credit
IN300 88814 60560 4	PRAD EEP M RATH OD	AAD PR5 838A	INE2 66F0 1018	APTE CH LIMIT ED EQ	01-Feb-2006	15397 62	By dematerialisation	0	4,152
					08-Jun-2006	10621 821	To SVS SECURITIES PVT LTD. / 10000072	4,000	0
					10-Oct-2006	10382 384	By SVS SECURITIES PVT LTD. / 10000072	0	4,000
					13-Oct-2006	10909 380	To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607138	4,000	0
					17-Oct-2006	10917 642	To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607140	152	0

383. Extract of ledger statement of Pradeep Rathod as provide by broker SVS Securities *vide* email dated June 01, 2016 (**Annexure-OD105**) is as below:

Date	Ref No.	Narration	Debit	Credit	
16/10/2006	120110	Y13806 BSE-Y2006138BILL POSTING GR.Y2006138		5,79,605.93	Sale of 4000 shares of Aptech Limited
16/10/2006	16149	BC32ICICI-5381304258 BILL NO.: BC32/ 61016	5,65,674.78		Paid to client
18/10/2006	160109	Y14006 BSE-Y2006140BILL POSTING GR.Y2006140		23,269.69	Sale of 152 shares of Aptech Limited
20/10/2006	16843	BC32ICICI-5381304720 BILL NO.: BC32/ 61020	21,888.6		Paid to client

384. In reply to the SEBI summons issued to Pradeep Rathod, he submitted a reply through his advocates Legal Juris *vide* letter dated June 27, 2016 (**Annexure-LIR8**). SEBI observed that he submitted that he bought the shares from certain individuals on the written assurance of Noticee 3, subject to the condition that the sum of the shares will be paid to the respective shareholders after transfer of shares in his name, getting it dematerialized and selling the same in open market after deducting certain sum from the sale proceeds. He further stated that he purchased 4152 shares of Aptech Limited from one Raju Landge. A certificate dated December 15, 2005 (**Annexure-OD81**) was issued by Noticee 1 (signed by Noticee 3) stating that Raju Landge is the holder of 4152 shares of Aptech Limited on the share certificate no. - 14820 (Distinctive Nos. 1444551 to 1448702) and Raju Landge also issued a NoC (witnessed by Noticee 3) (**Annexure-OD82**) whereby he stated that he had no objection to transfer of 4152 shares on certificate no. - 45042 to Pradeep Rathod. It was noted that the signature of Raju Landge on the said NoC is vastly different from his signature on letter dated October 01, 2016 submitted to SEBI. Pradeep Rathod further, stated that the said share certificate was sent for transfer in his favour and then same was also dematerialized in his demat account. He then sold the said 4000 shares on October 12, 2006 and 152 shares on October 16, 2006 in market for Rs. 6,02,875.62/-. It was submitted by Pradeep Rathod that he paid Rs. 5,82,572/- to Raju Landge *vide* cheque nos. 648109 and 950903 for Rs. 2,00,000 and Rs. 3,82,572, respectively, from his bank account no. 51010536110 held with State Bank of Bikaner and Jaipur (**Annexure-BRSTMT; Page No. - 230-275**). SEBI observed that Raju Landge received the said Rs. 2,00,000 on September 11, 2006 and Rs. 3,82,572 on October 19, 2006 in his bank account no. 001810100075247 held with Bharat Co-op Bank (**Annexure-BRBCBL; Page No. - 186**). SEBI further, observed that out of the Rs. 2,00,000 received by Raju Landge on September 11, 2006, Rs. 1,00,000 was transferred to Noticee 3 on 13/09/2006 (deposited in her bank account no. 001810100014802; Annexure-BRBCBL-Page No. - 222) and Rs. 50,000 to Noticee 5 (deposited in his bank account no. 001810100060069; Annexure-BRBCBL-Page No. - 251) while the rest Rs.

50,000 was withdrawn in cash. Similarly, out of the Rs. 3,85,272 received by Raju Landge on 19/10/2006, the same day Raju Landge transferred Rs. 95,000 to Noticee 3, Nagesh, Narayan and withdrew Rs. 95,000 in cash. Raju Landge *vide* his letter dated October 01, 2016 (**Annexure-LIR3**) admitted that his accounts were operated by Noticee 3/Noticee 5. Noticee 5 *vide* his statement dated September 27, 2016 (**Annexure-SR1**) has corroborated the statement of Raju Landge. It was noted from the documents submitted by Pradeep Rathod that the share certificate for 4152 shares transferred to Pradeep Rathod as per transfer deed dated December 30, 2005(**Annexure-OD83**) and submitted for dematerialization was bearing certificate number 45042 (Distinctive Nos. 1444551 to 1448702). It was also noted that the share certificate no. 45042 was issued in the name of Pradeep Rathod on January 06, 2006 which was further corroborated by thedocuments he submitted to Noticee 1 for transfer on January 02, 2006 (**Annexure-OD94**). SEBI observed that the share certificate was lodged for transfer with Noticee 1 even before the date of issue itself which is clearly impossible, therefore, it is alleged that Pradeep Rathod's reply is false.

SEBI further observed that the share certificate that was transferred to him from Raju Landge was the one which was printed in his own name and the same was submitted for dematerialization by Pradeep Rathod. Raju Landge also gave NoC to share transfer certificate no. - 45042 and signed transfer deed dated December 30, 2005 for transfer of share certificate no. - 45042 while in reality the certificate was already printed in the name of Pradeep Rathod. The said transfer deed was also witnessed by Noticee 3. SEBI also observed that the shares were sold by Pradeep Rathod and said amount for purported consideration was paid by Pradeep to Raju Landge almost after 10 months. It was observed that it is suspicious that a prudent person will agree to sell shares on terms & conditions provided above and without any agreement recording the said terms and conditions unless it's merely for the purpose of sharing ill-gotten money. Therefore, it is alleged that Pradeep Rathod's submissions are false and misleading and the documents

are clearly forged and he was fully hand in glove with Noticee 3 in the conspiracy of fraudulent transfer of shares. It is alleged that Noticee 1, and Noticee 3 have not cooperated with the investigation at all. It is also alleged that Pradeep Rathod's inconsistent explanations are just "after thoughts" and are an attempt to hide the truth of fraudulent transfers and his connivance with Noticee 3 for the said fraudulent transactions. SEBI also alleged that Pradeep Rathod was very well aware about the suspicious/ fraudulent nature of the transactions from very beginning, hence he obtained the indemnity bond from Noticee 3 (**Annexure-OD69**). SEBI alleged that Noticee 3 had used the above circuitous transactions for "layering" and creating "smoke screen" for fraudulent transactions to blur the audit trail and any future investigation/inspection to detect the same becomes difficult. Noticee 5 in his statement and Raju Landge in his letter dated October 1, 2016 (**Annexure-LIR3**) has admitted that the transactions were at the behest of Noticee 3.

I. Company Name: Hexaware Technologies Limited (Noticee 1 Back Office Code-HXHX) (herein after referred to as 'Hexaware')

385. In response to SEBI summons dated March 28, 2016 and May 06, 2016(**Annexure-SHX1**), Hexaware *vide* its letter dated June 07, 2016 (**Annexure-CRHX2**) submitted its reply. Hexaware stated that its response is based on the data obtained from Noticee 1 as no documents in connection with the SEBI queries are available with it. Further, it is alleged that Noticee 1 has not maintained any documents in support of the transactions and responses are based on data obtained from their systems for which screenshots were obtained. The following discrepancies and fraudulent transactions were observed:

Fraudulent transactions in the matter of "The Oriental Insurance Co."(Folio Number- 02749980, HXHX- Hexaware Technologies Limited)

386. SEBI observed that in the Folio No. - 02749980 (Screen Shot placed at **Annexure-SP49**), back office software module of Noticee 1 shows dividend in name of "The Oriental Insurance Co." from issue dates from June 2004 to November 2005.The folio currently

holds "NIL" shares and is shown in name of Pradeep M Rathod. The Folio held 13840 shares of Hexaware in November 2005. There is a entry of change of address on 17/07/2006 (update no. - 4529) whereby address of Oriental Insurance was changed to Mumbai address. It is alleged that Noticee 1 failed to comply with SEBI summons to explain the transactions and to provide any documents to verify the authenticity of the transactions.

SEBI observed from the annual return data submitted by Noticee 2 *vide* statement dated March 23, 2016 (Annexure-SR12), that in 2005, the folio no. 02749980 with 2768 shares was in the name of "The Oriental Insurance Co." However, in the annual return for 2006, the folio is omitted in holding file, but in transaction file it was reported that Pradeep Rathod had dematerialized 13840 shares from the said folio Noticee 1 could not provide annual return data for the year prior to 2005. (Screen Shot of Annual Return data is placed at **Annexure-ARSP24**)

SEBI observed from the "system log for changes in folio master" as taken on record *vide* statement dated March 23, 2016 (Annexure-SR12) of Noticee 2 that the joint holder name of Pradeep M Rathod in the folio no. - 02749980 was added on 12/01/2006 by User "edp" login Terminal "SUNIT". Further, SEBI also observed that the name was changed from The Oriental Insurance Co Ltd. (joint holder Pradeep Rathod) to Pradeep M Rathod on 19/01/2006 by User "edp" login Terminal id "ANIL". It is alleged that name of Pradeep Rathod as joint holder was introduced and subsequently the whole folio was assigned to Pradeep Rathod by making changes in electronic records for the purpose of siphoning of shares.

387. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the shares as on date of siphoning	Value of the shares as on October 10, 2016
1	13840 shares (27680 Post 1:1 Bonus on 24/02/2011) of Hexaware belonging to The Oriental Insurance Co. misappropriated by Pradeep Rathod on 19/01/2006.	Rs. 17,75,672 (Price @ NSE Rs. 128.30)	Rs. 51,30,488 (Price @ NSE Rs. 185.35)

388. In Folio no. 02749980 there is record for dematerialization of 13,840 shares of Hexaware (Certificate no. 36423; distinctive no 3777466 to 3791305) on 01/02/2006 (Transaction No. 712020; Inward No. 1539761) in demat account no. - IN300888-14605604 of Pradeep Rathod. The extract of demat account transactions are as below:

DP ID/ Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Order No	Description	Open	Debit	Credit	Close
IN300888146056 04	PRADEEP M RATHOD	AADPR5838A	INE093A01033	HEXAWARE TECHNOLOGIES LIMITED EQ NEW FV RS.2/-	01-Feb-2006	1539761	By dematerialisation	0	0	13,840	13,840
					22-Feb-2006	10214475	To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0506226	13,840	3,000	0	10,840
					02-Mar-2006	10243360	To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0506231	10,840	6,000	0	4,840
					24-May-2006	10576402	To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607037	4,840	4,840	0	0

389. Extract of ledger statement of Pradeep Rathod as provided by broker SVS Securities *vide* email dated June 01, 2016 (**Annexure-OD105**) and August 17, 2016 (**Annexure-OD106**) is as below:

Date	Ref No	Narration	Debit	Credit	
23-Feb-06		Y22605 BSEY2005226	310579.76		Sale of 3000 shares of Hexaware @ Rs 4,02,480 and buy of 30,200 shares of Him Futr Com @ 7,11,348.75.
02-Mar-06		Y23105 BSEY2005231		815297.49	Sale of 6000 shares of Hexaware.
03-Mar-06		BC32ICICI5381	776796.15		Paid to client.
06-Mar-06		BC32ICICI5381	90,249.88		Paid to client.
25/05/2006	230143	Y03706 BSE -Y2006037BILL POSTING GR.Y2006037		6,25,658.21	Sale of 4840 shares of Hexaware.
25/05/2006	4872	BC32ICICI-5381286256 BILL NO.: BC32/ 60525	3,00,000.00		Paid to client.

390. The analysis of fund flow in the bank accounts of the entities is as below:

Date	Transferor Name	Transferor Bank a/c No	Chq. No.	Amount	Transferee Name	Transferee Bank a/c No	Remarks
06/03/2006	SVS Securities	ICICI Bank	42783	7,76,796.15	Pradeep Rathod	Union Bank of India 316002010070270	As per SVS Securities email dated August 17, 2016 and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page No. - 172).
06/03/2006	SVS Securities	ICICI Bank		90,249.88	Pradeep Rathod		As noted from submission of SVS Securities *vide* email dated August 17, 2016.
27/05/2006	SVS Securities	ICICI Bank	286256	300,000.00	Pradeep Rathod	Union Bank of India 316002010070270	As per SVS Securities email dated Jun 01, 2016 and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page No. - 171).
07/03/2006	Pradeep Rathod	Union Bank of India 316002010070270	138105	7,91,520.00	Raju Landge	Bharat Co-op Bank 001810100075247	As per Bharat Co-op Bank email dated January 18, 2016 (Annexure-BRBCBL; Page No. - 186) and Union Bank of India letter dated May 11, 2016 (Annexure-BRMISC; Page No. - 172).
09/03/2006	Raju Landge	Bharat Co-op Bank 001810100075247	276838	300,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statement of Raju (Annexure-BRBCBL; Page No. - 186) and Noticee 3 (Annexure-BRBCBL; Page No. - 223).

Date	Transferor Name	Transferor Bank a/c No	Chq. No.	Amount	Transferee Name	Transferee Bank a/c No	Remarks
09/03/2006	Raju Landge	Bharat Co-op Bank 001810100075247	320077	50,000.00	Narayan Devadiga	Bharat Co-op Bank 001810100074187	As reflected in account statement of Raju (Annexure-BRBCBL; Page No. - 186) and Narayan (Annexure-BRBCBL; Page No. - 190).
09/03/2006	Narayan Devadiga	Bharat Co-op Bank 001810100074187	826273	50,000.00	Noticee 3		Cash withdrawal by Noticee 3 at Bhandup Village Road Branch as per Bharat Co-op Bank's email dated November 01, 2016 (Annexure-BRBCBL; Page No. - 287-290).
09/03/2006	Raju Landge	Bharat Co-op Bank 001810100075247	320076	75,000.00	Suresh Unawane	Bharat Co-op Bank 001810100074345	As reflected in account statement of Raju Landge (Annexure-BRBCBL; Page No. - 186) and Suresh (Annexure-BRBCBL; Page No. - 260).
09/03/2006	Suresh Unawane	Bharat Co-op Bank 001810100074345	430394	75,000.00	The Noticee 3		Cash withdrawal by Noticee 3 at Bhandup Village Road Branch as per Bharat Co-op Bank's email dated November 01, 2016 (Annexure-BRBCBL; Page No. - 287-290).
28/03/2006	Raju Landge	Bharat Co-op Bank 001810100075247	320078	370,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statement of Raju Landge (Annexure-BRBCBL; Page No. - 186) and Noticee 3 (Annexure-BRBCBL; Page No. - 223).
12/04/2006	Pradeep Rathod	Union Bank of India 316002010070270	138115	5,00,000.00	Raju Landge	Bharat Co-op Bank 001810100075247	As per Bharat Co-op Bank's email dated January 18, 2016 (Annexure-BRBCBL; Page No. - 423-430) and Union Bank of India's letter dated May 11, 2016 (Annexure-BRMISC; Page No. - 172).
13/04/2006	Raju Landge	Bharat Co-op Bank 001810100075247	320079	75,000.00	Noticee 3		Cash withdrawal by Noticee 3 at Fort Branch as per Bharat Co-op Bank's email dated November 01, 2016 (Annexure-BRBCBL; Page No. - 287-290).
15/04/2006	Raju Landge	Bharat Co-op Bank 001810100075247	320080	400,000.00	Noticee 3	Bharat Co-op Bank 001810100087482	As reflected in account statement of Raju Landge (Annexure-BRBCBL; Page No. - 186) and Noticee 3 (Annexure-BRBCBL; Page No. - 2008).
05/06/2006	Pradeep Rathod	Union Bank of India 316002010070270	155713	1,10,324.00	Raju Landge	Bharat Co-op Bank 001810100075247	As seen from account statements of Pradeep Rathod (Annexure-BRMISC; Page No. - 171) and Raju Landge (Annexure-BRBCBL; Page No. - 186)
07/06/2006	Raju Landge	Bharat Co-op Bank 001810100075247	288895	60,000.00			Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page No. - 186).
23/02/2006	Pradeep Rathod	SBBJ 51010536110	638750	3,78,300.00	Raju Landge	Bharat Co-op Bank 001810100075247	As per Bharat Co-op Bank's email dated January 18, 2016 (Annexure-BRBCBL; Page No. - 423-430) and State Bank of Bikaner and Jaipur's letter dated October 07, 2016 (Annexure-BRSTMT; Page No. - 267).
24/02/2006	Raju Landge	Bharat Co-op Bank 001810100075247	288893	25,000.00			Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page No. - 186)
24/02/2006	Raju Landge	Bharat Co-op Bank 001810100075247	276840	50,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statements of Raju Landge (Annexure-BRBCBL; Page No. - 186) and Noticee 3 (Annexure-BRBCBL; Page No. - 223).
24/02/2006	Raju Landge	Bharat Co-op Bank 001810100075247	288892	100,000.00	Noticee 3	Bharat Co-op Bank 001810100087482	As reflected in account statements of Raju Landge (Annexure-BRBCBL; Page No. - 186) and Noticee 3 (Annexure-BRBCBL; Page No. - 208).

Date	Transferor Name	Transferor Bank a/c No	Chq. No.	Amount	Transferee Name	Transferee Bank a/c No	Remarks
25/02/2006	Raju Landge	Bharat Co-op Bank 001810100075247	288894	200,000.00	Noticee 5	KNS Bank SB/4662	As reflected in account statements of Raju Landge (Annexure-BRBCBL; Page No. - 186)

On the basis of the above analysis, it is alleged that the proceeds of the shares misappropriated by Pradeep Rathod are ultimately going to Noticee 3 and her related entities.

391. In reply to SEBI summons dated April 12, 2016 (**Annexure-SPR**), Pradeep Rathod submitted reply through his advocates Legal Juris *vide* letter dated June 27, 2016 (Annexure-LIR8). He stated that he bought the shares from certain individuals on the written assurance of Noticee 3, subject to the condition that the sum of the shares will be paid to the respective shareholders after transfer of shares in his name, getting it dematerialized and selling the same in open market after deducting certain sum from the sale proceeds. Pradeep Rathod further stated that he purchased 13,840 shares of Hexaware from one Raju Landge. A certificate dated December 15, 2005 (**Annexure-OD84**) was issue by Noticee 1 (signed by Noticee 3) stating that Raju Landge is the holder of 13840 shares of Hexaware on the share certificate no. - 456125 (Distinctive Nos. 3777466 to 3791305) and Raju Landge also issued a NoC (witnessed by Noticee 3) (**Annexure-OD82**) whereby he stated that he had no objection to transfer of shares on certificate no. - 36423 to Pradeep Rathod. SEBI observed that the signature on this NoC is vastly different from the signature of Raju Landge on his letter dated October 01, 2016 to SEBI. Pradeep Rathod further stated that the said share certificate was sent for transfer in his favour and then the shares of the said share certificate were also dematerialized in his demat account. He then sold 3000 shares on February 21, 2006, 6000 shares on February 28, 2006 and 4840 shares on May 23, 2006, in market for Rs. 18,42,810.70/- and later paid Rs. 17,80,144/- to Raju Landge *vide* total 4 cheques which were debited from his bank accounts on March 07, 2006, April 12, 2006, June 05, 2006 and February

23, 2006. It was noted from the documents submitted by Pradeep Rathod that the share certificate for 13,840 shares transferred to Pradeep as per transfer deed dated December 30, 2005 and submitted for dematerialization bore share certificate no. 36423 (Distinctive Nos. 3777466 to 3791305) (**Annexure-OD85**). SEBI also observed that the certificate no. 36423 was issued in the name of Pradeep Rathod on January 03, 2006 and as per documents submitted by him, he submitted it to Noticee 1 for transfer on January 02, 2006 (**Annexure-OD86**) which is clearly impossible and shows that Pradeep Rathod's reply is false.

SEBI observed that the share certificate that was transferred to Pradeep Rathod from Raju Landge was the one which was printed in his own name and the same was submitted for dematerialization by Pradeep Rathod. Further, SEBI observed that the share certificate was lodged for transfer with Noticee 1 even before the date of issue itself. Raju Landge also gave a NoC to transfer certificate no. - 36423 and signed transfer deed dated December 30, 2005 for transfer of certificate no. - 36423 while the certificate was already printed in the name of Pradeep Rathod. SEBI observed that the shares were sold by Pradeep Rathod and said amount for purported consideration was paid by Pradeep to Raju Landge after months of getting the shares transferred in his name. SEBI observed that it is highly questionable that a reasonable sane person will agree to sell his/her shares on the aforesaid terms and conditions and without recording such terms and conditions in any agreement unless it's for an oblique motive of sharing illegal money. Thus, it is alleged that Pradeep Rathod's submissions are not only false and misleading but the documents submitted by him are also forged and he was fully hand in glove with Noticee 3 in the conspiracy of fraudulent transfer of shares. It is also alleged that Noticee 1, Raju Langde and Noticee 3 have not cooperated with the investigation at all. Therefore, it is alleged that Pradeep Rathod's inconsistent explanations appear to be mere "afterthoughts" wherein he has made an attempt to hide the truth of fraudulent transfers and his connivance with Noticee 3 for the said fraudulent transactions. It is also alleged

that Pradeep Rathod was very well aware about the suspicious/fraudulent nature of the transactions from very beginning, and therefore, he obtained an indemnity bond from Noticee 3. It is also alleged that Noticee 3 had used the above circuitous transactions for "layering" and creating "smoke screen" for fraudulent transactions so that it would be difficult to trace the audit trail and any future investigation/inspection to detect the same becomes complicated.

392. SEBI observed that Hexaware *vide* its reply dated June 07, 2016(**Annexure-CRHX2**) had confirmed the findings of the investigation. Hexaware, further stated that w.r.t. entry of change in name from Oriental Insurance to Pradeep Rathod neither physical copy of request for change of name nor any entry in the back office of Noticee 1 was available in the records of Noticee 1 or any documents in connection with this request was available with them. Hexaware also stated that there was no communication from Noticee 1 and no request for entry in the register of transfer and register of deletion was received by the company relating to transfer of shares/change in name from Oriental Insurance to Pradeep Rathod. Further, it could not even trace the documents related to request for dematerialization.

393. Thus, it is alleged that the shares of Oriental Insurance were siphoned off by Pradeep Rathod in connivance with the officials of Noticee 1 (specifically Noticee 3) who illegally transferred the shares in the name of Pradeep Rathod by way of modifying entry in the electronic records without any supporting documents and or taking any approval from the company.

Fraudulent transactions in the matter of Mr. R.S. Sawant (Folio Number- 01788892, HXHX- Hexaware Technologies Limited)

394. SEBI observed that in the Folio No. –01788892 (Code-HXHX- Hexaware Technologies Limited) (Screenshot is placed at **Annexure-SP50**), the Folio Name is shown as Raju Landge. The folio holds 160 shares (share certificate No. 14819; distinctive no. 1468671 to 1468750, share certificate no. 58985; distinctive no. 289519055 to 289519134) but

there is no other entry in the back office software module of Noticee 1, except dividend in the name of Raju Landge from issue dates 10/06/2004 to 20/11/2015. It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions.

395. SEBI observed that Hexaware *vide* its reply dated June 07, 2016 (**Annexure-CRHX2**) stated that as per the replies of Noticee 1, folio no. - 01788892 was originally held by Mr. R.S. Sawant for 20 shares (before demerger of Hexaware from Aptech). It provided screenshot from Noticee 1 back office whereby the name of Mr. R.S.Sawant was shown as against folio no. - 01788892 (Aptech Limited) as on September 30, 1999. SEBI observed that on May 17, 2000, the name of Mr. Raju Landge was shown in the folio no. - 01788892 (Aptech Limited). As on June 10, 2004, SEBI observed from the back office of Noticee 1 that after demerger of Hexaware from Aptech, Raju Landge held 16 shares in the folio no. - 01788892 (Hexaware) but it does not have any documents or particulars to substantiate the above transactions. SEBI observed that in the year 2005, pursuant to split of shares from face value of Rs. 10 to Rs. 2, Raju Landge held 80 shares in the folio no. - 01788892 (Hexaware) as on November 12, 2005. Further, in the year 2011, company issued bonus shares in the ratio 1:1 and accordingly the aforesaid shares became 160 from 80 shares. It further stated that there was no data or entry available with Noticee 1's office relating to transfer of shares/change in name of shareholder from Mr. R.S. Sawant to Mr. Raju Landge and as the matter is old the company also could not locate any such record.

396. It is alleged that shares belonging to R.S.Sawant were illegally siphoned by Mr. Raju Landge in connivance with officials of Noticee 1 who facilitated the transfer without passing any entry in back office records. Further, it is also alleged that Noticee 1 has failed to maintain proper records w.r.t. the transactions.

Fraudulent transactions in the matter of Mr. Rajesh Jhaveri (Folio Number-01788922, HXHX- Hexaware Technologies Limited)

397. SEBI observed that in the Folio No. - 01788922 (Screen Print placed at **Annexure-SP51**), the Folio name shows that Raju Landge was holding 160 shares of Hexaware Technologies Limited (certificate no 14822; distinctive 1468911 to 1468990, certificate no 58988; distinctive no 289519295 to 289519374), howerver,there is no other entry in the back office software module of Noticee 1 except dividend records in the name of Raju Landge from issue date 10/06/2004 to 20/11/2015. It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions in this regard.

Hexaware *vide* its reply dated June 07, 2016 (**Annexure-CRHX2**) explained that the original shareholder of shares w.r.t. folio no. - 01788922 (Aptech Limited) was Mr. Rajesh Jhaveri and the shares were transferred fraudulently to Mr. Raju Landge exactly in the same manner as described above for folio no. - 01788892 of Mr. R.S.Sawant. The relevant screenshot of the folios provided by the company was a part of its reply.

398. It is alleged that in this matter the shares belonging to one original shareholder Mr. Rajesh Jhaveri were illegally siphoned by Mr. Raju Landge in connivance with officials of Noticee 1 who facilitated the transfer without passing any entry in front office records. Further, Noticee 1 has failed to maintain proper records w.r.t. the transactions.

It was observed that these folios are the same folios which correspond to the similar folios in Code-AFAF & APAP. Therefore, the conclusion can be arrived at with respect to these folios.

399. Valuation of share misappropriated on replacement cost basis in this matter is as follows:

Sr. No.	Shares transferred to	Value of the share as on date of siphoning	Value of the share as on October 10, 2016

1	320 shares (160 each from folio no. 01788892 and 01788922) of Hexaware Technologies Limited misappropriated by Noticee 3 through Raju Landge.	Exact date not available.	Rs. 59312 (Price @ NSE Rs. 185.35)

Note: It may be noted that in the said two similar folios of APAP there were 40 shares each, then there was demerger of HXHX and ATAT from APAP. For 40 shares of APAP, the shares became 24 each for ATAT (5:3 Demerger) and 16 each for APAP later HXHX (5:2 Demerger). The 16 shares of HXHX later became 80 shares due to the 10:2 share split on 28-04-2005, and further, the said 80 shares became 160 shares due to the issue of 1:1 bonus shares on 24-02-2011.

Fraudulent transactions in the matter of UTI "India Fund Unit Scheme 1986" (Folio Number- 02752000, HXHX- Hexaware Technologies Limited)

Fraudulent transactions in the matter of UTI "India Fund Unit Scheme 1986" (Folio Number- 02752000, HXHX- Hexaware Technologies Limited)

400. SEBI observed that in the Folio No. - 02752000 (Screen Shot placed at **Annexure-SP52**) (Code-HXHX- Hexaware Technologies Limited), the back office software module of Noticee 1 shows dividend was being issued to UTI "India Fund Unit Scheme 1986" on 36,600 shares of Hexaware from issue date 10/06/2004 to 12/11/2005. Dividend records pertaining to issue date 03/8/2006 are shown in the name of Satyam Brush Industries on 27,100 shares. In between, through updation no. - 4548 on 03/11/2006 there was change of name of the folio (through change in address field) from Satyam Brush Industries to Suresh Unavane. Dividend from issue date 19/4/2007 to 20/11/2015 shows in the name of Suresh Unavane on 17,100 shares. As per the last records reviewed, Suresh Unavane was holding 17,100 shares in the aforesaid folio. It is alleged that Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of UTI "India

Fund Unit Scheme 1986", at another time in the name of Satyam Brush Industries and at another time in the name of Suresh Unavane and Pradeep M. Rathod, all the aforesaid being different entities.

An explanation for the above transfers and documents such as communications with Noticee 1, minutes of the "share transfer committee" for approval of transfer *etc.* were summoned by SEBI and in reply thereof Hexaware *vide* its reply dated June 07, 2016 stated that there was no data or records available with Noticee 1's office relating to transfer of shares/change in name of shareholder from UTI to Satyam Brush Industries /Suresh Unavane. There was no entry of transfer in the back office software of Noticee 1. Further, Hexaware also submitted that there was no communication received from Noticee 1 and no entry in register of transfer and register of deletion received by the company relating to transfer of share/change in name of shareholder w.r.t. folio no. - 02752000.

401. In the Folio No. - 02752000 (Code-HXHX- Hexaware Technologies Limited) on 03/07/2006, new share certificates were printed against old share certificates by splitting the share certificates. The details of the share certificates which were printed are as below:

Inward No	Original Certificate No.	New Certificate No.	Dist No From	Dist No To	Creation Date	No of Shares
447	36451	49427	3801206	3810705	03/07/2006	9500
		49428	3810706	3815705	03/07/2006	5000
		49429	3815706	3820705	03/07/2006	5000
		49430	3820706	3825705	03/07/2006	5000
		49431	3825706	3830705	03/07/2006	5000
		49432	3830706	3835705	03/07/2006	5000
		49433	3835706	3837805	03/07/2006	2100

SEBI observed from the share certificates print reconciliation/control register (**Annexure–OD87**) that the certificate no. 49426 and 49650 were printed on June 19, 2006 and

November 03, 2006, respectively, while entry for certificate no. - 49427 to 49433 was missing.

SEBI sought details from the company regarding whether the said new printed share certificates were received by the company for signature, and if yes, provide the copies of (i) the communication received by the company, (ii) copy of communication sent by the company after signature (including PoD), (iii) copy new share certificates *etc.* In its reply *vide* letter dated June 07, 2016 (**Annexure-CRHX2**), Hexaware stated that the said share certificates were neither received by the company for signature nor any communication was received by the company from Noticee 1 regarding the said share certificates. It also stated that there were no records available with Noticee 1 relating to issuance of new share certificates. Further, as per the details obtained from the systems of Noticee 1, share certificate no. - 49427 was submitted by Mr. Pradeep Rathod for dematerialization *vide* DRN No. - 566897 and certificate no. - 49430 & 49431 was submitted by Mr. Suresh Unavane *vide* DRN no. - 594973.

402. Folio No. - 02752000 (Code-HXHX- Hexaware Technologies Limited) dematerialized 9500 shares (Distinctive no 3801206 to 3810705) on 25/07/2006 in demat account no. - IN300513-11049708 of Pradeep Rathod. The extract of demat account transactions are as below:

DP ID/ Client ID	First Holder Name	First Holder Pan	ISIN	Scrip Name	Date	Order No	Description	Debit	Credit
IN300513 11049708	PRADEEP M RATHOD	AADPR5838A	INE093A01033	HEXAWARE TECHNOLOGIES LIMITED EQ NEW FV RS.2/-	25-Jul-2006	566897	By dematerialisation	0	9,500
					21-Nov-2006	19883931	To CM SVS SECURITIES PVT LTD, ROLLING MKT LOT / 0607164	9,500	0

The DRF dated 14.07.2006 provided by NSDL *vide* email dated January 05, 2017 (**Annexure-OD88**), shows that the share certificate no. - 49427 was dematerialized.

403. Extract of ledger statement of Pradeep Rathod as provided by broker SVS Securities *vide* email dated June 01, 2016 (**Annexure-OD105**) is as below:

Date	Ref No	Narration	Debit	Credit	
22/11/2006	200108	Y16406 BSE-Y2006164BILL POSTING GR.Y2006164		17,37,680.79	Sale of 9500 shares of Hexaware.
22/11/2006	19893	BC32ICICI-5381	1678854.25		Paid to client.

404. Analysis of fund flow in the bank account of the entities is as below:

Date	Transferor Name	Transferor Bank a/c No	Chq .No.	Amount	Transferee Name	Transferee Bank a/c No	Remark
23/11/2006	SVS Securities		306585	1678854.25	PRADEEP RATHOD	SBBJ 51010536110	As per SVS Securities' email dated June 01, 2016 and State Bank of Bikaner and Jaipur's letter dated Oct 07, 2016 (Annexure-BRSTMT; Page no. - 259)
08/08/2006	PRADEEP RATHOD	Union Bank of India 316002010070270	155717	3,00,000.00	Noticee 8	Bharat Co-op Bank 001810100008368	As per Bharat Co-op Bank's email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397), and Union Bank of India's letter dated May 11, 2016 (Annexure-BRMISC; Page no. - 171)
09/08/2006	Noticee 8	Bharat Co-op Bank 001810100008368		3,00,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Noticee 3 (Annexure-BRBCBL; Page no. - 222).
21-11-2006	PRADEEP RATHOD	Union Bank of India 316002010070270	166009	1,00,000.00	Noticee 8	Bharat Co-op Bank 001810100008368	As per Bharat Co-op Bank's email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397) and Union Bank of India's letter dated May 11, 2016 (Annexure-BRMISC; Page no. - 170)
24/11/2006	Noticee 8	Bharat Co-op Bank 001810100008368	155643	1,00,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Noticee 3 (consolidated credit for amount received from Suresh

Date	Transferor Name	Transferor Bank a/c No	Chq .No.	Amount	Transferee Name	Transferee Bank a/c No	Remark
							and Anil; Annexure-BRBCBL- Page no. - 222)
30-11-2006	PRADEEP RATHOD	Union Bank of India 316002010070270	166010	2,00,000.00	The Noticee 8	Bharat Co-op Bank 001810100008368	As per Bharat Co-op Bank's email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397) and Union Bank of India's letter dated May 11, 2016 (Annexure-BRMISC; Page no. - 170)
08/12/2006	The Noticee 8	Bharat Co-op Bank 001810100008368		2,00,000.00	The Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Noticee 3 (consolidated credit for amount received from Suresh and Anil; Annexure-BRBCBL; Page no. - 221)
23/10/2006	PRADEEP RATHOD	SBBJ 51010536110	950906	2,00,000.00	Noticee 8	Bharat Co-op Bank 001810100008368	As per Bharat Co-op Bank's email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397) and SBBJ letter dated Oct 07, 2016 (Annexure-BRSTMT; Page no. - 261)
28/10/2006	Noticee 8	Bharat Co-op Bank 0Q181010000836 8	155645	25,000.00			Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page no. - 180).
28/10/2006	Noticee 8	Bharat Co-op Bank 001810100008368	155644	150,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Noticee 3 (Annexure-BRBCBL; Page no. - 222).
11/11/2006	Noticee 8	Bharat Co-op Bank 001810100008368		25,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Noticee 3 (Annexure-BRBCBL; Page no. - 222).
24/11/2006	PRADEEP RATHOD	SBBJ 51010536110	950908	7,00,000.00	Noticee 8	Bharat Co-op Bank 001810100008368	As per Bharat Co-op Bank email dated January 15, 2016 (Annexure-BRBCBL; Page no. - 397) and SBBJ letter dated Oct 07, 2016 (Annexure-BRSTMT; Page no. - 259)
27/11/2006	Noticee 8	Bharat Co-op Bank 001810100008368		600,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Noticee 3 (Annexure-BRBCBL; Page no. - 222).
27/11/2006	Noticee 8	Bharat Co-op Bank 001810100008368	214286	90,000.00			Withdrawn in cash as reflected in account statement (Annexure-BRBCBL; Page no. - 180).
28/11/2006	PRADEEP RATHOD	SBBJ 51010536110	950914	1,95,510.00	Noticee 8	Bharat Co-op Bank 001810100008368	As per Bharat Co-op Bank's email dated Jan 15, 2016 (Annexure-BRBCBL; Page no. - 397) and SBBJ letter dated Oct 07, 2016 (Annexure-BRSTMT; Page no. - 259).

Date	Transferor Name	Transferor Bank a/c No	Chq .No.	Amount	Transferee Name	Transferee Bank a/c No	Remark
30/11/2006	Noticee 8	Bharat Co-op Bank 001810100008368		215,000.00	Noticee 3	Bharat Co-op Bank 001810100014802	As reflected in account statements of Anil (Annexure-BRBCBL; Page no. - 180) and Noticee 3 (Annexure-BRBCBL; Page no. - 221).

405. In reply to SEBI summons, Pradeep Rathod submitted a reply through his advocates Legal Juris *vide* letter dated June 27, 2016 (**Annexure-LIR8**). Pradeep Rathod stated that he bought the shares from certain individuals on the written assurance of Noticee 3, subject to the condition that the sum of the shares will be paid to the respective shareholders after transfer of shares in his name, getting it dematerialized and selling the same in open market after deducting certain sum from the sale proceeds. He further stated that he purchased 9,500 shares of Hexaware from one Anil CJ. A certificate dated June 14, 2006 (**Annexure-OD89**) was issued by Noticee 1 (signed by Noticee 3) stating that Anil CJ is the holder of 9,500 shares of Hexaware on the share certificate no. - 36451 (Distinctive Nos. 3801206 to 3810705). He further stated that the said share certificate was sent for transfer in his favour and then the same was also dematerialized in his demat account. He then sold the said shares on November 20, 2006 in market for Rs. 17,37,680.79/- and later paid Rs. 16,95,510/- to Anil CJ *vide* total 6 cheques which was debited from his bank accounts on August 08, 2006, November 21, 2006, November 30, 2006, October 23, 2006, November 24, 2006, November 28, 2006. SEBI observed from the documents submitted by Pradeep Rathod that the share certificate for 9,500 shares transferred to Pradeep Rathod as per transfer deed dated July 3, 2006 (**Annexure-OD90**) bore share certificate number 36451 (Distinctive Nos. 3801206 to 3810705) while the share certificate number submitted for dematerialization was 49427 (issued in lieu of the 36451) (DRF form and copy of the certificate placed at **Annexure-OD91**). SEBI also observed that the share certificate no. 49427 was issued in the name of Pradeep Rathod

on June 26, 2006 and as per documents submitted by him, he submitted it to Noticee 1 for transfer on July 04, 2006 (**Annexure-OD92**).

It is alleged that Pradeep Rathod did not submit a copy of share certificate no. 36451 while Noticee 1, Anil and Noticee 3 did not cooperate with the investigation at all. If share certificate no. - 36451 was transferred to Pradeep Rathod following due process then there would not have been any need for printing another share certificate no. 49427 in the name of Pradeep Rathod. It is alleged that Noticee 1/ Noticee 3 got the share certificates re-printed and kept it with themselves for attempting forgery and later printed the said share certificates in the name of the person who agreed to help them in the forgery in this case *i.e.*, Pradeep Rathod. SEBI observed that if Pradeep was a genuine buyer, he should have got the same shares transferred in his name, as per the normal process after buying it from a seller. It is alleged that these multiple transactions have been executed to conceal the audit trail. SEBI also observed that the shares were sold by Pradeep Rathod and the said amount for purported consideration was paid by Pradeep Rathod to Anil CJ after months of getting the shares transferred in his name. SEBI observed that it is hard to believe any sound person will agree to sell shares on aforesaid terms and conditions and without any agreement recording such terms and conditions, unless it is for the purpose of sharing money obtained from corrupt means. Thus, it is alleged that the Pradeep Rathod's submissions are false and misleading and the documents are alleged to be forged and he was fully hand in glove with Noticee 3 in the conspiracy of fraudulent transfer of shares. Therefore, it is also alleged that Pradeep Rathod's inconsistent explanations are just "afterthoughts" and attempts to hide the truth of fraudulent transfers and his connivance with Noticee 3 for the said fraudulent transactions. SEBI alleged that he was very well aware about the suspicious/ fraudulent nature of the transactions from very beginning, and therefore, he obtained an indemnity bond from Noticee 3 (**AnnexureOD69**). It is alleged that Noticee 3 had used the above circuitous transactions for "layering" and creating "smoke screen" for fraudulent

transactions so that audit trail becomes convoluted and any future investigation/inspection to detect the same becomes difficult.

406. It is alleged that Suresh Unavane, as stated earlier, fraudulently siphoned off shares belonging to UTI held in Folio No. - 02752000 (Code-HXHX- Hexaware Technologies Limited). He dematerialized 10000 shares (Distinctive no 3820706 to 3825705 and Distinctive no. 3825706 to 3830705) in his demat account no. - IN300513-13271158 on 09/01/2007. The extract of demat account transactions in the scrip of Hexaware Technologies Limited EQ New FV Rs.2/- (INE093A01033) are as below:

DP ID/ Client ID	First Holder Name	First Holder Pan	Date	Order No	Description	Opening Balance	Debit	Credit	Closing Bal
IN300513271158	SURESH UNAWANE	AAXPU3881C	09-Jan-2007	594973	By Dematerialisation	0	0	10,000	10,000
			12-Jan-2007	21981124	To CM IDFC SECURITIES LIMITED, NORMAL / 2007009	10,000	2,500	0	7,500
			25-Jan-2007	22527100	To Noticee 5 IN30051312967502	7,500	2,500	0	5,000
			25-Jan-2007	22527101	To Noticee 5 IN30051312752672	5,000	2,500	0	2,500
			16-Apr-2007	25132427	To CM SHAREKHAN LIMITED, NORMAL / 2007070	2,500	1,000	0	1,500
			13-Jun-2007	27381570	To CM SHAREKHAN LIMITED, NORMAL / 2007110	1,500	1,000	0	500
			05-Mar-2011	1000095920	By HEXAWARE BONUS 1 FOR 1	500	0	500	1,000
			25-Sep-2012	1000001381 9548	To Noticee 5 IN30051312752672	1,000	1,000	0	0

407. Extract of ledger statement of Suresh as provided by broker Share Khan vide email dated May 03, 2016(**Annexure-OD49**) is as below:

CompNm	DocDt	DocRef	ChqNo	Narr	DrAmt	CrAmt	RunBal	
NSE Cash	16/01/2007	SJV/NR/ 20070091		Bill for trade dates 12/01/2007 To 12/01/2007 Settlement - NSENR2007009	0	464716.48	-464716.48	Sale of 2500 shares of Hexaware
NSE Cash	18/01/2007	BP/2007 01/14590	890775	For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-01-18	464716	0	-0.48	Paid to client
NSE Cash	18/04/2007	SJV/NR/ 20070701		Bill for trade dates 16/04/2007 To 16/04/2007 Settlement - NSENR2007070	0	181278.28	-180908.99	Sale of 1000 shares of Hexaware
NSE Cash	19/04/2007	BP/2007 04/13764	1106525	For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-04-19	175000	0	-5908.99	Paid to client
NSE Cash	15/06/2007	SJV/NR /20071101		Bill for trade dates 13/06/2007 To 13/06/2007 Settlement - NSENR2007110	0	164785.82	-170358.93	Sale of 1000 shares of Hexaware
NSE Cash	18/06/2007	BP/20070 6/16589	1252473	For bank transfer withdrawal. Bank : ICICI Bank by instruction number 1 dated 2007-06-18	165000	0	-5358.93	Paid to client

408. Analysis of the fund flow in the bank account of the entities is as below:

Date	Transferor Name	TransferorBank a/c No	Chq. No.	Amount	Transferee Name	TransfereeBank a/c No	Remark
18/01/2007	Sharekhan		890775	464,716.00	Suresh Unawane	ICICI Bank 623801517792	As reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
19/01/2007	Suresh Unawane	ICICI Bank 623801517792	761632	45,000.00	Noticee 5		Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
19/01/2007	Suresh Unawane	ICICI Bank 623801517792	761633	200,000.00	Noticee 5	ICICI Bank 623801115552	(Annexure-BRICIC; Page no. - 27)
20/01/2007	Suresh Unawane	ICICI Bank 623801517792	761634	45,000.00	Noticee 5		Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
25/01/2007	Suresh Unawane	ICICI Bank 623801517792	761635	40,000.00	Noticee 5		Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
02/02/2007	Suresh Unawane	ICICI Bank 623801517792	761637	35,000.00	Noticee 5		Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
14/02/2007	Suresh Unawane	ICICI Bank 623801517792	761638	45,000.00	Noticee 5		Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
19/04/2007	Sharekhan		1106525	175,000.00	Suresh Unawane	ICICI Bank 623801517792	As reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
20/04/2007	Suresh Unawane	ICICI Bank 623801517792	761643	47,000.00	Noticee 5		Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
23/04/2007	Suresh Unawane	ICICI Bank 623801517792	761644	45,000.00	Noticee 5		Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
23/04/2007	Suresh Unawane	ICICI Bank 623801517792	761645	85,000.00	Noticee 5	ICICI Bank 623801115552	(Annexure-BRICIC; Page no. - 26)

Date	Transferor Name	TransferorBank a/c No	Chq. No.	Amount	Transferee Name	TransfereeBank a/c No	Remark
18/06/2007	Sharekhan		1252473	165,000.00	Suresh Unawane	ICICI Bank 623801517792	As reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
20/06/2007	Suresh Unawane	ICICI Bank 623801517792	850801	25,000.00	Noticee 5		Withdrawn in cash, as reflected in statement of Unavane (Annexure-BRICIC; Page no. - 444)
20/06/2007	Suresh Unawane	ICICI Bank 623801517792	850802	140,000.00	Noticee 5	ICICI Bank 623801115552	(Annexure-BRICIC; Page no. - 26)

It is alleged that the proceeds of the sale are actually going to Noticee 5. Suresh Unavane vide his statement dated September 20, 2016 (**Annexure-SR3**) submitted that Noticee 5 & Noticee 3 were carrying out transactions in his accounts and all money & shares belong to them. Noticee 5 vide his statement dated September 27, 2016 admitted the facts stated by Suresh and also admitted carrying out above transactions in the account of Suresh. He also stated that he has not paid any consideration for the acquisition of the said shares. Further the bonus shares in the matter has also came through Noticee 3. It is alleged that shares has been siphoned off by Noticee 3& Noticee 5 through the use of their proxy Suresh Unavane.

409. SEBI observed that in the Folio No. - 02752000 (Code-HXHX- Hexaware Technologies Limited) there is record for dematerializing of 17100 shares (certificate no 70726; Distinctive no. - 290661220 to 290678319) on 15/04/2011through Rectification Entry in transfer "tab/window" but no record for demat account details where the same has been dematerialized. There was no such certificate or distinctive nos. as mentioned above in this folio which were dematerialized by rectification entry on 15/04/2011. Thus, it is alleged that the shares were acquired from some other source before dematerializing in this folio.

410. SEBI observed that in reply to SEBI queries, Hexaware vide their letter dated June 07, 2016 (**Annexure-CRHX2**) stated that share certificate no. - 70726 for 17100 shares were issued to Suresh Unavane as bonus shares in respect of 17100 shares held in this folio. Further, vide their reply dated April 22, 2016 hexaware has stated that they have

authorized officials of Noticee 1 to sign share certificates w.r.t. bonus issue of 2011. The certified copy of the board resolution for the same was also provide by them as part of their reply. Thus it is alleged that the share certificate w.r.t. 17100 shares dematerialized by Suresh is the bonus shares illegally issued to him by the Noticee 1. It is also alleged that the certificate would have been signed by the Noticee 1 officials because of which it did not come to company. Further, it is alleged that Noticee 1 has not maintained proper records for the transactions esp. substantive transactions like addition of shares in a folio due to bonus issue and demat account details in which shares were dematerialized.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of Mr. G.R.Rao(**Annexure-SR12**) that the name of the folio no. - 02752000 was changed from UTI "India Fund Unit Scheme 1986" to Suresh Unavane on 29/06/2006 then from Suresh Unavane to Pradeep Rathod on 03/07/2006 then from Pradeep Rathod to Satyam Brush Industries on 03/11/2006 and then from Satyam Brush Industries to Suresh Unavane on 08/12/2006 by User "edp" login Terminal id "SUNIT". It is alleged that same folio has been changed indiscriminately from one name to another name multiple times by making changes in electronic record.

SEBI observed from the Annual Return data submitted by Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12), that in 2005 the folio no. 02752000 with 7320 shares was in the name of UTI "India Fund Unit Scheme 1986. In 2006 the folio with 36600 shares was in the name of Pradeep Rathod. The same folio was reported in the name of Suresh Unavane with 17,100 shares in the transaction file of Annual return for the year 2007, 2008 and 2009 but in transaction file of 2007 it was reported that Suresh Unavane has dematerialized 9500 shares in the same folio. SEBI also observed that in all the above years there was no entry in transaction file of the year w.r.t. the said folio except mentioned above. (Screen Shot of Annual Return data placed at **Annexure-ARSP25**). Thus, it is alleged that proper records have not been maintained by Noticee 1.

411. In addition to the demat transactions in the scrip of Hexaware in the demat account of Suresh, Pradeep and Noticee 5 as mentioned earlier the following suspicious demat transactions were observed in the demat account of Nagesh Karkera:

DP_ID/ CLIENT _ID	FIRST_H OLDER_ NAME	DAT E	DESCRIPTIO N	OPEN BAL	DEBI T	CRED IT	CLOS BAL	Remarks
IN30011 811396 782	Nagesh Karkera	16/04 /2011	By Bonus Issue	0	0	23305	23305	Sold in market through broker Alankit Assignment
IN30011 811396 782	Nagesh Karkera	15/04 /2013	To Nagesh KarkeraIN300 513 20939266	15000	15000	0	0	Balance transferred to another account
IN30051 3	Nagesh Karkera	15/04 /2013	By Nagesh Karkera IN300118 11396782	0	0	15000	15000	From this account again sold in the market through broker Sharekhan

Noticee 5 vide his statement dated September 27, 2016(**Annexure-SR1**) submitted that the buy and sell transactions in the above account of his brother Nagesh Karkera were carried out by him. He stated that he has basically sold the shares (and some day trading) received through Noticee 3 as in other matters and the bonus shares are w.r.t. the said shares only. SEBI observed that Nagesh vide his letter dated October 01, 2016 stated that all transactions in his demat/bank account are being carried out by Noticee 3 and Noticee 5 has also admitted that Noticee 3 & he was carrying out demat/bank transactions in the accounts of Nagesh. Noticee 5 further stated that all money/shares in the bank/demat account of Nagesh actually belongs to him and Noticee 3. To ascertain the source of 23305 shares deposited in the demat account of Nagesh while he had no shares in his account as on the date of bonus, NSDL was asked to provide various data/information/documents vide email dated December 02, 2016. NSDL replied vide email dated December 08, 2016 (**Annexure-OD63**) that they had executed credit corporate actions for bonus option cases on April 16, 2011 on the instruction of Hexaware/its R&T Agent. They also submitted the copy of communication received from

Hexaware and RTA-Sharepro. Clarification about the above allotment was also sought from the company Hexaware which replied vide email dated November 15, 2016 (**Annexure-CRHX3**) that some of the physical shareholders bonus shares after being allotted to them were by rectification entry shown as dematerialized on 15/04/2011 and some of the suspicious entries found by the company are as follows:

Sr. No	Folio No.	Name of Shareholder	Holding as on 25/02/2011 (Record Date)	Holding as on 11/03/2011 (Allotment Date)	Holding as on15/04/ 2011
1	02753537	Canara Bank Trustee Canbank Mutual Fund	2285	4570	2285
2	02753847	Canara Bank Trustee Canbank Mutual Fund	3920	7840	3920
3	02752000	Suresh Unawane	17100	34200	17100
Total			**23305**	**46610**	**23305**

Hexaware also submitted that that exact number of shares i.e. 23305 in number are appearing in the name of Nagesh Narayan Karkera (who appears to be connected person) having folio number IN300118 11396782 as on22/04/2011.

In this regard,SEBI alllegd that the shares allotted to Nagesh in bonus option are also siphoned off from some genuine investors and as per explanation by the company part of the same is from folio number 02753537 (2285 shares) & 02753847 (3920 shares). SEBI also observed that there is record of dematerialization of 17100 shares from misappropriated folio 02752000 but the demat account details are not mentioned. Hexaware vide their earlier reply dated June 07, 2016 has submitted that 17100 bonus shares from the folio has been allotted to Suresh Unavane. It is alleged that the Noticee 1 has through falsification of records and misrepresentation to the company & NSDL got the 17100 bonus shares credited to the demat account of Nagesh Karkera though the physical folio as on the date was in the name of Suresh Unavane (through earlier fraudulent falsification of records).

412. In view of the foregoing in the matter of folio 02752000 (UTI India Fund Unit Scheme 1986), it is alleged that the entities Pradeep Rathod, Suresh Unavane and Nagesh

Karkera have fraudulently misappropriated the shares. It is also alleged that if there had been genuine transfer of shares there would not have been any need of re-print as old certificates would have come to the transferees. Further, it is also alleged that if they had received the shares through a genuine transfer, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to them and their signatures would have been attached to these new folios. There would not have been any need of modification in records through back end system modification entities. It is also alleged that the Noticee 1 has not only failed to maintain proper record of the transactions but also deliberately falsified the records to facilitate the fraud. It is also alleged that the Noticee 1 has changed the folio from the name of one investor to another sequentially in violation of Secretarial Standards and their own policy & practice as explained by The Noticee 2 vide statement dated January 28, 2016 (Annexure-SR15). It is also alleged that the Noticee 1 also allotted shares in demat form as bonus option to entities though the physical shares never belonged to them. It is alleged that all these falsification of records and failure to maintain records was carried out as The Noticee 3 was the client manager and vice president at Sharepro. It is also alleged that the The Noticee 3, The Noticee 5, The Noticee 8, Pradeep Rathod are the direct beneficiaries of the fraud. While Suresh and Nagesh are admittedly name lenders to The Noticee 3/The Noticee 5. It is also alleged that the Noticee 1 has facilitated the fraud.

413. Valuation of Shares misappropriated on replacement cost basis in this matter

Sr. No	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	9500 shares (19000 Post 1:1 Bonus on 24-02-2011) of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Pradeep Rathod by printing entry dated 03/07/2006	Value= Rs. 1272050(Price @ NSE Rs. 133.90)	Value= Rs. 3521650(Price @ NSE Rs. 185.35)

Sr. No	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
2	10000 shares (20000 Post 1:1 Bonus on 24-02-2011) of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by The Noticee 3/The Noticee 5 through Suresh Unavane by printing entry dated 03/07/2006 and demat on 09/01/2007	Value= Rs. 1339000(Price @ NSE Rs. 133.90)	Value= Rs. 3707000(Price @ NSE Rs. 185.35)
3	17100 shares of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by The Noticee 3/The Noticee 5 through Suresh Unavane on 29/06/2006 and still held in the folio	Value= Rs. 2250360 (Price @ NSE Rs. 131.60)	Value= Rs. 3169485 (Price @ NSE Rs. 185.35)
4	17100 Bonus shares of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by The Noticee 3/The Noticee 5 through Nagesh Karkera by printing entry dated 03/07/2006 and demat on 15/04/2011	Value= Rs. 2289690(Price @ NSE Rs. 133.90)	Value= Rs. 3169485 (Price @ NSE Rs. 185.35)
5	2285 Bonus shares of Hexaware Technologies Limited misappropriated by The Noticee 3/The Noticee 5 through allotment to Nagesh Karkera from Folio No. - 02753537 (Canara Bank Trustee Canbank Mutual Fund) on 15/04/2011	Value= Rs. 305961.5 (Price @ NSE Rs. 133.90)	Value= Rs. 423524.75 (Price @ NSE Rs. 185.35)
6	3920 Bonus shares of Hexaware Technologies Limited misappropriated by The Noticee 3/The Noticee 5 through allotment to Nagesh Karkera from Folio No. - 02753847 (Canara Bank Trustee Canbank Mutual Fund) on 15/04/2011	Value= Rs. 524888 (Price @ NSE Rs. 133.90)	Value= Rs. 726572 (Price @ NSE Rs. 185.35)

Non compliance with summons

414. It is alleged that G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Apple Finance Ltd, Aptech Ltd, and Hexaware Technologies Limited:

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016

Date	Summons No	Annexure No	Remarks
04/07 /2016	MIRSD2/DB/SD/ SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07 /2016	MIRSD2/DB/SD/ SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07 /2016	MIRSD2/DB/SD/ SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06 /2016	MIRSD2/DB/SD/ 17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04 /2016	MIRSD2/LS/2016 /12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04 /2016	MIRSD2/LS/2016 /10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03 /2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03 /2016	MIRSD2/DB/OW/ 2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03 /2016	MIRSD2/OW/P/2 016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03 /2016	MIRSD2/DB/SD/ SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02 /2016	MIRSD2/OW/201 6/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02 /2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.

Date	Summons No	Annexure No	Remarks
12/02 /2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12 /2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12 /2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

However, it is allegd that the Noticee 1 and The Noticee 2 failed to co-operate with investigation and did not comply with the Summons.

The Noticee 5

415. The Noticee 5 was issued below mentioned summons. While he later appeared before Investigating Authority, he did not fully comply with the summons and failed to reply properly to the questions regarding how the 10980 shares of Aptech Limited and 10000 shares of Hexaware Technologies came in the account of Suresh Unavane which he was operating. He also failed to explain how bonus shares w.r.t. the Hexaware shares were received by them. Similarly he could not explain the bank account transactions of his own account and account of his proxy entities (Suresh Unavane, Nagesh Karkera, Raju Landge, Narayan Devadiga etc) with Anand Bhalakia(the Noticee 7), The Noticee 18, The Noticee 2, Akhil Dalal(The Noticee 6), The Noticee 4 except that The Noticee 3 knows about the transactions

Date	Summons No	Annexure No	Remarks
10/05/ 2016	MIRSD2/DB/SD/SSIL /13605/16	Annexure-SPK1	Extension granted for all earlier summons. Remained undelivered. Pasted outside his home by his broker Sharekhan Limited in the presence of two witness and taken pictures. Informed to SEBI vide letter dated June 22, 2016. Also delivered by his broker Kotak Securities Limited by pasting as well as on the registered email Id of his son The Noticee 14 who duly acknowledged the same. Letter of brokeRs. at Annexure-S5 &S6

Date	Summons No	Annexure No	Remarks
12/04/2016	MIRSD2/SD/2016/11047 in the name of Satyam Brush		Regarding transactions in his bank account. Delivered by post.
04/01/2016	MIRSD2/DB/LS/SSIL/OW/280/16	Annexure-SPK2	Reminder to December 08, 2015. Hand delivered to The Noticee 3 on 07/01/2016
04/01/2016	MIRSD2/DB/LS/SSIL/OW/262/16	Annexure-SPK3	Reminder to December 08, 2016. Delivered by post at two addresses.
08/12/2015	Hand Delivery	Annexure-SPK4	Details w.r.t. transfer of dividend to Satyam Brush illegally in the matter of Tata Communications Limited. Other details e.g. bank account/demat account, relation with G.R.Rao, assets, any other dividend or shares of others transferred to him etc. Hand Delivered to The Noticee 3 on 09//12/2015
08/12/2015	OW/34023/2016	Annexure-SPK5	Details w.r.t. transfer of dividend to Satyam Brush illegally in the matter of Tata Communications Limited. Other details e.g. bank account/demat account, relation with G.R.Rao, assets, any other dividend or shares of others transferred to him etc. Delivered through Professional Courier.

416. It is also alleged that The Noticee 8 failed to comply with the below mentioned summons:

Date	Summon No	Annexure No	Remarks
14/06/2016	Letter from CDSL	Annexure-SAJ	CDSL informed that The Noticee 8 has refused to reply about various facts under investigation and contained in SEBI order dated March 22, 2016. Hence they have terminated the service of their employee i.e. The Noticee 8.
10/05/2016	MIRSD2/DB/SD/SSIL/13677/2016	Annexure-SAJ1	Delivered by post to Advocate Arun Panicker who vide letter dated April 22, 2016 informed that all records atthe Noticee 1 are Seized by EOW because of which his client (The Noticee 8) cannot reply. SEBI Vide Letter No 13677/2016 informed him that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients vide Letter no. - MIRSD2/DB/SD/SSIL/13684/2016.
10/05/2016	MIRSD2/DB/SD/SSIL/13684/2016	Annexure-SAJ2	
13/04/2016	MIRSD2/DB/SD/SSIL/11145/2016	Annexure-SAJ3	Extension of Time Sought vide letter dated April 01, 2016 for the Summons.Extension granted vide this letter. Delivered through post
29/03/2016	MIRSD2/DB/SD/OW/9074/2016	Annexure-SAJ4	SEBI order 22/03/2016 and Summons 01/03/2016 through CDSL. CDSL hand delivered on 29/03/2016 and informed us vide letter dated 31/03/2016
29/03/2016	Forwarding letter MIRSD2/DB/SD/SSIL/9152/2016 and Summon No MIRSD2/DB/SD/SSIL/9156/2016	Annexure-SAJ5	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc. also details w.r.t. transactions in his bank account, dividend received etc. Delivered through post.

Date	Summon No	Annexure No	Remarks
01/03/2016	MIRSD2/DB/SD/SSIL/6100/2016	Annexure-SAJ6	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc. also details w.r.t. transactions in his bank account, dividend received etc. No acknowledgement.

417. It is alleged that Pradeep Rathod(Noticee 16) furnished misleading replies to the below mentioned summons as explained above:

Date	Summons No	Annexure No	Remarks
April 12, 2016	MIRSD2/LS/2016/10977	Annexure-SPR	w.r.t. his transactions in the shares various companies and other details.

418. Summary of violations w.r.t. Apple Finance Limited, Aptech Limited and Hexaware Technologies Limited (the Noticee 1 Back office codes AFAF, APAP, ATAT and HXHX) and applicable regulatory provisions are as below:

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
1	the Noticee 1	Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons	Section 11C (2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI(RegistraRs. to an Issue and Share Transfer Agents) Regulations, 1993{"RTA" Regulations"}, Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations. SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001
2	The Noticee 2	Committed fraud, False and misleading statements to IA, Non compliance with summons, Beneficiary of fraud, Vicarious liability	Section 11C(2)and 11C(3) of SEBI Act , 1992 ,Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	The Noticee 3	Committed fraud, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
5	The Noticee 8	Committed fraud, Beneficiary of fraud, Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
9	The Noticee 5	Committed fraud by using the accounts of different conduits, False and misleading statements to IA, Beneficiary of fraud	Section 11C (2), 11C(3)and 11C(5) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
10	The Noticee 16	Committed fraud, Beneficiary of fraud, False and misleading statements to IA	Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

J. Company Name: Larsen and Toubro Limited (the Noticee 1 Back Office Code-LNLN) (herein after referred to as 'L&T')

Fraudulent transactions in the matter of Pangal Anant Nayak (Folio Number-P37593, LNLN- Larsen and Toubro Limited)

419. SEBI observed from back office systems of the Noticee 1 thatthe Folio No. - P37593 (Screen Shot placed at **Annexure-SP53**) is shown in name of Ratnakar Loku Poojary with current holding as "nil" shares of L&T. SEBI also observed that the dividends records from Aug 2002 and Aug 2003 are shown in name of Pangal Anant Nayak of Mangalore. All other dividends shown in name of Ratnakar Loku Poojary. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Pangal Anant Nayak and at another time in the name of Ratnakar Loku Poojary, a different entity.

SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (**Annexure-SR12**), that in 2005 the folio no P37593 with 435 shares was in the name of Pangal Anant Nayak while in Annual return for 2006 the folio has been omitted altogether. However, SEBI observed that in transaction file for the year 2006, it was reported that Ratnakar Loku Poojary has dematerialized 435 shares from the said folio. SEBI also observed that there are no entries in the transaction file of 2005. (Screen Shot of Annual Return data placed at **Annexure-ARSP26**)

420. In reply to SEBI summons dated March 28, 2016 (**Annexure-SLN1**), L&T vide their letter dated April 07, 2016(**Annexure-CRLN1**) submitted that from their records they did not find any entry for transfer of the shares from Mr. Pangal Nayak to Mr. Ratnakar Poojary. L&T further, stated that this is apparently case of change of name in the same folio and there are no records with the company either requesting or approving the said name change and it is alleged that the said name change has been done at the level of the Noticee 1 without informing the company. L&T vide their letter dated April 04, 2016(**Annexure-CRLN2**) has informed that for normal transfer the Noticee 1 process the application of shareholders and send the "transfer register" to the company for approval. The company places the matter before Share Transfer Committee of Executives of the share transfer. L&T further stated that authority to sign new share certificates is not given tothe Noticee 1.

421. SEBI further observed that in the Folio No. - P37593 (Code-LNLN- Larsen and Toubro Limited) 435 shares (Certificate No. 165832; Dist No. from 9883143 to 9883577) were dematerialized in demat account no IN300239-11671917 on 16/08/2006 vide inward no. 404725.

422. The extract of demat account transactions subsequent to the above mentioned demat are as below:

DPID/ CLIENT ID	FIRST HOLDER NAME	DATE	DESCRIPTION	OPENING BAL	DEBIT	CREDIT	CLOSING BAL
IN3002391 1671917	Ratnakar Loku Poojary	16/08/2006	By Dematerialisation	0	0	435	435
IN3002391 1671917	Ratnakar Loku Poojary	23/08/2006	To Govind Raj Rao IN30075710703472	435	150	0	285
IN3002391 1671917	Ratnakar Loku Poojary	10/10/2006	By L & T BONUS 1-1	285	0	285	570
IN3002391 1671917	Ratnakar Loku Poojary	26/03/2008	To Govind Raj Rao IN30075710703472	570	22	0	548
IN3002391 1671917	Ratnakar Loku Poojary	02/05/2008	To P.S.JAYASHREE[AAFPJ3283P]1301740000036772	548	100	0	448

DPID/ CLIENT ID	FIRST HOLDER NAME	DATE	DESCRIPTION	OPENING BAL	DEBIT	CREDIT	CLOSING BAL
IN3002391 1671917	Ratnakar Loku Poojary	02/05/2008	To MARIA ELENA CASYAB [ACOPC7922M]1204470000 180035	448	50	0	398
IN3002391 1671917	Ratnakar Loku Poojary	26/08/2008	To Govind Raj Rao IN30075710703472	398	47	0	351
IN3002391 1671917	Ratnakar Loku Poojary	01/10/2008	To SUNANDA DAYANAND JATHANIN30023912635786	351	351	0	0
IN3002391 2635786	Sunanda Dayanand Jathan (ABSPJ9617R)	01-Oct-2008	By RATNAKAR LOKU POOJARY IN30023911671917	0.0	0.0	351	351
IN3002391 2635786	Sunanda Dayanand Jathan (ABSPJ9617R)	14-Oct-2008	By LARSEN AND TOUBRO Ltd. BONUS	351	0.0	351	702
IN3002391 2635786	Sunanda Dayanand Jathan (ABSPJ9617R)	19-Nov-2008	To GOVIND RAJ RAO IN30075710703472	702	100	0.0	602
IN3002391 2635786	Sunanda Dayanand Jathan (ABSPJ9617R)	02-Feb-2009	To GOVIND RAJ RAOIN300757 10703472	602	80	0.0	522
IN3002391 2635786	Sunanda Dayanand Jathan (ABSPJ9617R)	25-Mar-2009	To GOVIND RAJ RAOIN300757 10703472	522	522	0.0	0.0

SEBI also observed from NSDL email dated November 29, 2016 (**Annexure-OD44**) that the same shares certificate number and distinctive numbers are mentioned on the DRF w.r.t. demat of 435 shares by Ratnakar Poojary on 16/08/2006 as seen in the Noticee 1 system. Further, NSDL has informed that Depository Participant was unable to locate DRF/RRF w.r.t. the transactions of G.R.Rao.

423. Ratnakar Loku Poojary was asked to submit various information/documents vide Summons MIRSD2/LS/2016/10988dated 12/04/2016 and summon no MIRSD2/DB/SD/SSIL/13514/2016 dated May 09, 2016. Ratnakar Loku Poojary replied vide letter dated May 19, 2016(**Annexure-LIR6**). He has stated that The Noticee 2 is his neighbor at his native place and he has requested him for holding some shares of L&T Limited. The shares were given in physical form and dematerialized in his demat account. He further stated that the said 435 shares were transferred back to Mr. G.R.Rao's demat account "DPID30075710703472 " as he was not able to handle this activity on his instruction. Ratnakar Loku Poojary further, admitted that he has neither received nor paid

any consideration to anyone. As observed from the above table that Ratnakar Loku Poojary has submitted false information as he has not only transferred to G.R.Rao's demat account but to other entities as well and he has not provide any information/documents w.r.t. the same. Thus, it is alleged that Ratnakar Loku Poojary was acting as front for The Noticee 2 by getting shares belonging to other investor fraudulently transferred in his name, demating the same and transferring the same to The Noticee 2 and other entities. Further, he has received 285 as bonus shares on October 10, 2006 i.e. during the period when he hold the said siphoned off shares but he has not stated anything about the same.

424. From the bank account statement of Ratnakar Poojary SEBI observed that there are dividends received from shares of L&T Limited. The details are as below:

Date	Transferor Name	TransferorBank a/c No	Chq.No.	Amount	Transferee Name	TransfereeBank a/c No	Remark
29/08/2006	L&T Dividend			9,570.00	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-305)
16/09/2006	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	965840	10,000.00			Withdrawn in cash (Annexure-BRSTMT; Page-305)
07/04/2007	L&T Dividend			6270	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-305)
07/04/2007	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	869605	7000			Withdrawn in cash (Annexure-BRSTMT; Page-305)
25/07/2007	L&T			1140	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-303)
28/08/2007	L&T			1140	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-303)
04/09/2007	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	869610	1800			Withdrawn in cash (Annexure-BRSTMT; Page-303)

Date	Transferor Name	TransferorBank a/c No	Chq.No.	Amount	Transferee Name	TransfereeBank a/c No	Remark
02/09/2008	L&T Dividend			5970	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	As per bank statement of Ratnakar Poojary (Annexure-BRSTMT; Page-299)
05/09/2008	Ratnakar Loku Poojary	Indian Overseas Bank 033001000015641	196948	5900			Withdrawn in cash (Annexure-BRSTMT; Page-299)

In view of the above it is alleged that Ratnakar Loku Poojary has received the dividend on the shares which did not belong to him and he has withdrawn the amount in cash to avoid audit trail w.r.t. the sharing the same with other entities involved in the matter.

425. In reply to SEBI summons, Sunanda Jathan vide letter dated June 30, 2016 (**Annexure-LIR5**) submitted that Ratnakar Poojary is her cousin and her husband Dayanand Jathan is employee of the Noticee 1 while she does not know Pangal Anant Nayak. She submitted that to compensate for any kind of damage/mistake, in the business transactions of the Noticee 1, few shares of Larson & Toubro Ltd. were purchased by The Noticee 2 and kept in the account of Ratnakar Poojary. Later, when difficulties were felt in co-ordinating with Mr. Poojary a new account in her name was opened on the instruction of The Noticee 2 and all shares were transferred by Ratnakar to her account. She further, stated that she has neither paid nor received any monetary benefit for the said transactions. She also stated that to compensate effected parties for mistakes while processing the transfer/demat requests shares were transferred from Ratnakar/her account to the account of The Noticee 2 who ultimately compensated to the effected parties. She also submitted a copy of office note dated October 31, 2008 approved by The Noticee 2 whereby it was decided to transfer shares to one entity viz. Shobhana S. Kini (**Annexure-OD93**). It is alleged that it was Dayanand Jathan(The Noticee 11) who was carrying on such kind of illegal transactions in the account of her wife in co-ordination with The Noticee 2 otherwise a office note of the Noticee 1 cannot come in the possession

of wife of an employee. Moreover, it is that the said office note clearly indicates that Dayanand would be acting at the behest of G R Rao in the matter. As seen from the course of events, Dayanand carried out the instructions of The Noticee 2 through his wife, Sunanda Jathan. It is also alleged that the submissions of Sunanda are also misleading in the sense that she stated that the shares were purchased by The Noticee 2 and kept in their account while actually the shares were fraudulently siphoned off shares. It is alleged that if the shares were purchased by The Noticee 2 he could have well kept in his account and there would not have been any need of help from Dayanand/Sunanda and Ratnakar Poojary to create a smoke screen for the fraudulent transactions of G.R.Rao.

426. The demat transactions in the demat account of The Noticee 2 and physical transactions in the Folio No. - 76500878 (LNLN; as per the back office record of the Noticee) in the name of The Noticee 2 are as below:

Demat transactions

DP ID/ Client ID	First Holder Name	Date	Description	Opening bal	Debit	Credit	Closing bal
IN30 0757 1070 3472	Govind Raj Rao	8/23/2006	By Ratnakar Loku Poojary IN300239 11671917	10	0	150	160
IN30 0757 1070 3472	Govind Raj Rao	9/14/2006	To Rematerialisation	160	145	0	15
IN30 0757 1070 3472	Govind Raj Rao	10/10/2006	By L & T Bonus 1-1	15	0	15	30
IN30 0757 1070 3472	Govind Raj Rao	3/26/2008	By Ratnakar Loku Poojary IN300239 11671917	30	0	22	52
IN30 0757 1070 3472	Govind Raj Rao	8/26/2008	By Ratnakar Loku Poojary IN300239 11671917	52	0	47	99

DP ID/ Client ID	First Holder Name	Date	Description	Opening bal	Debit	Credit	Closing bal
IN30 0757 1070 3472	Govind Raj Rao	10/14/2008	By Larsen And Toubro Ltd. Bonus	99	0	99	198
IN30 0757 1070 3472	Govind Raj Rao	10/27/2008	By BOISL Direct Delivery Account 1100001 000012414	198	0	125	323
IN30 0757 1070 3472	Govind Raj Rao	10/27/2008	By CM Var Shares And Stocks Pl, Rolling Mkt Lot / 0809142	323	0	5	328
IN30 0757 1070 3472	Govind Raj Rao	11/07/2008	To Anant Bhimsen JoshiIN300888 14564980	328	130	0	198
IN30 0757 1070 3472	Govind Raj Rao	11/19/2008	By Sunanda Dayanand Jathan IN300239 12635786	198	0	100	298
IN30 0757 1070 3472	Govind Raj Rao	12/24/2008	To Shobhana KiniIN300513 16966206	298	100	0	198
IN30 0757 1070 3472	Govind Raj Rao	02/02/2009	By Sunanda Dayanand Jathan IN300239 12635786	198	0	80	278
IN30 0757 1070 3472	Govind Raj Rao	3/25/2009	By Sunanda Dayanand Jathan IN300239 12635786	278	0	522	800
IN30 0757 1070 3472	Govind Raj Rao	6/17/2009	To Manohar Lala Bhatia [AAVPB5633R] 12044700 00737436	800	160	0	640
IN30 0757 1070 3472	Govind Raj Rao	6/17/2009	To SanjayBhatia [AAVPB5632Q] 13041400 03413721	640	100	0	540
IN30 0757 1070 3472	Govind Raj Rao	6/17/2009	To Framroze K. BatliboiIN300749 10915755	540	64	0	476

DP ID/ Client ID	First Holder Name	Date	Description	Opening bal	Debit	Credit	Closing bal
IN30 0757 1070 3472	Govind Raj Rao	6/21/2010	To Dinesh Vrijlal LakhaniIN301151 22008380	476	476	0	0
IN30 0757 1070 3472	Govind Raj Rao	8/16/2010	By Dematerialisation	0	0	112	112
IN30 0757 1070 3472	Govind Raj Rao	8/24/2010	To Dinesh Vrijlal LakhaniIN301151 22008380	112	110	0	2
IN30 0757 1070 3472	Govind Raj Rao	1/13/2011	By CM ICCL Direct Delivery Account, Rolling Mkt Lot / 1011201	2	0	40	42
IN30 0757 1070 3472	Govind Raj Rao	02/04/2011	To Remateri alisation	42	40	0	2
IN30 0757 1070 3472	Govind Raj Rao	11/23/2012	By Dinesh Vrijlal LakhaniIN301151 22008380	2	0	586	588
IN30 0757 1070 3472	Govind Raj Rao	7/17/2013	By Bonus Allotment	588	0	294	882
IN30 0757 1070 3472	Govind Raj Rao	12/03/2014	To Kamlesh Ramanlal Shah [AAGPS8126H] 12041300 00004262	882	150	0	732
IN30 0757 1070 3472	Govind Raj Rao	8/14/2015	To Mahesh Kumar Modani IN30133021268770	732	150	0	582

Physical Transactions

TRAN_ NO	TRN_ DATE	APP_ DATE	SEL_ FOLIO	SEL_ NAME	BUY_ FOLIO	BUY_NAME	CERT_ NO	DIST_ FR	DIST_ TO	SHAR ES	TRN_TYPE
500097	22/09/ 2006	21/09/ 2006	NSDL LN01	NSDL	7650 0878	Govind Raj Rao	9000001	2504 059	2504 203	145	Remat

800008	30/09/2006	29/09/2006	7650 0878	Govind Raj Rao	7044 1870	Sharadaben Ambubhai Patel	185794	2504 179	2504 203	25	Rectification
2849	01/08/2007	06/08/2007	7650 0878	Govind Raj Rao	7655 5079	Malathi R Pai	309600	2504 099	2504 120	22	Transfer
800056	07/08/2008	07/08/2008	7650 0878	Govind Raj Rao	G46 494	Ganesh Krishnaji Apte	185793	2504 154	2504 178	25	Rectification
800034	13/03/2009	12/03/2009	7650 0878	Govind Raj Rao	M09 846	Monkombu Sambasivan Swaminathan	185791	2504 059	2504 098	40	Rectification
800034	13/03/2009	12/03/2009	7650 0878	Govind Raj Rao	M09 846	Monkombu Sambasivan Swaminathan	415018	2504 121	2504 143	23	Rectification
800034	13/03/2009	12/03/2009	7650 0878	Govind Raj Rao	M09 846	Monkombu Sambasivan Swaminathan	415019	2504 144	2504 153	10	Rectification

SEBI observed from the demat transactions of The Noticee 2 that he has received the shares from Ratnakar & Sunanda and later in turn transferred the same to various entities. SEBI observed that after rematerialization of 145 shares from the lot of shares received from Ratnakar, The Noticee 2 transferred the shares to different entities as rectification entries. It was also noted that the certificate number of the shares transferred to these entities are different than the certificate on which shares were rematerialized. It is allegedthat new certificates were printed before the said transfers The re-printing details are as below:

Inw_no	Orig certif icate no	New certif icate no	Dist no from	Dist no to	Folio no	Creation date	No of shares
731	9000001		2504059	2504203	76500878	30/09/2006	145
731		185791	2504059	2504098	76500878	30/09/2006	40
731		185792	2504099	2504153	76500878	30/09/2006	55
731		185793	2504154	2504178	76500878	30/09/2006	25
731		185794	2504179	2504203	76500878	30/09/2006	25
1169	185792		2504099	2504153	76500878	27/07/2007	55
1169		309600	2504099	2504120	76500878	27/07/2007	22
1169		309601	2504121	2504153	76500878	27/07/2007	33
2019	309601		2504121	2504153	76500878	24/02/2009	33
2019		415018	2504121	2504143	76500878	24/02/2009	23
2019		415019	2504144	2504153	76500878	24/02/2009	10

It is alleged that the shares certificates were repeatedly re-printed before transfers to obscure the audit trail.

427. It was alleged that The Noticee 2 has siphoned off below mentioned dividends w.r.t. shares misappropriated from Pangal Nayak through Ratnakar Poojary and Sunanda Jathan:

(i) It is noted that Larsen and Toubro declared dividends as follows:

Sr. No.	Ex Dividend Date as per Company Website	Dividend %	Face Value in Rs.	Dividend per Share
1	28/03/2007	550	2	11
2	17/07/2007	100	2	2
3	14/08/2007	100	2	2
4	20/08/2008	750	2	15
5	18/08/2009	525	2	10.5

(ii) The following table shows holding of shares of Larsen and Toubro Limited w.r.t. siphoned shares of Pangal Nayak as reflected in his demat account IN30075710703472 as on different dates.

Date	Description	Opening bal of demat account	De bit	Credit	Closing bal of demat account	Balance of Shares borne out of 435 Shares misappropriated through Ratnakar
23/08/2006	Received From Ratnakar Loku Poojary	10	0	150	160	150
14/09/2006	Rematerialised	160	145	0	15	5
10/10/2006	Received Due To 1:1 Bonus	15	0	15	30	10
26/03/2008	Received From Ratnakar Loku Poojary	30	0	22	52	32
26/08/2008	Received From Ratnakar Loku Poojary	52	0	47	99	79
14/10/2008	Received Due To 1:1 Bonus	99	0	99	198	158
19/11/2008	Received From Sunanda Dayanand Jathan	198	0	100	298	258
24/12/2008	Transferred To Shobhana Kini	298	100	0	198	158
02/02/2009	Received From Sunanda Dayanand Jathan	198	0	80	278	238

25/03/2009	Received From Sunanda Dayanand Jathan	278	0	522	800	760
17/06/2009	Transferred To Manohar Lala Bhatia	800	160	0	640	600
17/06/2009	Transferred To SanjayBhatia	640	100	0	540	500
17/06/2009	Transferred To Framroze K. Batliboi	540	64	0	476	436
21/06/2010	Transferred To Dinesh Vrijlal Lakhani	476	476	0	0	0

(iii) Calculation of dividend siphoned by The Noticee 2 with respect to above shares is given below:

Sr. No.	Ex Dividend Date as per Company Website	Total Demat Holding	Demat shares borne out of 435 shares siphoned off	Total Dividend received by GR Rao as reflected in his bank account (in Rs.)	Dividend Pertaining to 435 shares initially siphoned off (in Rs.)
1	28/03/2007	30	10	330	110
2	17/07/2007	30	10	60	20
3	14/08/2007	30	10	60	20
4	20/08/2008	52	32	780	480
5	18/08/2009	476	436	4998	4578

Thus it is alleged that, The Noticee 2 siphoned off total dividend of Rs. 5208 received with respect to his demat holding of shares misappropriated by Ratnakar/Sunanda and transferred to GR Rao. Above dividends were encashed by GR Rao in his Bank of Baroda account no. 05880100006349 (**Annexure-BRSTMT; Page-828-861**).

(iv) Further, the physical shareholding of The Noticee 2 and dividend on the same as per the Noticee 1 system are as below:

FOLIO	WARRANT_NO	DIV_DECL_SR_NO	HOLDER_NAME	CATEGORY 1_SHARES	NET_AMOUNT	MICR	ISSUE_DATE	PAID_DATE	PAID_SERIAL_NO	PAID_BOOK_NO	IS_IT_WARRANT
7650 0878	139 845	81	Govind Raj Rao	240	2640	13458	30/03/2007	4/13/0007	8944	31	WR
7650 0878	133 784	101	Govind Raj Rao	240	480	64141	25/07/2007	9/1/0007	1588	32	WR
7650 0878	141 164	121	Govind Raj Rao	218	436	62404	28/08/2007	13/09/2007	24	1693	WR
7650 0878	213 875	141	Govind Raj Rao	193	2895	106763	02/09/2008	25/09/2008	1344		WR

7650 0878	262 852	161	Govind Raj Rao	56	588	110670	01/09/2009	04/09/2009	3228	0	WR
7650 0878	243 134	181	Govind Raj Rao	56	700	207451	30/08/2010	03/09/2010			WR
7650 0878	268 637	201	Govind Raj Rao	56	812	183979	30/08/2011	03/09/2011	119081		WR
7650 0878	286 922	221	Govind Raj Rao	56	924	175023	28/08/2012	03/09/2012			WR
7650 0878	295 172	261	Govind Raj Rao	84	1035.72	160296	26/08/2013	29/08/2013			WR
7650 0878	272 836	262	Govind Raj Rao	84	1197	118564	26/08/2014	30/08/2014	1454569119		WR
7650 0878	281 684	282	Govind Raj Rao	84	1365	119371	11/09/2015	17/09/2015	1556175390		WR

(v) Therefore, the calculation of dividend by GR Rao with respect to physical shares of siphoned off shares of Pangal Nayak are given below:

Sr. No.	Ex Dividend Date as per Company Website	Total Physical Shares Holding	Physical shares holding borne out of 435 shares siphoned off	Total Dividend received by GR Rao as reflected in his bank account (in Rs)	Dividend Pertaining to 435 shares initially siphoned off(in Rs.)
1	28/03/2007	240	120	2640	1320
2	17/07/2007	240	120	480	240
3	14/08/2007	218	98	436	196
4	20/08/2008	193	73	2895	1095

(vi) Thus, it is alleged that GR Rao siphoned off total dividend of Rs. 2851 received with respect to his physical holding of shares misappropriated by Ratnakar and transferred to GR Rao. Above dividends were encashed by GR Rao in his Bank of Baroda account no. 05880100006349 (**Annexure-BRSTMT; Page-828-861**) except for the last one. It was encashed in his Bank of Baroda account no. 05880100017660 (**Annexure-BRSTMT; Page-778-827**). Thus, G.R. Rao received dividend amounting to Rs. 8059 (Rs. 2851+Rs. 5208) on the shares he misappropriated through Ratnakar Loku Poojary and Sunanda Jathan.

Therefore, it is alleged that The Noticee 2 has not only siphoned off shares belonging to other investors but also received dividend due to them. Information/explanation regarding the above mentioned transactions were sought from The Noticee 2 vide various summons wheras Noticee 2 failed to submit any information.

428. It is also alleged that shares belonging to Pangal Ananth Nayak were misappropriated by The Noticee 2 with the help of front entities like Ratnakar Poojary, Sunanda Jathan and with the help of the Noticee 1 employee Dayanand Jathan. The said shares were later transferred by him from the account of Ratnakar or his own account to different entities for unknown consideration. It is alleged that even the shares received as bonus shares on the siphoned off shares were also misappropriated.

SEBI observed that as per the statement of The Noticee 2 dated February 15, 2016 (**Annexure-SR11**), there is no signature record for the folio no P37593 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee 1 nor such data subsequently available with the Noticee and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee 1. It is alleged that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is alleged that the Noticee 1 has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases. It is alleged that all these failure on part of the Noticee 1 is to facilitate illegal transactions of its MD i.e. G.R.Rao. It is also alleged that the company also failed to exercise adequate due diligence on the activities of the Noticee 1.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	435 shares (2610 shares Post 1:1 bonus on October 2006, 1:1 bonus on October 2008 and 1:2 Bonus on July 2013) of Larson & Toubro Ltd. belonging to Pangal Nayak misappropriated vide demat entry on 16/08/2006 by	Value= Rs. 1035996 (Price @ NSE Rs. 2,381.60)	Value= Rs. 3784500 (Price @ NSE Rs. 1,450)

	G.R.Rao, with help from Ratnakar Loku Poojary, Sunanda Jathan and Dayanand Jathan		

430. **Non compliance with summons**

G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Larson & Toubro Ltd. However, it is alleged that the Noticee 1 and GR Rao failed to comply:

Date	Summons No	Annexure No	Remarks
04/11 /2016	MIRSD2/DB/LS/SSIL/ 30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 o 2011.
04/11 /2016	MIRSD2/DB/LS/SSIL/ 30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07 /2016	MIRSD2/DB/SD/SSIL/ 18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07 /2016	MIRSD2/DB/SD/SSIL/ 18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07 /2016	MIRSD2/DB/SD/SSIL/ 18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06 /2016	MIRSD2/DB/SD/1753 2/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04 /2016	MIRSD2/LS/2016/125 27	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04 /2016	MIRSD2/LS/2016/109 03	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03 /2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather

Date	Summons No	Annexure No	Remarks
			and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03 /2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03 /2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03 /2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02 /2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02 /2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02 /2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12 /2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12 /2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

431. Summary of violations and applicable regulatory provisions are as below:

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
1	the Noticee 1	Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) & (2) (p)of SEBI(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market)Regulations, 2003. {Hereinafter PFUTP Regulations, 2003}, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b) & (c) of RTA Regulations,

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
2	The Noticee 2	Committed fraud, Beneficiary of fraud, Non compliance with summons, Vicarious liability	Section 11C(2)and 11C(3) of SEBI Act , 1992. 12A (c) of SEBI Act, 1992, Regulation 3, 4 (1) & (2) (h) of PFUTP Regulations, 2003, 11C (6) of SEBI Act, 1992,
3	The Noticee 11	Committed fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

K. Company Name: Mather and Platt Pumps Ltd. Currently WILO Mather and Platt Pumps Ltd. (the Noticee 1 Back Office Code-MUMU) now delisted

Fraudulent transactions in the matter of LIC Mutual Fund (Folio Number- S0006835, MUMU – Mather and Platt Pumps Ltd.) (hereinafter referred t as 'MPPL')

432. SEBI observed that as per back office system of the Noticee 1 the Folio No. S0006835 (Screen Shot placed at **Annexure-SP54**) is shown in name of Satyam Brush Industries (a proprietary firm owned by The Noticee 5, husband of The Noticee 3, VP of the Noticee) and LIC Mutual Fund is shown as joint holder. There are no entries in other fields except details of 720 shares of Mather and Platt Pumps Ltd. (certificate no 24593; distinctive no 2819558 to 2820277) currently held. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how and when the said shares were acquired by Satyam Brush Industries and also how is it possible that Satyam Brush Industries and LIC Mutual Fund are joint holders

SEBI observed from the Annual Return data submitted by The Noticee 2 vide statement dated March 23, 2016 (Annexure-SR12) that in 2009 and 2010 the folio no S0006835 with 720 shares was in the name of SHCIL. (Screen Shot of Annual Return data placed at **Annexure-ARSP27**)

SEBI observed that as per the statement of The Noticee 2 dated February 15, 2016 (**Annexure-SR11**), there is no signature record for the folio no S0006835 as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee 1 nor such data subsequently

available with the Noticee and same is also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee 1. SEBI observed that "no signature record" cases has acted as catalyst (along with other triggers like transfer of dividend to IEPF after 7 years as no one claimed the dividend) for siphoning of such shares because forgery in transfer of shares in such cases would avoid supervisory/audit scrutiny due to lack of signature record of original investor and comparison of fraudster's signature with the same. It is also alleged that the Noticee 1 has failed to do additional due diligence and exercise of proper skill care in such vulnerable cases.

SEBI observed from the "System Log for Changes in Folio Master" as taken on record vide statement dated March 23, 2016 of The Noticee 2 (**Annexure-SR12**) that the name of the folio no. - S0006835 was changed from SHCIL to Satyam Brush Industries on 06/09/2010 by User "administrator" login Terminal id "CPRABHU". SEBI observed that if The Noticee 5 would have got the shares through a genuine transactions, transfer would have been effected with proper "Transfer entry" and a new folio would have been allotted to him and his signature would have been attached to it.

433. MPPL in reply to SEBI summons dated March 28, 2016 (**Annexure-SMP1**) vide their letter dated April 27, 2016(**Annexure-CRMP1**) stated that as per the records of the company "The Stock Holding Corporation of India" jointly with "Trustee LIC Mutual Fund" were holding 720 shares of the company under the folio-S0006835 and the shares were never acquired or transferred to Satyam Brush Industries. MPPL further stated that there was a Scheme of Arrangement between Allied Centrifugal Pumps Private Limited and Mather and Platt Pumps Limited which was duly sanctioned by High Court in the year 2010. As per the said Scheme of Arrangement the shareholders whose names appear in the register of members as on record date could opt to sell the shares in the exit offer at price of Rs. 275/- for each equity share of Rs. 10/-. Further, the Noticee 1 being the RTA of the company had processed the entitlement to the equity shareholders of the company and it is alleged that while processing the Noticee 1 has fraudulently altered the record of

equity shares from SHCIL (Jointly with LIC) to Satyam Brush Industries in order to claim the entitlement as per the scheme. Accordingly, cheque no. - 2058 dated September 24, 2010 for Rs. 198000/- drawn on Deutsche Bank, Pune was issued in favour of Satyam Brush Industries and same was encashed by Satyam Brush Industries in its Bharat Co-op Bank account no. 001812100026498 on October 14, 2010 (Annexure-BRBCBL; Page No. - 265). The letter from Deustche Bank w.r.t. the above was provide by them (**Annexure-OD95**). They have also lodged police complaint regarding the above fraud by the Noticee 1.

434. In view of the above, it is alleged that the Noticee 1 illegally altered the records in the register of members to favour Satyam Brush industries (firm owned by The Noticee 5) to siphon off shares belonging to SHCIL/LIC. MPPL apparently did not had any record of transfer in favour of Satyam Brush as the changes has been entered in register of members in the back end illegally as discovered by investigation.

The Noticee 5 in his statement dated September 27, 2016 (**Annexure-SR1**) has stated that he is not aware of any such transactions in his account and The Noticee 3 might be aware of the same. Thus, it is alleged that such failure on part of the Noticee 1 had been deliberately orchestrated to allow benefit to The Noticee 3, Vice President and her husband The Noticee 5.

435. It is also alleged that not only the records have been tampered with to indicate Satyam Brush Industries as the shareholder but also that subsequent events such as Satyam Brush Industries offering the 720 shares have not been reflected in the system. Further, it is alleged that records have not been kept properly and fraud has been facilitated by the Noticee and it is also alleged that the Noticee 1 has thus clearly failed in its duty as a share transfer agent. The company has also failed to exercise due diligence over the activities of the Noticee 1.

436. Valuation of Share Misappropriated in this matter

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	720 shares of WILO Mather and Platt Pumps Ltd. misappropriated by Satyam Brush (The Noticee 5) and offered in Exit offer at Rs. 1,98,000/-	198000/-	NA

437. It is alleged that G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of MPPL:

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts

Date	Summons No	Annexure No	Remarks
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extensions sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

However, it is alleged that GR Rao and the Noticee 1 failed to co-operate with investigation and did not comply with the Summons.

438. Summary of violations and applicable regulatory provisions are as below:

Sr. No.	Name of the Entity	Violations	Applicable Regulatory provisions

1	The Noticee 1	Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons	Section 11C(2) and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001)Dated May 09, 2001
2	The Noticee 2	Non compliance with summons, Vicarious liability	Section 11C(2)and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
4	The Noticee 3	Committed fraud, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
5	The Noticee 5	Committed fraud, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

L. Company Name: Artson Engineering Limited (the Noticee 1 Back Office Code- ASAS) (herein after referred to as 'AEL')

Fraudulent transactions in the matter of The Noticee 8(Folio Number- 00390534, ASAS - Artson Engineering Limited)

439. SEBI observed that in the Folio Number: 00390534 of AEL (Screen Print placed at **Annexure-SP55**), the Folio Name is shown as The Noticee 8 but there is no other entry in the Back Office Software Module except transfer tab/window shows that 700 shares (Certificate Nos. 108730 to 108736; Distinctive No. - 8765357 to 8766056) were dematerialized on 13/04/2007. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions. The extract of demat account transaction in the demat account of The Noticee 8 is as below:

DP ID/ CLIENT ID	FIRST HOLDER NAME	ISIN	SCRIP NAME	DATE (MM-DD-YYYY)	DESCRIPTION	OPENING BAL	DEBIT	CREDIT	CLOSING BAL
IN30 1975 1002	The Noticee 8	INE133 D01015	Artson Engg Ltd. Eq	4/14/2007	By Dematerialisation	0	0	700	700

0484									
IN30 1975 1002 0484	The Noticee 8	INE133 D01015	Artson Engg Ltd. Eq	7/25/2007	To CM Ventura Securities Limited, Rolling Mkt Lot / 0708081	700	500	0	200
IN30 1975 1002 0484	The Noticee 8	INE133 D01015	Artson Engg Ltd. Eq	2/29/2008	To Artson Capital Reduction	200	200	0	0
IN30 1975 1002 0484	The Noticee 8	INE133 D01023	Artson Engineering Limited Eq New Re.1/-	2/29/2008	By Artson Capital Reduction	0	0	200	200
IN30 1975 1002 0484	The Noticee 8	INE133 D01023	Artson Engineering Limited Eq New Re.1/-	5/17/2010	ToThe Noticee 8 IN301151 28257835	200	200	0	0
IN30 1151 2825 835	The Noticee 8	INE133 D01023	Artson Engineering Limited Eq New Re.1/-	5/17/2010	By Anil Jathan IN301975 10020484	0	0	200	200
IN30 1151 2825 7835	The Noticee 8	INE133 D01023	Artson Engineering Limited Eq New Re.1/-	6/14/2010	To CM Hdfc Securities Ltd., Rolling Mkt Lot / 1011053	200	150	0	50

SEBI observed that as per the data provided by Ventura Securities vide email dated May 28, 2016(Annexure-OD96) The Noticee 8 sold 500 shares for Rs. 22430/- on July 24, 2007 and the broker made consolidated payment (along with for payment for sale of other shares) to Anil for Rs. 57,625.88/- vide cheque no 100974 on July 26, 2007 which was cleared on August 02, 2007.

440. An extract of ledger statement as provided by HDFC Sec vide email dated August 12, 2016 (**Annexure-OD102**) is as below:

Vdt	Vno	Narration	Debit	Credit	Balance		
14-Jun-10	JV/20100614/5419	N/1011053/14-jun-2010		7,746.00	7,746.00	Cr	Sale of 150 Artson Eng
14-Jun-10	JV/20100614/8896	N/2010110/14-jun-2010	7,149.13		596.87	Cr	Buy of 200 JM Financial

SEBI observed from the "Signature" record of the folio no. - 00390534 taken out from the system of "Signature Verification Department" that the signature attached to the folio is not that of The Noticee 8 (**Annexure-SR11**). Therefore, it is alleged that the internal checks and balances and control system of the Noticee 1 was compromised to transfer

and then demat the shares belonging to one shareholder by another entity. SEBI observed that if Anil would have acquired the shares through genuine transactions then the records would have been properly maintained and his own signatures would have been attached to the said folio.

441. SEBI asked AEL to provide various data/information/documents from their internal records vide SEBI summons no. - MIRSD2/DB/LS/2016/9126 dated March 28, 2016 (**Annexure-SAE1**) and also summons no. MIRSD2/OW/P/2016/8656 dated March 22, 2016. It is alleged that AEL was unable to reply due to non-cooperation of the Noticee 1; however, company submitted audit report enclosing the Demat request of The Noticee 8 along with copy of share certificate from the records of the Noticee 1. From the relevant pages of the report and copy of the share certificates (Nos. 00108730, 00108731, 00108732, 00108733, 00108734, 00108735, 00108736) (**Annexure-OD97**) SEBI observed that the share certificates were issued on December 19, 1994 with name of The Noticee 8 on the face of the certificate. SEBI observed that the IPO of the company was in 1992 and the shares acquired in 1994 by Anil from another investor could have been possible only by way of endorsement. It is alleged that the records has not been maintained properly by the Noticee 1 and shares has been printed & allotted to Anil without any proper record of the transactions. It is also alleged that in this matter the Noticee 1 as well as The Noticee 8 has failed to comply with SEBI summons. In view of the non-cooperation from Anil in the matter and considering his similar behavior in other cases as well as the fact that the signature records indicate a different person, adverse inference is drawn and it is alleged that Anil has misappropriated shares of some investor. It is also alleged that the Noticee 1 has not maintained records properly and has facilitated the fraud. Further, SEBI observed that The Noticee 3 was the client manager of AEL and was responsible for the day to day operations of the share transfer related activities. Thus, it is alleged that such fraudulent transactions by The Noticee 8 who is also brother of The

Noticee 3 could not have happened without the active connivance of The Noticee 3. The company has also not exercised due diligence over the activities of the Noticee 1.

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

Sr. No.	Shares Transferred to	Value of the Share as on date of Siphoning	Value of the Share as on October 10, 2016
1	700 shares of Artson Engineering Limited belonging to unknown investors misappropriated. by The Noticee 8 by demat entry dated 13/04/2007	Value= Rs. 29645(Price @ NSE Rs. 42.35)	Value= Rs. 38605(Price @ NSE Rs. 55.15)

443. **Non compliance with summons**

G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of AEL:

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered to the Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address

Date	Summons No	Annexure No	Remarks
29/04/ 2016	MIRSD2/LS/2016/ 12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/ 2016	MIRSD2/LS/2016/ 10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/ 2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/ 2016	MIRSD2/DB/OW/2 016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/ 2016	MIRSD2/OW/P/20 16/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/ 2016	MIRSD2/DB/SD/S SIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/ 2016	MIRSD2/OW/2016 /6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/ 2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/ 2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/ 2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/ 2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

However, It is alleged that GR Rao and the Noticee 1 failed to co-operate with investigation and did not comply with the Summons.

It is also alleged that The Noticee 8 failed to comply with the below mentioned summons

Date	Summon No	Annexure No	Remarks
14/06/ 2016	Letter from CDSL	Annexure-SAJ	CDSL informed that The Noticee 8 has refused to reply about various facts under investigation and contained in SEBI order dated March 22, 2016. Hence they have terminated the service of their employee i.e. The Noticee 8.
10/05/ 2016	MIRSD2/DB/SD/SSIL/13677/2016	Annexure-SAJ1	Delivered by post to Advocate Arun Panicker who vide letter dated April 22, 2016 informed that all records atthe Noticee 1 are Seized by EOW because of which his client (The Noticee 8) cannot reply. SEBI Vide Letter No 13677/2016 informed him that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients vide Letter no. - MIRSD2/DB/SD/SSIL/13684/2016.
10/05/ 2016	MIRSD2/DB/SD/SSIL/13684/2016	Annexure-SAJ2	
13/04/ 2016	MIRSD2/DB/SD/SSIL/11145/2016	Annexure-SAJ3	Extension of Time Sought vide letter dated April 01, 2016 for the Summons.Extension granted vide this letter. Delivered through post
29/03/ 2016	MIRSD2/DB/SD/OW/9074/2016	Annexure-SAJ4	SEBI order 22/03/2016 and Summons 01/03/2016 through CDSL. CDSL hand delivered on 29/03/2016 and informed us vide letter dated 31/03/2016
29/03/ 2016	Forwarding letter MIRSD2/DB/SD/SSIL/9152/2016 and Summon No MIRSD2/DB/SD/SSIL/9156/2016	Annexure-SAJ5	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc. also details w.r.t. transactions in his bank account, dividend received etc. Delivered through post.
01/03/ 2016	MIRSD2/DB/SD/SSIL/6100/2016	Annexure-SAJ6	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc. also details w.r.t. transactions in his bank account, dividend received etc. No acknowledgement.

444. Summary of violations and applicable regulatory provisions are as below:

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
1	The Noticee 1	Failure to do due diligence, non-maintenance of proper records, Falsification of records, fraudulent and unauthorized transfers, Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p)of PFUTP Regulations, 2003, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations. SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
2	The Noticee 2	Committed fraud, Non compliance with summons, Vicarious liability	Section 11C(2) and 11C (3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	The Noticee 3	Committed fraud, Beneficiary of fraud	Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
4	The Noticee 8	Committed fraud, Beneficiary of fraud,Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003

M. Company Name: Search Chem Industries Ltd. currently UPL Limited (the Noticee 1 Back Office Code-QAQA) (herein after referred to as 'SCIL/UPLL')

Transactions in the matter of Anil C Jathan (Folio Number- 0003633, QAQA – Search Chem Industries Ltd.)

445. SEBI observed from back office system of the Noticee 1 that the Folio No. 0003633 (Screen Shot placed at **Annexure-SP56**) is currently shown in name of Anil C Jathan jointly with The Noticee 9 and having nil holding. There are no entries in other fields except dividend on 200 shares of SCIL in 1997. No details are there to indicate how 200 shares sold or dematerialized. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions in this regard.

446. UPLL vide letter dated April 07, 2016 (**Annexure-CRSC1**) submitted that the said 200 shares were allotted to The Noticee 8 in "Employees Quota" and also submitted copy of application form for the same. They further, stated that the shares were dematerialized by The Noticee 8 in 2002 and copy demat record were provided by them. In view of the above SEBI observed that the shares are genuinely belonging to The Noticee 8. However, it is alleged that the Noticee 1 & The Noticee 8 has failed to maintain proper records for the transactions in the folio in the systems records and also failed to reply to the SEBI summons in this regard.

447. **Non compliance with summons**

G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of SCIL:

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of theNoticee and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016

Date	Summons No	Annexure No	Remarks
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

It is alleged that GR Rao and the Noticee 1 failed to co-operate with investigation and did not comply with the Summons.

It is also alleged The Noticee 8 failed to comply with the below mentioned summons:

Date	Summon No	Annexure No	Remarks
14/06/2016	Letter from CDSL	Annexure-SAJ	CDSL informed that The Noticee 8 has refused to reply about various facts under investigation and contained in SEBI order dated March 22, 2016. Hence they have terminated the service of their employee i.e. The Noticee 8.
10/05/2016	MIRSD2/DB/SD/SSIL/13677/2016	Annexure-SAJ1	Delivered by post to Advocate Arun Panicker who vide letter dated April 22, 2016 informed that all records atthe Noticee 1 are Seized by EOW because of which his client (The Noticee 8) cannot reply. SEBI Vide Letter No 13677/2016 informed him that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients vide Letter no. - MIRSD2/DB/SD/SSIL/13684/2016.
10/05/2016	MIRSD2/DB/SD/SSIL/13684/2016	Annexure-SAJ2	

Date	Summon No	Annexure No	Remarks
13/04/2016	MIRSD2/DB/SD/SSIL/11145/2016	Annexure-SAJ3	Extension of Time Sought vide letter dated April 01, 2016 for the Summons.Extension granted vide this letter. Delivered through post
29/03/2016	MIRSD2/DB/SD/OW/9074/2016	Annexure-SAJ4	SEBI order 22/03/2016 and Summons 01/03/2016 through CDSL. CDSL hand delivered on 29/03/2016 and informed us vide letter dated 31/03/2016
29/03/2016	Forwarding letter MIRSD2/DB/SD/SSIL/9152/2016 and Summon No MIRSD2/DB/SD/SSIL/9156/2016	Annexure-SAJ5	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc. also details w.r.t. transactions in his bank account, dividend received etc. Delivered through post.
01/03/2016	MIRSD2/DB/SD/SSIL/6100/2016	Annexure-SAJ6	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc. also details w.r.t. transactions in his bank account, dividend received etc. No acknowledgement.

448. Summary of violations:

Sr. No.	Name of the Entity	Violations	Applicable Regulatory provisions
1	the Noticee 1	Failure to do due diligence, non-maintenance of proper records, Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act , 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c),3(b)-(d), 4 (1) & (2) (p) of PFUTP Regulations, 2003, Clauses (1), (2), (3), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f), Regulation 6(g) and Regulation 14 (3) (b)& (c) of RTA Regulations
2	The Noticee 2	Vicarious liability, Non compliance with summons	Section 11C(2) and 11C(3) of SEBI Act, 1992. Section 12A(a)-(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)-(d), 4 (1) of PFUTP Regulations, 2003
3	The Noticee 8	Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act , 1992

N. Company Name: The Great Eastern Shipping Limited (the Noticee 1 Back Office Code-G1G1) (herein after referred to as 'TGESL/Company')

Transactions in the matter of Sadashiv Poojary (Folio Number- 31365473, G1G1-The Great Eastern Shipping Limited)

449. SEBI observed that as per the back office system of the Noticee 1 the Folio Number: 31365473 (Screen Shot placed at **Annexure-SP57**), the Folio Name is shown as Sadashiv Poojary but there is no other entry in the Back Office Software Module of the Noticee 1 except that transfer tab/window of the module shows that 11 shares (certificate no 60796; Distinctive Nos. 35854557 to 35854567) were transferred to 31787777 (Suresh Kotian) on 06/01/2004. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions.

450. TGESL vide letter dated April 12, 2016 (**Annexure-CRGE1**) in response to SEBI summons (**Annexure-SGE1**) submitted that Sadashiv Poojary purchased 13 shares (Folio No. - 3135473) in 1998 as below:

Seller Folio	Seller Name	Certificate No	Distinctive Nos	No of Shares	Approval Date
31335418	Laxman poojary Subita LM	1267220	220217377-386	10	03-02-1998
30203879	Kotian LM	113921 5 to 217	214251929-931	03	10-03-1998

TGESL have forwarded a copy of Transfer deed and minutes of "Share Transfer Committee" but stated that they could not locate "Transfer Register". They further stated that pursuant to Scheme of Arrangement (Demerger) in the year 2000 the 13 shares were reduced to 11 and new share certificate no. - 60796 (Distinctive Nos. 35854557-567) was issued on March 21, 2000. SEBI observed that no copy of share certificate or communication/forwarding letter to the shareholder was submitted.

451. In the Folio Number 31365473 (Screen Shot placed at **Annexure-SP57**) (Code-G1G1-The Great Eastern Shipping Limited), the Folio Name is shown as Sadashiv Poojary.

Further, 11 shares (certificate no 60796; Distinctive Nos. 35854557 to 35854567) were transferred to 31787777 (Suresh Kotian) on 06/01/2004.

452. TGESL further, stated that the above 11 shares were later transferred to Suresh Kotian (Folio No. - 31787777) and the same was approved by Share Transfer Committee meeting dated January 06, 2004. Copy of Transfer Deed, and minutes of the meeting was also submitted. It was observed that the company has not submitted copy of the share certificate.

453. Sadashiv Poojary vide his statement dated December 21, 2016 (Annexure-SR17) submitted that he bought the shares from Laxman Poojary who used to work in the Noticee 1 office. He bought the shares in cash and later sold the same in cash to Suresh Kotian who also use to work in Sharepro. As these are old transactions he has no records with him for the same.

However, it is alleged that the Noticee 1 has not only failed to maintain proper electronic records w.r.t. acquisition of shares by Sadashiv but also failed to comply with summons to provide various documents w.r.t. the transactions.

Transactions in the matter of Suresh Kotian (Folio Number- 31787777, G1G1-The Great Eastern Shipping Limited)

454. Folio Number 31787777 (Screen Shot placed at **Annexure-SP58**) (Code-G1G1-The Great Eastern Shipping Limited), (Suresh Kotian) received 9 shares (certificate no. - 61427; distinctive no 36022331 to 36022339) from Folio no. - 31382319 of Sudhakar Anchan on 06/01/2004.

455. TGESL vide their reply dated April 12, 2016 (Annexure-CRGE1) stated that the above 9 shares were transferred from Sudhakar Anchan (Folio No. - 31382319) to Suresh Kotian (Folio No. - 31787777) and the same was approved by Share Transfer Committee meeting dated January 06, 2004. Copy of TD, and minutes of the meeting was also submitted.

SEBI observed that the company has itself stated that they receive TD and share certificate from the Noticee 1 on weekly basis but not submitted copy of the share certificate to SEBI. SEBI also observed that both set of transfer of shares viz. 11 & 9 to Suresh Kotian were done simultaneously and approved in the same share transfer committee meeting. Then Suresh Kotian immediately got the shares dematerialized. It is alleged that the parties to the transactions and the Noticee 1 has also failed to submit various documentary proof for the said transactions as mentioned in the following paragraphs.

456. Various information/documents were sought by SEBI from Sudhakar Anchan w.r.t. the above transactions vide summons no. - MIRSD2/LS/2016/10991 dated April 12, 2016. Sudhakar Anchan replied vide letter dated April 22, 2016 (**Annexure-LIR14**) and June 01, 2016 (**Annexure-LIR16**) respectively through his advocate Arun Panickar. Letter dated April 22, 2016 is common reply for Suresh Kotian and Sudhakar Anchan. He stated that he does not know or have any kind of dealing or relationships or financial transactions with Suresh Kotian, The Noticee 3, The Noticee 2 and The Noticee 5. Sudhakar Anchan further, stated that he transferred the shares as internal transfer in normal course as he does not have demat account. Further, he received consideration but he does not have any record for the same. Sudhakar Anchan has also stated in the letter dated April 22, 2016 that all documents w.r.t.the Noticee 1 is seized by EOW so they are not able to reply.

Another, Summons was issued to Sudhakar Anchan through his Advocate Arun Panicker:

Date	Name	Summon No	Remarks
10/05/2016	Arun Panicker	MIRSD2/DB/SD/ SSIL/13677/2016	Advocate Arun Panicker vide letter dated April 22, 2016 informed that all records at the Noticee 1 are Seized by EOW because of which his client cannot reply. Vide Letter No 13677/2016 informed that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients
10/05/2016	Sudhakar Anchan	MIRSD2/DB/SD/ SSIL/13679/2016	

SEBI observed that the information sought from Sudhakar Anchan is w.r.t. his transactions and documents viz. consideration paid to buy the shares, consideration received on sale is in his custody not the Noticee 1. SEBI further, observed that on what basis Sudhakar Anchan arrived at conclusion that EOW has seized all record is not informed. What effort they have made to secure other documents from the Noticee 1 is not written. SEBI also observed that even in the absence of some of Management personnel of the Noticee 1 (viz. The Noticee 2 and The Noticee 3) functioning of the Noticee 1 as organization was continuing as on the date of the summons and even numerous companies are carrying out audit of their books (as per SEBI order dated March 22, 2016), client are transacting in share transfer related work etc. Further, though Sudhakar Anchan has transferred the shares to Suresh Kotian he has falsely denied knowing or dealing or having any financial transaction with him. EOW in their reply (vide letter No OW No 1866/EOW/UNIT-V/2016 dated July 25, 2016; placed at **Annexure-OD34**) to SEBI submitted the list of documents seized from the office of the Noticee 1. SEBI observed that the said list does not contain any document related to the above mentioned transactions. Thus it is alleged that Sudhakar Anchan has not complied with the SEBI summons and also attempted to mislead the investigation.

457. SEBI observed from back office system records of the Noticee 1, Folio Number 31787777 (Screen Shot placed at **Annexure–SP58**) (Code-G1G1-The Great Eastern Shipping Limited), (Suresh Kotian) dematerialized 9 shares (certificate no. - 61427; distinctive no 36022331 to 36022339) received from Folio no. - 31382319 of Sudhakar Anchan and 11 shares (certificate no 60796; distinctive Nos. 35854557 to 35854567) received from Folio Number: 31365473 in demat account number IN302679-32547247on 27/01/2004.

458. Various information/documents were sought by SEBI from Suresh Kotian w.r.t. the above transactions vide summons no. - MIRSD2/LS/2016/10990 dated April 12, 2016. Suresh Kotian replied vide letter dated April 22, 2016 (**Annexure-LIR14**) and June 01, 2016(**Annexure-LIR15**) respectively through his advocate Arun Panickar. Letter dated

April 22, 2016 is common reply for Suresh Kotian and Sudhakar Anchan. They stated that he does not know or have any kind of dealing or relationships or financial transactions with Sudhakar Anchan, Sadashiv Poojary, The Noticee 3, The Noticee 2 and The Noticee 5. They further, stated that they got the said shares as normal market mechanism and sold the share after dematerializing the same. Further, they does not have any record for the same. Suresh Kotian has also stated in the letter dated April 22, 2016 that all documents w.r.t. the Noticee 1 is seized by EOW so they are not able to reply.

Another Summons to Suresh Kotian was issued through his Advocate Arun Panicker:

Date	Name	Summon No	Remarks
10/05/2016	Arun Panicker	MIRSD2/DB/SD/ SSIL/13677/2016	Advocate Arun Panicker vide letter dated April 22, 2016 informed that all records atthe Noticee 1 are Seized by EOW because of which his client cannot reply. Vide Letter No 13677/2016 informed that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients
10/05/2016	Suresh Kotian	MIRSD2/DB/SD/ SSIL/13678/2016	

SEBI observed that the information sought from Suresh Kotian is w.r.t. his transactions and documents viz. consideration paid to buy the shares, demat transaction, consideration received on sale is in his custody and does not pertain to the Noticee 1. Further, on what basis he arrived at conclusion that EOW has seized all record is not informed. What effort he has made to secure other documents from the Noticee 1 is not written. SEBI also observed that even in the absence of few Management personnel of the Noticee 1 (viz. The Noticee 2 and The Noticee 3) functioning of the the Noticee 1 as an organization was continuing as on the date of summons and even numerous companies are carrying out audit of their books (as per SEBI order dated March 2, 2016), client are transacting in share transfer related work etc. Further though, Suresh Kotian has received the shares from Sadashiv and Suresh Kotian, it is alleged that he has falsely denied knowing or dealing or having any financial transaction with them. EOW in their reply (vide letter No OW No 1866/EOW/UNIT-V/2016 dated July 25, 2016; placed at **Annexure--OD34**) to SEBI submitted the list of documents seized from the office of the

Noticee 1. The said list does not contain any document related to the above mentioned transactions. Thus, it is alleged that Suresh Kotian has not complied with the SEBI summons and attempted to mislead the investigation.

SEBI observed from the statement of The Noticee 2 dated February 15, 2016 (**Annexure-SR11**) that there is no signature record for the folio no 31787777as it is "No Card" case i.e. neither any original data of signature was received from the company at the time of taking over share transfer work by the Noticee 1 nor such data subsequently available with the Noticee 1 and same was also corroborated by Mr. Madhukar J. Kotian of "Signature Verification Department" of the Noticee 1. But the Noticee 1 has failed to comply with summons to provide various documents w.r.t. the transactions.

Non compliance with summons

459. G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of TGESL, however, it is alleged that the Noticee 1 and GR Rao failed to comply:

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat

Date	Summons No	Annexure No	Remarks
			accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

460. It is alleged that Sudhakar Anchan failed to comply with below mentioned summons

Date	Summon No	Annexure No	Remarks
10/05/2016	MIRSD2/DB/SD/SSIL/13677/2016 issued to his Advocate Arun Panicker	Annexure-SSK1	Advocate Arun Panicker vide letter dated April 22, 2016 informed that all records atthe Noticee 1 are Seized by EOW because of which his client cannot reply. Vide Letter No 13677/2016 informed that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients
10/05/2016	MIRSD2/DB/SD/SSIL/13679/2016	Annexure-SSA2	
12/04/2016	MIRSD2/LS/2016/10991	Annexure-SSA3	w.r.t. the transactions of The Great Eastern Shipping Limited

461. Suresh Kotian failed to comply with below mentioned summons

Date	Summon No	Annexure No	Remarks
10/05/2016	MIRSD2/DB/SD/SSIL/13677/2016 issued to his Advocate Arun Panicker	Annexure-SSK1	Advocate Arun Panicker vide letter dated April 22, 2016 informed that all records atthe Noticee 1 are Seized by EOW because of which his client cannot reply. Vide Letter No 13677/2016 informed that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients
10/05/2016	MIRSD2/DB/SD/SSIL/13678/2016	Annexure-SSK2	
12/04/2016	MIRSD2/LS/2016/10990	Annexure-SSK3	w.r.t. the transactions of The Great Eastern Shipping Limited and Mahindra Lifespace Developers Limited

462. Summary of violation and applicable regulatory provisions are as below:

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
1	the Noticee 1	Non compliance with summons, non-cooperation with SEBI	Section 11C(2) and 11C(3) of SEBI Act, 1992, Clauses (17) and (18) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f) of RTA Regulations
2	The Noticee 2	Non compliance with summons, Vicarious liability	Section 11C(2) and 11C(3) of SEBI Act, 1992
3	Sudhakar Anchan	Non compliance with summons, False and misleading statements to IA	Section 11C(2) and 11C(3) of SEBI Act, 1992
4	Suresh Kotian	Non compliance with summons, False and	Section 11C(2) and 11C(3) of SEBI Act, 1992

		misleading statements to IA	

O. Company Name: Mahindra Lifespace Developers Limited (the Noticee 1 Back office Code-G2G2) (herein after referred to as 'MLDL')

Transactions in the matter of Sadashiv Poojary (Folio Number- 40481303, G2G2-Mahindra Lifespace Developers Limited)

463. SEBI observed that in the Folio Number-40481303 (Screen Shot placed at **Annexure-SP59**) of MLDL (Code-G2G2), the Folio Name is shown as Sadashiv Poojary but there is no other entry in the Back Office Software Module of the Noticee 1 except that transfer tab/window of the module shows that 1 share (certificate no 149521; Distinctive Nos. 3980908 to 3980908) was transferred to 41272953 (Suresh Kotian) on 16/03/2004. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain the transactions.

464. Folio Number: 41272953 (Suresh Kotian) of MLDL (Code-G2G2), dematerialized 1 shares (certificate no 149521; Distinctive Nos. 3980908 to 3980908) as the received from folio no. - 40481303 on 16/03/2004 in demat account IN302679-32547247.

The reply of Suresh Kotian is already stated in presiding paragraphs. Sadashiv vide his statement dated December 21, 2016 (Annexure-SR17) submitted that the share was w.r.t. demerger of TGESL. He sold the same in cash to Suresh Kotian who use to work in the Noticee 1 and since these are old transactions, he has no records for the same.

465. In reply to SEBI summons, MLDL vide letter dated March 30, 2016 submitted that the there was one Scheme of Arrangement between MLDL (earlier known as GESCO Corporation Limited) with TGESL which was sanctioned by Bombay High Court vide order dated September 22, 1999. SEBI observed that as per the terms of the order and based on the allotment register, Mr. Poojary who was shareholder of GE Shipping holding 13

equity shares was allotted 1 equity share of the company by way of a circular resolution dated March 21, 2000. Further, w.r.t. transfer of shares from Sadashiv Poojary to Suresh Kotian on March 16, 2004 they stated that the officials of the company approved the transfer on March 16, 2004 as per the authority vested in them vide board resolution dated October 31, 2003. The board took the said transfer on record on meeting held on April 27, 2004. They also enclosed copy of transfer register and copy of delivery receipt as lodged by the Noticee 1. SEBI observed that the current allotment of shares has occurred due to transfer of shares in GE Shipping shares. But the Noticee 1 has failed to comply with summons to provide various documents w.r.t. the transactions.

466. **Non compliance with summons**

G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of Mahindra Lifespace Developers Limited. It is alleged that the Noticee 1 and GR Rao failed to comply.

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered to the Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.

Date	Summons No	Annexure No	Remarks
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

Suresh Kotian failed to comply with below mentioned summons:

Date	Summon No	Annexure No	Remarks
10/05 /2016	MIRSD2/DB/SD/SSIL/13 677/2016 issued to his Advocate Arun Panicker	Annexure-SSK1	Advocate Arun Panicker vide letter dated April 22, 2016 informed that all records atthe Noticee 1 are Seized by EOW because of which his client cannot reply. Vide Letter No 13677/2016 informed that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to clients
10/05 /2016	MIRSD2/DB/SD/SSIL/13 678/2016	Annexure-SSK2	
12/04 /2016	MIRSD2/LS/2016/10990	Annexure-SSK3	w.r.t. the transactions of The Great Eastern Shipping Limited and Mahindra Lifespace Developers Limited

467. Summary of alleged violation and applicable regulatory provisions are as below:

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
1	the Noticee 1	Non compliance with summons, non-cooperation with SEBI	Section 11C(2)and 11C(3) of SEBI Act, 1992, Clauses (17) and (18) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f) of RTA Regulations
2	The Noticee 2	Non compliance with summons , Vicarious liability	Section 11C(2)and 11C(3) of SEBI Act , 1992
3	Suresh Kotian	Non compliance with summons, False and misleading statements to IA	Section 11C(2)and 11C(3) of SEBI Act , 1992

P. Company Name: ISMT Limited (the Noticee 1 Back office Code-IHIH) (herein after referred to as 'ISMTL')

Transactions in the matter of P.D.Pillai (Folio Number- 797018, IHIH-ISMT Limited)

468. SEBI observed that Folio No. - 797018 (Screen Shot placed at **Annexure–SP60**) (IHIH - ISMT Limited) dividend record for issue dates 28/11/2007, 22/09/2008, 10/04/2009, and 21/09/2009 is shown in name of P D Pillai but currently the folio is in name of Munawer Hussain Salodawala with "nil" holding. Further, SEBI also observed that from this folio 400 shares were dematerialized in the demat account no. - IN301313-20831073. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time

in the name of P D Pillai and at another time in the name of Munawer Hussain Salodawala, a different entity.

SEBI observed that the folio is not reported in Annual return files from 2005 to 2010. Thus it is alleged that the Noticee 1 was filing wrong information with the regulators

469. SEBI observed that as per back office system Folio No 797018 (IHIH-ISMT Limited) the following shares were dematerialized in the demat account no. - IN301313-20831073 from the same folio (as per back end data) but there are no details in Back office Module of the Noticee:

Certificate No	Distinctive No From	Distinctive No To	No of Shares	DRN	CONF DATE
2217076	128753626	128753725	100	388542	18/10/2004
2217077	128753726	128753825	100	388542	18/10/2004
2217078	128753826	128753925	100	388542	18/10/2004
2217079	128753926	128754025	100	388542	18/10/2004

SEBI observed from the DWBIS data records that the said Demat account IN301313-20831073 as available in the Noticee 1 records belong to Shankara Narayana Iyer R. not Munawer Hussain Salodawala.

470. In response to SEBI summons dated March 28, 2016 (**Annexure-SIS1**) ISMTL has replied vide letter dated May 14, 2016 (**Annexure-CRIS1**). The company has submitted that above matter is a case of rectification of name of first shareholder and the matter was noticed later at the time of receipt of request from Mr. Munawer Hussain Salodawala for exchange of old share certificates. Hence, the name of the same shareholder was duly corrected under the same folio. They further stated that the dividends has been paid in the correct bank account of Munavar not P.D. Pillai. It was also submitted that it was a case of only name correction/rectification hence the same was not sent to company for approval and subsequently dematerialized by Mr. Munawer.

SBI observed that it is surprising how names differ so much for being a case of "Rectification". SEBI also observed that the shares were dematerialized by a third party viz. Shankara N Iyer R. not even Mr. Munawer. ISMTL submitted further data vide letter

dated July 01, 2016(**Annexure-CRIS2**). SEBI observed from the copy of documents submitted that the shares were genuinely belonging to Munawer who got the same due to some approved scheme of merger. However, name of first holder mistakenly (or otherwise) printed as P.D. Pillai. This mistake was corrected later when Munawer claimed new shares. Further, SEBI observed from the documents that shares were actually dematerialized in demat account no. - IN 300450-13651065 belonging to Munawer not in the demat account mentioned in the records of the Noticee 1. SEBI also observed that the dividend of the shares were issued with the dividend warrant in the name of P.D. Pillai. Various information was sought from ICICI Bank in which the dividend warrants were encashed, they vide email dated September 19, 2016(Annexure-OD98) replied that the bank account number mentioned on the warrants was of Munawer but the name printed was that of P.D.Pillai because of which the amount was transferred to error account. It is alleged that the record maintenance at the Noticee 1 is not proper.

471. G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of ISMT. However, the Noticee 1 and GR Rao failed to comply.

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction

Date	Summons No	Annexure No	Remarks
			pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

472. Summary of alleged violation and applicable regulatory provisions are as below:

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
1	The Noticee 1	Failure to do due diligence, non-maintenance of proper records, Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act, 1992, Clauses (2),(3),(16),(17),18),(20),(25),(28) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f) of RTA Regulations
2	The Noticee 2	Vicarious liability, Non-compliance with summons	Section 11C(2)and 11C(3) of SEBI Act , 1992

Q. Company Name: Zensar Technologies Limited (the Noticee 1 Back Office Code- ICIE) (herein after referred to as 'ZTL/by Name')

Transactions in the matter of Dipak Kumar Mitra (Folio Number- D02204, ICIE - Zensar Technologies Limited)

473. SEBI observed that as per back office system of the Noticee 1, in the Folio No. - D02204 (Zensar Technologies Limited, Code- ICIE) {Screenshot placed at **Annexure-SP61**} dividend records are shown in the name of Dahyabhai Patel till Sep 2002 (Issue date 30/09/2002). Then dividend records are shown in name of Dipak Kumar Mitra from July 2003 onwards. Currently the folio with 164 shares (Certificate no. - 20887; distinctive no 2002176 to 2002200, Certificate no. - 20888; distinctive no 2002201 to 2002225, Certificate no. - 46846; distinctive no 2722413 to 2722444, Certificate no. - 147216; distinctive no 24106189 to 24106270) is in the name of Dipak Kumar Mitra. It is alleged that the Noticee 1 failed to comply with SEBI summons to provide documents to verify the authenticity of the transactions and to explain how same folio was at one time in the name of Dahyabhai Patel and at another time in the name of Dipak Kumar Mitra, a different entity.

474. Dipak Kumar Mitra replied to SEBI summons vide his letter dated May 16, 2016 (**Annexure-LIR13**). He stated that he received shares certificate no. - 0147216 (distinctive no 24106189 to 24106270) against the said folio from ZTL on July 24, 2010.

He further stated that they owned 82 shares of ICIM on Certificate no. - 20887 (distinctive no 2002176 to 2002200), Certificate no. - 20888 (distinctive no 2002201 to 2002225), Certificate no. - 46846 (distinctive no 2722413 to 2722444). These shares were owned by their parents and later transferred to them. The copy of the share certificates issued by ICIM were also provided. He further stated that perhaps the 82 shares of ZTL were allotted to them as against ownership of ICIM and he has not paid anything for the shares.

475. SEBI sought various information/documents from the company vide summons dated March 28, 2016 (**Annexure-SZT1**) w.r.t. the transactions in its shares. ZTL vide letter dated May 11, 2016 replied (based on the submissions of the Noticee 1 to them) that Dahyabhai C. Patel was holding shares prior to 1995 under the Folio No. - D02204. In the year 1995, a request for transmission of 82 shares which were registered in the name of Gopendra Krishana Mitra (jointly with Prabhutty Mitra) under Folio No. - G00701 and these shares were transferred in the name of Dipak Mitra jointly with Hirak Kumar Mitra. However by error, the Noticee 1 had allocated Folio No. - D02204 to these shareholders at the time of transmission in the year 1995. This error did not came to light as company did not declare any dividend till 2001. On this 82 shares, 82 more shares were allocated by way of bonus hence the total number of share became 164.

476. In view of the explanation of the investors and the company, it is difficult to allege fraud in the matter. However, the Noticee 1 has failed to maintained records properly and has allocated same folios in two different names which also resulted in payment of dividend (issue date 30/09/2002) in the name of earlier folio holder (as per the Noticee 1 system). Further, there is no record at the Noticee 1 system when Dahyabhai Patel sold the shares or demated it. Allocation of same folio to different investor is not only against the secretarial standards but also against the policy and general practice of the Noticee 1 as explained by The Noticee 2 himself vide his statement dated January 28, 2016 (Annexure-SR15).

477. G.R.Rao, MD of the Noticee 1 was issued below mentioned summons to explain and provide various information/documents w.r.t. all the above mentioned transactions in the matter of ZTL but the Noticee 1 and GR Rao failed to provide the information:

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered tothe Noticee 1 office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No. - 17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that The Noticee 2 is not in charge of day to day operations of the Noticee 1 and was not aware of any such transfers The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs. 300,000/- in his own bank account by cheque no. - 807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. The Noticee 2 sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.

Date	Summons No	Annexure No	Remarks
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No. - 1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to The Noticee 2 on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in The Noticee 4 which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd. belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

However, it is alleged that the Noticee 1 failed to cooperate with the investigation

478. Summary of violation and applicable regulatory provisions are as below:

Sr No	Name of the Entity	Violations	Applicable Regulatory provisions
1	The Noticee 1	Failure to do due diligence, non-maintenance of proper records,Non compliance with summons	Section 11C(2)and 11C(3) of SEBI Act, 1992, Clauses (2) (3) (16), (17), (18), (20), (25), (28) of Code of Conduct specified in Regulation 13 of "RTA" Regulations", Regulation 9(A)(f) of RTA Regulations
2	The Noticee 2	Non compliance with summons, Vicarious liability	Section 11C(2)and 11C(3) of SEBI Act, 1992

479. Summary of misappropriated securities

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
1	33750 Shares of Britannia Industries Ltd. belonging to Sujit Gupta transferred on 13/04/2015 to the Noticee 4	Value = Rs. 77969250 (Price @ NSE Rs. 2310.2)	Value= Rs. 113967000 (Price @ NSE Rs. 3,376.80)	The Noticee 4 withdrew the sale proceeds in cash. However SEBI observed that the Noticee 1 Management was hand glove in the whole fraudulent transactions.

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
2	600 shares of Asian Paints Limited transferred to Sadashiv Poojary on 17/06/2015 by the Noticee 4 and not returned by Sadashiv	Value= Rs. 426390 (Price @ NSE Rs. 710.65)	Value= Rs. 727590 (Price @ NSE Rs. 1,212.65)	Acquired out of sale proceeds of Britannia Industries Limited. The Noticee 3 received Rs. 10000/- dividend on the same shares while he received Rs. 9802/-
3	7505 shares of Asian Paints Limited transferred to Sadashiv Poojary on June-July 2015 and returned on August 07, 2015	Value= Rs. 5879266.9 (Avg Price during June-July @ NSE Rs. 783.38)	Value= Rs. 9100938.25 (Price @ NSE Rs. 1,212.65)	
4	15000 shares of Asian Paints transferred to The Noticee 8 in June-July 2015 and returned back on August 06, 2015	Value= Rs. 11750700 (Avg Price during June-July @ NSE Rs. 783.38)	Value= Rs. 18189750 (Price @ NSE Rs. 1,212.65)	
5	4605 shares of Asian Paints transferred to The Noticee 9 in June 23 & 25, 2015 and returned back on August 10, 2015	Value= Rs. 3469222.8 (Avg Price during June 23 & 25 @ NSE Rs. 753.36)	Value= Rs. 5584253.25 (Price @ NSE Rs. 1,212.65)	
6	13290 shares of Asian Paints transferred to The Noticee 18 in July 2015 and returned back on August 06, 2015	Value= Rs. 10943517.6 (Avg Price during July @ NSE Rs. 823.44)	Value= Rs. 16116118.5 (Price @ NSE Rs. 1,212.65)	The Noticee 18 admitted that the same was done on the instruction of The Noticee 3
7	3500 shares of Britannia Industries Limited transferred to The Noticee 5 June-July 2015 and returned back on August 06, 2015	Value= Rs. 9682785 (Avg Price during June-July Rs. 2766.51)	Value= Rs. 11818800 (Price @ NSE Rs. 3,376.80)	
8	Suresh Unawane siphoned off Debenture redemption payment amount due to Sonya Ruth Raymond on 14/01/2015	Rs. 639751.05		Mr. Suresh transferred Rs. 250,000 to Mr. Raju Landge, Rs. 130,000 to The Noticee 3 and withdrew Rs. 250,000 in cash. Suresh and Raju are the proxies of The Noticee 3/The Noticee 5
9	Krishna M Ghosh siphoned off Debenture redemption payment amount due to Fairgrowth Financial Services Limited on 17/06/2014	Rs. 724880		Withdrew in cash.

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
10	Sukhdev S Bhosale siphoned off Debenture redemption payment amount due to Centbank Financial & Custodial Services Ltd. on 30/10/2014	Rs. 708128.2		Withdrawn in cash on the instruction of Rajesh Bhagat (The Noticee 17) who admitted the same. Rajesh alleged that he carried out on the instruction of The Noticee 3. Fraud could not have been possible withoutthe Noticee 1 and there is relation between Rajesh Bhagat (The Noticee 17) and The Noticee 3. Both hand in glove.
11	Narayan D siphoned off Debenture redemption payment amount due to Sybil Beatrice Hughes on 05/04/2013	Rs. 2352054.48		Narayan transferred the amount to The Noticee 3. Later paid back to Britannia from The Noticee 3's account.
12	Suresh Unawane siphoned off Debenture redemption payment amount due to Sujit Kumar Gupta on 05/04/2013	Rs. 1985627.93		Suresh transferred to Mohit who in turn transferred to The Noticee 3. Later paid back to Britannia from The Noticee 3's account.
13	One fake Sujit Gupta siphoned off Debenture redemption payment amount due to original Sujit Kumar Gupta on December 04, 2013	Rs. 1985627.93		Withdrawn in cash but the sequence shows the Noticee 1 and The Noticee 3 hand in glove.
14	3360(33600 Post 1: 10 split on 30/07/2013) shares of Asian Paints Limited belonging to Radha & Rajiv Manucha misappropriated byJayshree B. Shah (The Noticee 13) on 20/01/2012	Value= Rs. 9181032 (Price @ NSE Rs. 2,732.45)	Value= Rs. 40745040 (Price @ NSE Rs. 1,212.65)	Siphoned off later reversed after one year when actual investor demanded
15	842 shares of L Ganeshan (8420 Post 1: 10 split on 30/07/2013) of Asian Paints Limited reappeared as part ofshares into Folio No. – 00001493 (Controlled by the Noticee 1 related entities viz. The Noticee 3)	Exact date not available	Value= Rs. 10210513 (Price @ NSE Rs. 1,212.65)	Misappropriated by the Noticee 1
16	1000 shares (10000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to L Ganeshan misappropriated by The Noticee 18 and dematerialized through Folio No. - 00902848 on 31/03/2011	Value= Rs. 2525800 (Price @ NSE Rs. 2,525.80)	Value= Rs. 121265000 (Price @ NSE Rs. 1,212.65)	Misappropriated by The Noticee 18 in conspiracy with The Noticee 3. Out of the sale proceeds of the siphoned shares The Noticee 18 transferred Rs. 10372364 to The Noticee 3 related entities viz. to Nagesh K Rs. 4096693, to

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
17	733 shares (7330 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Amarjit Kaur Arora transferred to The Noticee 18 vide back office entry on 08/11/2011	Value= Rs. 2316426.6 (Price @ NSE Rs. 3,160.20)	Value= Rs. 8888724.5 (Price @ NSE Rs. 1,212.65)	Narayan Devadiga Rs. 2396956, to Raju Landge Rs. 2555829 and to Suresh Unawane Rs. 1322886. Rest amount and 6470 shares of Asian Paints retained by him.
18	960 shares (9600 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Profile System Ltd. transferred to The Noticee 18 vide rectification entry on 05/12/2011	Value= Rs. 2739888 (Price @ NSE Rs. 2,854.05)	Value= Rs. 11641440 (Price @ NSE Rs. 1,212.65)	
19	480 shares (4800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Jardine Fleming Int'l Mgt Inc. dematerialized by The Noticee 18 vide back office entry on 16/09/2010	Value= Rs1344336 (Price @ NSE Rs2,800.70)	Value= Rs. 5820720 (Price @ NSE Rs. 1,212.65)	
20	500 shares (5000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI transferred to The Noticee 18 vide back office entry on 10/06/2011 from folio no. - 00001493	Value= Rs. 1550425 (Price @ NSE Rs. 3,100.85)	Value= Rs. 6063250 (Price @ NSE Rs. 1,212.65)	
21	432 shares (4320 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Govt. of Singapore Investment Corp.misappropriated by The Noticee 18 vide back office printing entry on **22/06/2010** (and demat on 20/07/2010)	Value= Rs. 1024142.4 (Price @ NSE Rs. 2,370.70)	Value= Rs. 5238648 (Price @ NSE Rs. 1,212.65)	
22	365 shares (3650 Post 1: 10 split on 30/07/2013) of Asian Paints Limited possibly belonging to UTI misappropriated by The Noticee 18 vide back office printing entry on 01/11/2010 (and demat on 22/11/2010)	Value= Rs. 987343.25 (Price @ NSE Rs. 2,705.05)	Value= Rs. 4426172.5 (Price @ NSE Rs. 1,212.65)	

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
23	500 shares (5000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by The Noticee 18 vide back office printing entry on 05/01/2011 (and demat on 27/01/2011)	Value= Rs. 1440250 (Price @ NSE Rs. 2,880.50)	Value= Rs. 6063250 (Price @ NSE Rs. 1,212.65)	
24	460 shares (4600 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI transferred to The Noticee 18 vide back office rectification entry on 06/08/2011	Value= Rs. 1407094 (Price @ NSE Rs. 3,058.90 on 05/08/2011)	Value= Rs. 5578190 (Price @ NSE Rs. 1,212.65)	
25	450 shares (4500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited transferred vide rectification entry on 12/08/2011 to Folio no. - 00001493 (controlled by the Noticee 1 management viz. The Noticee 3) without corresponding debit in Bhalakia's account. Hence misappropriation of some unknown investor's shares by the Noticee 1	Value= Rs. 1453095 (Price @ NSE Rs. 3,229.10)	Value= Rs. 5456925 (Price @ NSE Rs. 1,212.65)	Misappropriated by the Noticee
26	177 shares (1770 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by the Noticee 1 vide Remat entry dated 16/08/2011	Value= Rs. 577037.7 (Price @ NSE Rs. 3,260.10)	Value= Rs. 2146390.5 (Price @ NSE Rs. 1,212.65)	
27	2994 shares (29940 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Malpine Limited misappropriated by Suresh Unavane vide back office printing entry on 29/12/2008	Value= Rs. 2604929.70 (Price @ NSE Rs. 870.05)	Value= Rs. 36306741 (Price @ NSE Rs. 1,212.65)	Suresh is proxy of The Noticee 3/The Noticee 5. Some of the shares and Sale proceeds being transferred to The Noticee 5
28	230 shares (2300 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 25/08/2011	Value= Rs750904 (Price @ NSE Rs. 3,264.80)	Value= Rs2789095 (Price @ NSE Rs. 1,212.65)	Shares belonging to Unknown investors Ganesh And Rajesh have alleged that these are also shares transferred to them by The Noticee 3 without paying any

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
29	310 shares (3100 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 22/09/2011	Value= Rs961434 (Price @ NSE Rs. 3,101.40)	Value= Rs. 3759215 (Price @ NSE Rs. 1,212.65)	consideration. While the sale proceeds were shared with her in cash
30	250 shares (2500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 28/09/2011	Value= Rs783525 (Price @ NSE Rs. 3,134.10)	Value= Rs. 3031625 (Price @ NSE Rs. 1,212.65)	
31	250 shares (2500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited misappropriated by Ganesh Nimbalkar vide demat on 14/10/2011	Value= Rs. 786600 (Price @ NSE Rs. 3,146.40)	Value= Rs. 3031625 (Price @ NSE Rs. 1,212.65)	
32	576 shares (5760 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Kirtida Desai misappropriated by Ganesh Nimbalkar vide back office print entry on 08/11/2011	Value= Rs. 1820275.2 (Price @ NSE Rs. 3,160.20)	Value= Rs. 6984864 (Price @ NSE Rs. 1,212.65)	Ganesh acted as front for Rajesh and they were found to be related to family of The Noticee 3. 576 Shares returned after around one year.
33	380 shares (3800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Jacinta Desa misappropriated by the Noticee 1 management in 2011	Exact date not available	Value= Rs. 4608070 (Price @ NSE Rs. 1,212.65)	
34	1500 shares (15000 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Chandubhai J Patel misappropriated by Chandrakant Pawar vide back office demat entry on 22/11/2011	Value= Rs. 4431525 (Price @ NSE Rs. 2,954.35)	Value= Rs. 18189750 (Price @ NSE Rs. 1,212.65)	Chandrakant acted as front for Rajesh and they were found to be related to family of The Noticee 3.
35	180 shares (1800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Rajesh Bhargava misappropriated by Rajesh Bhagat vide back office printing entry on 09/05/2011	Value= Rs. 493740 (Price @ NSE Rs. 2,743.00)	Value= Rs. 2182770 (Price @ NSE Rs. 1,212.65)	Rajesh found to be related to The Noticee 3's family.

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
36	329 shares (3290 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Rajesh Bhargava misappropriated by Rajesh Bhagat vide back office demat entry on 21/06/2011	Value= Rs. 971027.05 (Price @ NSE Rs. 2,951.45)	Value= Rs. 3989618.5 (Price @ NSE Rs. 1,212.65)	
37	177 shares (1770 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by Rajesh Bhagat vide back office rectification entry on 10/6/2011	Value= Rs. 548850.45 (Price @ NSE Rs. 3,100.85)	Value= Rs. 2146390.5 (Price @ NSE Rs. 1,212.65)	
38	743 shares (7430 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to Canara Bank/SHCIL misappropriated by Akhil Dalal vide back office printing entry on 17/09/2009	Value= Rs. 1013786.35 (Price @ NSE Rs. 1,364.45)	Value= Rs. 9009989.5 (Price @ NSE Rs. 1,212.65)	Akhil Dalal transferred Rs. 809955 to Nagesh and Rs. 75000 to The Noticee 3 out of the sale proceeds.
39	743 shares of some investor (7430 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by the Noticee 1 management vide back office remat entry on 18/08/2011 though there is no corresponding debit in demat account of Akhil	Value= Rs. 2390045.25 (Price @ NSE Rs. 3,216.75)	Value= Rs. 9009989.5 (Price @ NSE Rs. 1,212.65)	Another shares siphoned to restore the shares siphoned by Akhil Dalal
40	480 shares (4800 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to SHCIL misappropriated by Akhil Dalal vide back office printing entry on 07/12/2009	Value= Rs. 802104 (Price @ NSE Rs. 1,671.05)	Value= Rs. 5820720 (Price @ NSE Rs. 1,212.65)	Akhil Dalal transferred Rs. 460000 to Nagesh out of the sale proceeds. Nagesh, a proxy of The Noticee 3, ultimately withdrawn in cash or transferred to The Noticee 3
41	50 shares (500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor (possibly UTI) misappropriated by the Noticee 1 vide back office rectification entry on 06/08/2011 for remat	Value= Rs. 152945 (Price @ NSE Rs. 3,058.90 on 05/08/2011)	Value= Rs. 606325(Price @ NSE Rs. 1,212.65)	Another shares siphoned to restore the shares siphoned by Akhil Dalal

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
42	430 shares (4300 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by the Noticee 1 vide back office rectification entry on 17/08/2011	Value= Rs. 1395135 (Price @ NSE Rs. 3,244.50)	Value= Rs. 5214395(Price @ NSE Rs. 1,212.65)	
43	50 shares (500 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to unknown investor misappropriated by the Noticee 1 managementvide back office rectification entry on 10/11/2011 for remat	Value= Rs. 155825 (Price @ NSE Rs. 3,116.50on 09/11/2011)	Value= Rs. 606325(Price @ NSE Rs. 1,212.65)	To compensate Harsh Jhaveri
44	334 shares (3340 Post 1: 10 split on 30/07/2013) of Asian Paints Limited belonging to UTI misappropriated by the Noticee 1 managementvide back office transfer entry on 31/10/2012	Value= Rs. 1292980.8 (Price @ NSE Rs. 3,871.20)	Value= Rs. 4050251(Price @ NSE Rs. 1,212.65)	To compensate Harsh Jhaveri
45	100 shares (1000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to LIC misappropriated by Nagesh vide back end modification entry on 17/04/2010	Value= Rs. 132550 (Price @ NSE Rs1,325.50 on 16/04/2010)	Value= Rs. 378450 (Price @ NSE Rs378.45)	
46	100 Bonus shares (1000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 100 sharesbelonging to LIC misappropriated by Nagesh as above	NA	Value= Rs. 378450 (Price @ NSE Rs378.45)	
47	650 shares (6500 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by Nagesh vide back end modification entry on 15/04/2010	Value= Rs. 863817.5 (Price @ NSE Rs. 1,328.95)	Value= Rs. 2459925(Price @ NSE Rs. 378.45)	
48	650 Bonus shares (6500 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 650 shares belonging to SHCIL	NA	Value= Rs. 2459925 (Price @ NSE Rs378.45)	

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
	misappropriated by Nagesh as above			
49	533 shares (5330 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to SHCIL misappropriated by The Noticee 18 vide back office transfer entry on 15/04/2010	Value= Rs. 708330.35 (Price @ NSE Rs. 1,328.95)	Value= Rs. 2017138.5(Price @ NSE Rs378.45)	Sale proceeds transferred to Anand The Noticee 18 who in turn paid Rs. 1125000 to Nagesh Karkera. Nagesh after receiving the funds was in turn transferring to The Noticee 3, and Satyam Brush Industries. Anand also transferred Rs. 100000/- of the ill-gotten money to his mother Dina Bhalakia. Shrikant still holding 5480 Shares of Kansai Nerolac Paints Ltd
50	666 shares (6660 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltdbelonging to LIC misappropriated by The Noticee 18 vide back office transfer entry on 15/04/2010	Value= Rs. 885080.7 (Price @ NSE Rs1,328.95)	Value= Rs. 2520477 (Price @ NSE Rs378.45)	
51	666 Bonus shares (6660 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 666 shares belonging to LICmisappropriated by The Noticee 18 as above	NA	Value= Rs. 2520477 (Price @ NSE Rs378.45)	
52	533 Bonus shares (5330 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. as 1:1 Bonus for record date 23-06-2010 on the 533 shares belonging to SHCIL misappropriated by The Noticee 18 as above	NA	Value= Rs. 2017138.5 (Price @ NSE Rs378.45)	
53	2000 shares (20000 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to Amrit Lal misappropriated by Ganesh Nimbalkar vide back office Rectification entry on 25/10/2011	Value= Rs. 1684800 (Price @ NSE Rs. 842.40)	Value= Rs. 7569000(Price @ NSE Rs. 378.45)	Ganesh acted as front for Rajesh and they were found to be related to family of The Noticee 3
54	1586 shares (15860 Post 1: 10 split on 26-03-2015) of Kansai Nerolac Paints Ltd. belonging to Amrit Lal misappropriated by Ganesh Nimbalkar vide back	Value= Rs. 1376251.5 (Price @ NSE Rs. 867.75 on 09/11/2011)	Value= Rs. 6002217(Price @ NSE Rs. 378.45)	

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
	office Rectification entry on 10/11/2011			
55	501 shares of Phillips India Limited belonging to Indian Bank Limited misappropriated by Suresh vide Buyback on 18/09/2008	Rs. 130260	N.A. as unlisted	Suresh is proxy of India/The Noticee 5. He paid Rs. 49000 to The Noticee 3 on 01/10/2008 and withdrew Rs. 150000 in cash
56	400 shares of Phillips India Limited belonging to Union Bank of India Limited misappropriated by Suresh vide Buyback on 18/09/2008	Rs. 10400	N.A. as unlisted	
57	330 shares of Phillips India Limited belonging to AGF Fund Inc. misappropriated by Anil vide Buyback on 18/09/2008	Rs. 85800/-	N.A. as unlisted	On Oct 01, 2008, Anil transferred Rs. 85000 to The Noticee 14 (son of The Noticee 3)
58	2200 shares of Phillips India Limited misappropriated by Raju Landge vide Buyback on 20/08/2009 {1100 each belonging to Ravindra Patel (PL900244) & Jyoti Patel (PL900245)}	Rs. 532400/-	N.A. as unlisted	Raju is proxy of India/The Noticee 5.
59	757 shares of Phillips India Limited belonging to ILF Mauritius misappropriated by Raju Landge vide Buyback on 18/09/2008	Rs. 196820/-	N.A. as unlisted	Raju is proxy of India/The Noticee 5. He paid Rs. 49000 to The Noticee 3 on 01/10/2008 and withdrew Rs. 150000 in cash
60	2200 shares of Phillips India Limited belonging to 'Dev R Chaudhary misappropriated by Narayan Devadiga vide Buyback on 14/12/2009	Rs. 532400/-	N.A. as unlisted	Narayan is proxy of India/The Noticee 5. He transferred Rs. 450000 to The Noticee 5 and Rs. 75000to The Noticee 3
61	45000 shares (Post Bonus 3:2 and split 1:10 on Ex-Split Date & Ex-Bonus Date of 08-09-2008) of JM Financial Limited belonging to Apple Holding Development Limited. misappropriated by The Noticee 8 vide Demat on 12/04/2010	Value= Rs. 1777500 (Price @ NSE Rs. 39.50)	Value= Rs. 3242250(Price @ NSE Rs. 72.05)	Sold the shares in market

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
62	95000 shares (Post Bonus 3:2 and split 1:10 on Ex-Split Date & Ex-Bonus Date of 08-09-2008) of JM Financial Limited belonging to Crystal Securities Pvt. Ltd.misappropriated by Suresh Unavane vide Demat on 12/04/2010	Exact date not available	Value= Rs. 6844750(Price @ NSE Rs. 72.05)	Suresh is proxy of India/The Noticee 5. Still holding the shares
63	10 shares of Navin Fluorine International Ltd. belonging to Suresh D Shah misappropriated by Suresh Unavane vide back end modification entry on 20/07/2006	Value= Rs. 2075.5 (Price @ BSE Rs. 207.55)	Value= Rs. 2,3384.5(Price @ NSE Rs. 2,338.45)	
64	1000 shares of Navin Fluorine International Ltd. belonging to UTI misappropriated by Pradeep Rathod vide back office rectification entry on 03/04/2006	Value= Rs. 303000 (Price @ BSE Rs. 303.00)	Value= Rs. 2,338450(Price @ NSE Rs. 2,338.45)	Mr. Rathod paid Rs. 3,78,300 to The Noticee 3
65	1500 shares of Navin Fluorine International Ltd. belonging to UTI misappropriated by Chetan M. Shah vide back office entry on 30/04/2012	Value= Rs. 564900 (Price @ BSE Rs. 376.60)	Value= Rs. 3507675(Price @ NSE Rs. 2,338.45)	
66	2450 shares of Navin Fluorine International Ltd. belonging to UTI attempted to misappropriated by Chetan M. Shah vide back office entry on 15/05/2012	Value= Rs. 997150 (Price @ NSE Rs. 407.00)	Value= Rs. 3507675(Price @ NSE Rs. 2,338.45)	Attempt only. Still held in the folio controlled by the Noticee
67	1 shares of Navin Fluorine International Ltd. given to Lalit Doshi by the Noticeethrough misappropriationfrom the shares of UTI vide back office rectification entry on 30/04/2010	Value= Rs. 330.80 (Price @ BSE Rs. 330.80)	Value= Rs. 2338.45(Price @ NSE Rs. 2,338.45)	
68	13 shares of Navin Fluorine International Ltd. attempted misappropriated by the Noticee 1 management by transfer from the shares of UTI vide back office rectification entry on 30/04/2010 and then reverted back on 15/05/2010	Value= Rs. 4300.4 (Price @ BSE Rs. 330.80)	Value= Rs. 30399.85 (Price @ NSE Rs. 2,338.45)	

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
69	30 shares of Navin Fluorine International Ltd. belonging to Virbala Shah error in processing by the Noticee 1 management and transferred to Sanjeev Upadhyay in 2004	Exact date not available	Value= Rs. 70153.5(Price @ NSE Rs. 2,338.45)	
70	30 shares of Navin Fluorine International Ltd. given to Virbala Shahto meet her claim through misappropriation by the Noticeeand The Noticee 3 from the shares of UTI on 20/04/2010	Value= Rs. 10249.5 (Price @ NSE Rs. 341.65)	Value= Rs. 70153.5 (Price @ NSE Rs. 2,338.45)	
71	270 shares (70 of folio R14439, 100 each of folio R18516 and folio R19545) of Apple Finance Ltd. misappropriated By The Noticee 3 through Raju Landge during 2000	Value= Rs1487.7 (Average Close Price @ BSE during 2000-01 Rs. 5.51)	Value= Rs. 845.1(Price @ BSE Rs. 3.13)	
72	48 shares (24 each of folio 0178892 and folio 1788922) of Aptech Limited (Code-ATAT) misappropriated by The Noticee 3 through Raju Landge	Exact date not available	Value= Rs. 7893.6(Price @ NSE Rs. 164.45)	
73	10980 shares of Aptech Limited (Code-ATAT) belonging UTI "India Fund Unit Scheme 1986" misappropriated by The Noticee 3/The Noticee 5/Govind Raj Rao through Suresh Unavane on system modification entry dated 08/12//2006	Value= Rs. 1649745 (Price @ NSE Rs. 150.25)	Value= Rs. 1805661(Price @ NSE Rs. 164.45)	Suresh is proxy of India/The Noticee 5. He transferred 7500 shares to The Noticee 5. Sale proceeds also transferred to The Noticee 5.
74	4152 shares of Aptech Limited (Code-ATAT) belonging to The Oriental Insurance Co. misappropriated by Pradeep Rathod on 19/01/2006	Value= Rs. 547441.2(Price @ NSE Rs. 131.85)	Value= Rs. 682796.4(Price @ NSE Rs. 164.45)	Pradeep Rathod paid Rs. 200000 and Rs. 382572 to Raju Landge.
75	13840 shares (27680 Post 1:1 Bonus on 24/02/2011) of Hexaware Technologies Limited belonging to The Oriental Insurance Co. misappropriated by Pradeep Rathod on 19/01/2006	Value= Rs. 1775672(Price @ NSE Rs. 128.30)	Value= Rs. 5130488(Price @ NSE Rs. 185.35)	Pradeep transferred Rs. 1780144 to Raju Landge who in turn transferred to The Noticee 3 and other entities related to The Noticee 3 or withdrawn in cash

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
76	320 shares (160 each from folio no 01788892 and 01788922) of Hexaware Technologies Limited misappropriated by The Noticee 3 through Raju Landge	Exact date not available	Value= Rs. 59312(Price @ NSE Rs. 185.35)	
77	9500 shares (19000 Post 1:1 Bonus on 24-02-2011) of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by Pradeep Rathod by printing entry dated 03/07/2006	Value= Rs. 1272050 (Price @ NSE Rs. 133.90)	Value= Rs. 3521650(Price @ NSE Rs. 185.35)	Pradeep Rathod transferred Rs. 1695510 to The Noticee 8 who transferred almost all the amount to The Noticee 3
78	10000 shares (20000 Post 1:1 Bonus on 24-02-2011) of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986"misappropriated by The Noticee 3/The Noticee 5 through Suresh Unavane by printing entry dated 03/07/2006 and demat on 09/01/2007	Value= Rs. 1339000(Price @ NSE Rs. 133.90)	Value= Rs. 3707000(Price @ NSE Rs. 185.35)	Suresh is proxy of India/The Noticee 5. He transferred 6000 shares to The Noticee 5. Sale proceeds also transferred to The Noticee 5.
79	17100 shares of Hexaware Technologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by The Noticee 3/The Noticee 5 through Suresh Unavane on 29/06/2006 and still held in the folio	Value= Rs. 2250360 (Price @ NSE Rs. 131.60)	Value= Rs. 3169485 (Price @ NSE Rs. 185.35)	Suresh is proxy of India/The Noticee 5.
80	17100 Bonus shares of HexawareTechnologies Limited belonging to UTI "India Fund Unit Scheme 1986" misappropriated by The Noticee 3/The Noticee 5 through Nagesh Karkera by printing entry dated 03/07/2006 and demat on 15/04/2011	Value= Rs. 2289690(Price @ NSE Rs. 133.90)	Value= Rs. 3169485 (Price @ NSE Rs. 185.35)	Nagesh is proxy of India/The Noticee 5.
81	2285 Bonus shares of Hexaware Technologies Limited misappropriated by The Noticee 3/The Noticee 5 through allotment to Nagesh Karkera from Folio No. - 02753537	Value= Rs. 305961.5 (Price @ NSE Rs. 133.90)	Value= Rs. 423524.75 (Price @ NSE Rs. 185.35)	

Sr No	Securities misappropriated by Transferred to	Value of the Securities as on date of Siphoning	Value of the Securities as on October 10, 2016	Remarks
	(Canara Bank Trustee Canbank Mutual Fund) on 15/04/2011			
82	3920 Bonus shares of Hexaware Technologies Limited misappropriated by The Noticee 3/The Noticee 5 through allotment to Nagesh Karkera from Folio No. - 02753847 (Canara Bank Trustee Canbank Mutual Fund) on 15/04/2011	Value= Rs. 524888 (Price @ NSE Rs. 133.90)	Value= Rs. 726572 (Price @ NSE Rs. 185.35)	
83	435 shares (2610 shares Post 1:1 bonus on October 2006, 1:1 bonus on October 2008 and 1:2 Bonus onJuly 2013) of Larson & Toubro Ltd. belonging to Pangal Nayakmisappropriated vide demat entry on 16/08/2006 by G.R.Rao, with help from Ratnakar Loku Poojary, Sunanda Jathan and Dayanand Jathan	Value= Rs. 1035996 (Price @ NSE Rs. 2,381.60)	Value= Rs. 3784500 (Price @ NSE Rs. 1,450)	The Noticee 2 is the ultimate beneficiary
84	720 shares of WILO Mather and Platt Pumps Ltd. misappropriated by Satyam Brush (The Noticee 5) and offered in Exit offer at Rs. 198000/-	198000/-	NA	
85	700 shares of Artson Engineering Limited belonging to unknown investor misappropriated by The Noticee 8 by demat entry dated 13/04/2007 .	Value = Rs. 29645 (Price @ NSE Rs. 42.35)	Value= Rs. 38605(Price @ NSE Rs. 55.15)	

Total Value of the Securities as on October 10, 2016 = Rs. 60,45,74,718.15/-(approx.)

(It may be noted that in certain matters the valuation of securities could not be done due to reasons such as securities subsequently delisted, shares sold before bonus issue etc.)

480. **Lack of record maintenance at Warehouse of the Noticee 1**

As the Noticee 1 was not providing any supporting documents for the transactions reflected in thethe Noticee 1 Systems, Investigation Team visited the warehouse of the Noticee 1 and to ascertain the state of affairs, documents w.r.t. sample of certain transaction under investigation were sought. SEBI observed that normally any record coming into the warehouse and any record given to office are recorded in the registers along with challan but it was explained by staff that Buy back documents of Phillips India Limited for the year 2008-09 which are kept in the warehouse are still not entered in any inward register. Further, it was explained that there is no outward record for any documents w.r.t. the same as no document has been called back from the Noticee 1 office. SEBI observed that in the complete bunch of documents there was no available documents/record w.r.t. buy back of shares w.r.t. folio no. - PG030890, PL046802 (and other folios) which were being investigated. Further, no record was found at the warehouse for Folio-26013748 of NFIL w.r.t. transfer No. - 748 (inward no 28550) and Transfer No. - 749 (inward no. - 28551) dated 15/05/2012. The transfer record for just before and after the above mentioned transfers serial no. was there in the records but not for the mentioned one. Further the inward register and the heading of the bounded document which supposed to contain the said transfer documents mention the availability of the record in warehouse. There was no outward entry for the said documents. The above was also observed in case of transfer no 721 (Folio No. - 26013730, Navin Fluorine International limited). The above facts were also recorded in the statement of warehouse in-charge Mr. Arun Shinde and Mr. Subhash Yadav. The above facts were also brought to the notice of The Noticee 2 who admitted the same (The Noticee 2 statement dated February 15, 2016; **Annexure-SR11**). Investigation could not locate even the files w.r.t. the many other transaction under investigation. In view of the above it is alleged that the records and documents are not being maintained properly. It is also alleged that either the documents in transactions under investigation are being removed in a very suspicious

manner or investigation is not allowed to have hands on the same. Therefore, there is lack in exercising proper due skill, care and proper due diligence and the Noticee 1 has not maintained high standards of integrity in the conduct of its business and has not fulfilled its obligations in a prompt, ethical and professional manner. In view of the above later various summons were issued tothe Noticee 1 asking for detailed information/explanation, documents w.r.t. each transaction however it is alleged that the Noticee 1 failed to comply with the said summons.

481. **NON COMPLIANCE WITH SUMMONS**

Sharepro and G.R.Rao

Date	Summons No	Annexure No	Remarks
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG1	All Summons again issued. Hand Delivered to Sharepro office on Nov 04, 2011.
04/11/2016	MIRSD2/DB/LS/SSIL/30325/16	Annexure-SG2	All Summons again issued. Delivered through Superintendent, Mumbai Central Prison on Nov 06, 2016. Acknowledgement provided by Superintendent vide letter dated Dec 12, 2016
04/07/2016	MIRSD2/DB/SD/SSIL/18534/2016	Annexure-SG3	Regarding own transactions in the shares of L&T limited of Pangal Nayak. Along with copy of Summon No-17532 & 18503 issued through Superintendent of Jail, Mumbai central Prison. Delivered. Informed and acknowledgement provided by Superintendant vide letter dated 18/07/2016
04/07/2016	MIRSD2/DB/SD/SSIL/18503/2016	Annexure-SG4	Regarding his own transactions in the shares of L&T Limited of Pangal Nayak. Delivered at home address. Advocate Ravi Kotian submitted vide letter dated July 15, 2016 that G.R.Rao is not in charge of day to day operations of Sharepro and was not aware of any such transfers. The submissions are completely misleading as the transaction pertains to transfer of shares to/from his folio and demat accounts which cannot transpire without his knowledge and consent.
04/07/2016	MIRSD2/DB/SD/SSIL/18631/2016	Annexure-SG5	Issued to Shri Ravi S Kotian, Advocate of G.R.Rao. Reminder to 20/06/2016.
20/06/2016	MIRSD2/DB/SD/17532/2016	Annexure-SG6	Regarding his own transactions in the shares of L&T limited of Pangal Nayak. Delivered at home address

Date	Summons No	Annexure No	Remarks
29/04/2016	MIRSD2/LS/2016/12527	Annexure-SG7	Documents and explanations w.r.t. dividend siphoned by entities
12/04/2016	MIRSD2/LS/2016/10903	Annexure-SG8	Regarding his own transactions with Lalit Joshi in the matter of Navin Flourine and to explain the deposit of Rs 300,000/- in his own bank account by cheque no-807055 in the matter of Aptech Limited and other transactions in his bank accounts
17/03/2016	Hand Delivery	Annexure-SG9	Regarding Apple Finance Ltd, Aptech Ltd, Hexaware Technologies Limited, Larson & Toubro Ltd., WILO Mather and Platt Pumps Ltd., Artson Engineering Limited, Search Chem Industries Ltd., The Great Eastern Shipping Limited, Mahindra Lifespace Developers Limited, ISMT Limited, Zensar Technologies Limited. and other general details w.r.t. the operations of RTA. G.R.Rao sought extension for all summons vide email dated 17/03/2016. Granted extension till 31/03/2016 vide email dated 21/032016
10/03/2016	MIRSD2/DB/OW/2016/7158	Annexure-SG10	Regarding Transactions in Kansai Nerolac. Also forwarded by email dated 10/03/2016.
09/03/2016	MIRSD2/OW/P/2016/6970	Annexure-SG11	Regarding the transactions of Phillips India Limited. Also forwarded by email dated 09/03/2016.
08/03/2016	MIRSD2/DB/SD/SSIL/6940/2016	Annexure-SG12	Reminder with fresh summons w.r.t. Summons dated 12/02/2016 w.r.t. transactions in Asian Paints Limited
29/02/2016	MIRSD2/OW/2016/6099	Annexure-SG13	Regarding the transactions in Navin Flourine International Limited. Also emailed on 01/03/2016. Extension sought vide email dated 08/03/2016. Extension Granted
17/02/2016	Hand delivery	Annexure-SG14	Complied w.r.t. Point No-1 w.r.t. Register of Members but other points w.r.t. salary and perks of employees & management not provided.
12/02/2016	Hand Delivery to G.R.Rao on 15/02/16	Annexure-SG15	Regarding transactions in Asian Paints Limited
07/12/2015	Hand delivered	Annexure-SG16	Regarding transactions in Balram Mukherjee which complied. Also w.r.t. dividend on the shares of Britannia w.r.t. shares of Sujit Gupta which not complied.
04/12/2015	Hand delivered	Annexure-SG17	Hand Delivered to GR Rao on December 04, 2015. Regarding Dividend of Asian Paints Ltd belonging to Manuchas given to Raju Landge, dividend of the shares of Tata Communications issued to Satyam Brush, Other dividend related information

Indira Karkera

Date	Summon No	Annexure Nos	Remarks
16/11/2016	MIRSD2/DB/LS/SSIL/31133/16	Annexure-S1	Extension granted for all earlier summons. Superintendent, Mumbai Central Prison delivered the same to G.R.Rao and informed vide letter dated November 22, 2016
16/11/2016	MIRSD2/DB/LS/SSIL/31133/16	Annexure-S2	Extension granted for all earlier summons. Hand delivered through Prashant Karkera. Advocate of Indira, Shri Arun Panicker submitted vide letter dated November 28, 2016 that they are unable to reply as all documents are seized by EOW. So SEBI may approach them for information.
30/06/2016	MIRSD2/DB/SD/SSIL/18501/16	Annexure-S3	Extension granted for all earlier summons. Remained undelivered
10/05/2016	MIRSD2/DB/SD/SSIL/13601/16/I	Annexure-S4	Extension granted for earlier summons. Delivered through advocate.
10/05/2016	MIRSD2/DB/SD/SSIL/13606/16	Annexure-S5	Extension granted for earlier summons. Remained undelivered. Pasted outside her home by her broker Sharekhan Limited in the presence of two witness and taken pictures. Informed to SEBI vide letter dated June 22, 2016. Also delivered by her broker **Kotak Securities Limited** by pasting as well as on the registered email Id of her son Mohit Karkera who duly acknowledged the same.
12/04/2016	MIRSD2/SD/2016/11041	Annexure-S6	Regarding transactions in her bank account. Pasted outside her home by her broker **Sharekhan Limited** in the presence of two witness and taken pictures. Informed to SEBI vide letter dated June 22, 2016. Also delivered by her broker Kotak Securities Limited by pasting as well as on the registered email Id of her son Mohit Karkera who duly acknowledged the same.
07/01/2016	MIRSD2/DB/LS/SSIL/OW/742/2016	Annexure-S7	Reminder to December 02 & 07, 2015 Summons. Family member details, bank/demat account details. Asset details. Details of documents in the matter of dividend of Manucha given to Raju (her driver). Contact details of Mr. Raju. Details of 1440 bonus shares. And details of all instruments where dividend belonging to original shareholder has been transferred to another
07/12/2015	Hand delivered	Annexure-S8	Details of 1440 bonus shares of Manucha and list of all assets
02/12/2015	Hand delivered	Annexure-S9	Family member details, bank/demat account details. Asset details. Details of documents in the matter of dividend of Manucha given to Raju (her driver). Contact details of Mr. Raju etc.

Prashant Karkera/Satyam Brush Industries

Date	Summons No	Annexure No	Remarks
10/05/2016	MIRSD2/DB/SD/SSIL/13605/16	Annexure -SPK1	Extension granted for all earlier summons. Remained undelivered. Pasted outside his home by his broker Sharekhan Limited in the presence of two witness and taken pictures. Informed to SEBI vide letter dated June 22, 2016. Also delivered by his broker Kotak Securities Limited by pasting as well as on the registered email Id of his son Mohit Karkera who duly acknowledged the same. Letter of brokers at Annexure-S5 &S6
12/04/2016	MIRSD2/SD/2016/11047 in the name of Satyam Brush		Regarding transactions in his bank account. Delivered by post.
04/01/2016	MIRSD2/DB/LS/SSIL/OW/280/16	Annexure -SPK2	Reminder to December 08, 2015. Hand delivered to Indira on 07/01/2016
04/01/2016	MIRSD2/DB/LS/SSIL/OW/262/16	Annexure -SPK3	Reminder to December 08, 2016. Delivered by post at two addresses.
08/12/2015	Hand Delivery	Annexure -SPK4	Details w.r.t. transfer of dividend to Satyam Brush illegally in the matter of Tata Communications Limited. Other details e.g. bank account/demat account, relation with G.R.Rao, assets, any other dividend or shares of others transferred to him etc. Hand Delivered to Indira on 09//12/2015
08/12/2015	OW/34023/2016	Annexure -SPK5	Details w.r.t. transfer of dividend to Satyam Brush illegally in the matter of Tata Communications Limited. Other details e.g. bank account/demat account, relation with G.R.Rao, assets, any other dividend or shares of others transferred to him etc. Delivered through Professional Courier.

Anil Jathan

Date	Summon No	Annexure No	Remarks
14/06/2016	Letter from CDSL	Annexure -SAJ	CDSL informed that Anil Jathan has refused to reply about various facts under investigation and contained in SEBI order dated March 22, 2016. Hence they have terminated the service of their employee i.e. Anil Jathan.
10/05/2016	MIRSD2/DB/SD/SSIL/13677/2016	Annexure -SAJ1	Delivered by post to Advocate Arun Panicker who vide letter dated April 22, 2016 informed that all records at Sharepro are Seized by EOW because of which his client (Anil Jathan) cannot reply. SEBI Vide Letter No 13677/2016 informed him that citing non-availability of doc/info with third party will not be accepted. Reply
10/05/2016	MIRSD2/DB/SD/SSIL/	Annexure -SAJ2	

Date	Summon No	Annexure No	Remarks
	13684/2016		should be provided from own records. CC sent to clients vide Letter no-MIRSD2/DB/SD/SSIL/13684/2016.
13/04/2016	MIRSD2/DB/SD/SSIL/11145/2016	Annexure-SAJ3	Extension of Time Sought vide letter dated April 01, 2016 for the Summons. Extension granted vide this letter. Delivered through post
29/03/2016	MIRSD2/DB/SD/OW/9074/2016	Annexure-SAJ4	SEBI order 22/03/2016 and Summons 01/03/2016 through CDSL. CDSL hand delivered on 29/03/2016 and informed us vide letter dated 31/03/2016
29/03/2016	Forwarding letter MIRSD2/DB/SD/SSIL/9152/2016 and Summon No MIRSD2/DB/SD/SSIL/9156/2016	Annexure-SAJ5	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc also details w.r.t. transactions in his bank account, dividend received etc. Delivered through post.
01/03/2016	MIRSD2/DB/SD/SSIL/6100/2016	Annexure-SAJ6	Regarding his transactions in Phillips India, JM Financial Limited, Search Chem, Artson Engineering, etc also details w.r.t. transactions in his bank account, dividend received etc. No acknowledgement.

Bhavani Jathan

Date	Summon No	Annexure No	Remarks
10/05/2016	MIRSD2/DB/SD/SSIL/13677/2016 issued to Arun Panicker, Advocate of Bhavani Jathan	Annexure-SBJ1	Advocate Arun Panicker vide letter dated April 22, 2016 informed that all records at Sharepro are Seized by EOW because of which his client cannot reply. SEBI Vide Letter No 13677/2016 informed him that citing non-availability of doc/info with third party will not be accepted. Reply should be provided from own records. CC sent to client at two alternate addresses. Delivered
10/05/2016	MIRSD2/DB/SD/SSIL/13685/2016	Annexure-SBJ2	
10/05/2016	MIRSD2/DB/SD/SSIL/13687/2016	Annexure-SBJ3	

12/04/2016	MIRSD2/LS/2016/10994	Annexure-SBJ4	Regarding her transactions with Balram Mukherjee and other details. Delivered by post at two alternative addresses
12/04/2016	MIRSD2/LS/2016/10995	Annexure-SBJ5	

Shrikant Bhalakia

Date	Summons No	Annexure No	Remarks
12/04/2016	MIRSD2/LS/2016/10938	Annexure-SSB	Regarding his transactions in Asian Paints and Kansai Nerolac, dealings with Balram Mukherjee and other details

Akhil Dalal

Date	Summons No	Annexure No	Remarks
April 12, 2016	MIRSD2/LS/10941	Annexure-SAD1	w.r.t. his transactions in Asian Paints Limited and other details
May 09, 2016	MIRSD2/DB/LS/SSIL/13528	Annexure-SAD2	Reminder to April 12, 2016

Pradeep Rathod

Date	Summons No	Annexure No	Remarks
April 12, 2016	MIRSD2/LS/2016/10977	Annexure-SPR	w.r.t. his transactions in the shares various companies and other details.

Chetan Shah

Date	Summon No	Annexure No	Remarks
April 12, 2016	MIRSD2/LS/2016/10978	Annexure-SCS1	Regarding his transactions
May 06, 2016	MIRSD2/LS/2016/13966	Annexure-SCS2	Extension granted through letter to Advocate Preeti Thobhani. CC to client
May 06, 2016	MIRSD2/LS/2016/13966	Annexure-SCS3	

June 20, 2016	MIRSD2/DB/LS/SSIL/17513/16	Annexure -SCS4	Extension granted through letter to Advocate Preeti Thobhani. CC to client
June 20, 2016	MIRSD2/DB/LS/SSIL/17513/16	Annexure -SCS5	

Balram Mukherjee

Date	Summons No	Annexure No	Remarks
12/04/2016	MIRSD2/SD/2016/11070	Annexure-SBM	Speed Post Delivered

482. Therefore it is alleged that

Sr No	Name of the Entity	Nature of Violations	Applicable Regulatory provisions/Comments
	A	B	C
1	**Sharepro Services (I) Pvt. Ltd.**	1. Committed Fraud, 2. Falsification of records, 3. Facilitating fraudulent and unauthorized transfers, 4. Settling/ attempting to settle claim of investors through misappropriation, 5. Failure to do due diligence, 6. Non-maintenance of proper records, 7. Destruction of records, 8. Not following due procedures, 9. Non redressal of investor grievance promptly, 10. Attempt to Mislead 11. Non-cooperation with SEBI Investigation, 12. Non-compliance with summons, 13. False and misleading statements to IA	1. Section 12 A (a) (b) (c) of SEBI Act, 1992, Regulation 2 (1) (c), 3 (b) (c) (d), 4 (1) & (2) (p) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 for point no 1 to 4 (of column B). 2. Clauses (1),(2), (3), (5), (6), (16), (17), (18), (20), (25), (28), (30) of Code of Conduct specified in Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 {"RTA" Regulations"}, Regulation 9 (A) (e) & (f), Regulation 6 (g) and Regulation 14 (3) (b) & (c) of RTA Regulations, SEBI Circular No RTI Circular No. 1 (2000-2001) Dated May 09, 2001 for point no 5 to 13 (of column B). 3. Section 11C(2) and 11C (3) of SEBI Act , 1992 for point no. 11 to 13 (of column B).
2	**Govind Raj Rao**	1. Committed fraud, 2. Beneficiary of fraud, 3. Approved the fraudulent transactions , 4. Settling/ attempting to settle claim of investors through misappropriation, 5. Non compliance with summons, 6. Attempt to mislead, 7. Vicarious liability as Director of Sharepro	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) & (2) (h) of PFUTP Regulations, 2003 for Point No- 1 to 4, 6 & 7 (of Column B) 2. Section 11C(2), 11C (3) and 11C(5) of SEBI Act , 1992 for Point No 5 & 6 (of column B)

Sr No	Name of the Entity	Nature of Violations	Applicable Regulatory provisions/Comments
3	**Indira Karkera**	1. Mastermind of the conspiracy of fraud, 2. Committed fraud, 3. Beneficiary of fraud, 4. Settling claim of investors through misappropriation, 5. Non compliance with summons, 6. False and misleading statements to IA	1. 12A (c) of SEBI Act, 1992, Regulation 3, 4 (1) & (2) (h) of PFUTP Regulations, 2003 for Point No 1 to 4 (of column B) 2. Section 11C(2), 11C (3) and 11C(5) of SEBI Act, 1992 for Point No 5 & 6 (of column B).
4	**Balram Mukherjee**	1. Fraudulent transactions, 2. Committed Forgery, 3. Beneficiary of fraud, 4. Non-compliance of summons	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 to 3 (of column B) 2. Section 11C(2) and 11C (3) of SEBI Act, 1992 for Point No 4 (of column B)
5	**Prashant Karkera**	1. Committed fraud by using the accounts of different conduits, 2. Beneficiary of fraud, 3. False and misleading statements to IA, 4. Non-compliance with summons	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 to 2 (of column B) 2. Section 11C(2), 11C (3) and 11C(5) of SEBI Act , 1992 for Point No 3 to 4 (of column B)
6	**Akhil K Dalal**	1. Committed fraud, 2. Beneficiary of fraud, 3. False and misleading statements to IA, 4. Non compliance with summons	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 to 2 (of column B) 2. Section 11C(2) and 11C (3) of SEBI Act , 1992 for Point No 3 to 4 (of column B)
7	**Anand S. Bhalakia**	1. Committed fraud by providing demat/bank accounts, 2. Beneficiary of fraud	Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 to 2 (of column B)
8	**Anil Jathan**	1. Committed fraud, 2. Beneficiary of fraud, 3. Non compliance with summons	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 to 2 (of column B) 2. Section 11C(2) and 11C (3) of SEBI Act , 1992 for Point No 3 (of column B)
9	**Bhavani Jathan**	1. Beneficiary of fraud, 2. Non compliance with summons	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 (of column B) 2. Section 11C(2) and 11C (3) of SEBI Act , 1992 for Point No 2 (of column B)
10	**Chetan Shah**	1. Fraudulent transactions 2. Beneficiary of fraud, 3. Non compliance with summons	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 & 2 (of column B) 2. Section 11C(2), 11C (3) and 11C (5) of SEBI Act , 1992 for Point No 3 (of column B)
11	**Dayanand Jathan**	Committed fraud	Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003

Sr No	Name of the Entity	Nature of Violations	Applicable Regulatory provisions/Comments
12	**Dina Bhalakia**	Beneficiary of fraud	Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003
13	**Jayshree Shah**	1. Fraudulent transactions, 2. Beneficiary of fraud	Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003
14	**Mohit Karkera**	1. Committed fraud by providing demat/bank accounts, 2. Beneficiary of fraud	Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003
15	**Sujitkumar Amarnath Gupta**	1. Committed fraud, 2. Beneficiary of fraud	Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003
16	**Pradeep Rathod**	1. Committed fraud, 2. Beneficiary of fraud, 3. False and misleading statements to IA	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 to 2 (of column B) 2. Section 11C(2) and 11C(3) of SEBI Act , 1992 for Point No 3 (of column B)
17	**Rajesh Bhagat**	1. Committed fraud by using the accounts of different conduits and own account 2. Beneficiary of fraud	Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003
18	**Shrikant Bhalakia**	1. Committed fraud, 2. Beneficiary of fraud, 3. False and misleading statements to IA, 4. Non compliance with summons	1. Section 12A(a)(b)(c) of SEBI Act, 1992, Regulation 2(1)(c), 3(b)(c)(d), 4 (1) of PFUTP Regulations, 2003 for Point No 1 to 2 (of column B) 2. Section 11C(2) and 11C(3) of SEBI Act , 1992 for Point No 3 to 4 (of column B)

483. Noticee No. 1 to 18 are therefore, called upon to show cause as to why an inquiry should not be held against them in terms of Rule 4 of SEBI Adjudication Rules read with Section 15-I (1) & (2) of SEBI Act, and penalty be not imposed under Sections 15A(a) & (c), 15C,15HA and 15HB of SEBI Act respectively for alleged violation of provisions detailed in the table above.

484. Noticee reply, if any, should reach the undersigned, at the address given below as well as through email at prasantam@sebi.gov.in and "niveshs@sebi.gov.in" in MS Word format within 21 days from the date of the receipt of this notice, failing which it shall be presumed that the Noticee has no reply to submit and the matter would be further proceeded ex–parte. You may also indicate whether you desire a personal hearing in the matter.

Securities and Exchange Board of India
SEBI Bhavan II, Plot No. C-7, 'G' Block,
Bandra- Kurla Complex,
Bandra (E), Mumbai– 400051

485. Noticee is advised to provide copy of Noticee PAN and email id and also to keep the undersigned informed about the change in Noticee correspondence address, if any, till the proceedings are complete.Further you may note that if there is any change in your address during the period of the current Adjudication proceedings, you are required to inform the same to the Adjudicating Officer, immediately.

PRASANTA MAHAPATRA
ADJUDICATING OFFICER

भारतीय प्रतिभूति और विनिमय बोर्ड, मुंबई
Securities and Exchange Board of India, Mumbai

Encl: All the documents relied upon in the SCN has been furnished as annexures to SCN in a CD.