भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange Board of India

By Speed Post with A. D.

GENERAL MANAGER &
ADJUDICATING OFFICER

SEBI/HO/EAD/EAO/OW/P/2017/ 32312 /1
December 20, 2017

1. **Prem Lata Nahar**
C/o. Naharn Brothers
Near Old Post Office,
Chhoti Sadri, Chittorgarh
Rajasthan – 312604.

2. **Shyam Kanheyalal Vyas**
B/703, Chandan Classic, Parshiv Nagar,
Near Old Petrol Pump,
Mira Road (East), Thane - 401107

3. **Raj Kumar Sharma**
32 Sir Hariram Goenka Street,
Kolkata West,
Bengal – 700007.

4. **Sarita Pradip Bissa**
301 Kabira Kutir Navghar Road,
Saibaba, Bhayander East
Thane – 401105.

5. **Puspal Chandra**
Nabadal Road,
PO Hridaypur,
24, Paraganas (North),
Kolkata – 700127.

6. **Ravishankar Mishra**
Room No. 205,
Mataparmeshwari Apartment,
Building No.01, Ostwal Nagari,
Nallasopara East, Thane – 401209.

7. **Mina Chandra**
Shanti Nagar, Hridaypur 30/3,
Barasat, 24 Parganas (North),
Kolkata – 700127.

8. **Sanjoy Kumar Chandra**
Nabadal Road, Hridaypur,
Barasat – 1, North 24 Parganas
Kolkata – 700127.

9. **Pushpa Asoolal Bissa**
301, Kabira Kutir Navghar Road,
Saibaba, Bhayander East
Thane – 401105.

10. **Dilip Kumar Mandal**
Up Parakanpur, Bardron,
Diamond Harbour, South 24 Parganas,
Near Bardron Hospital,
South 24 Parganas,
Kolkata – 743332.

11. **Priti Kothari**
51/8, GT Road North,
Pilkhana Bazar,
Howrah – 711101

12. **Greencrest Financial Services Ltd.**
8, Ganesh Chandra Avenue,
Saha Court, 1st Floor,
Kolkata – 700013.

13. **Sunil Parakh, Director**
8, Ganesh Chandra Avenue,
Saha Court, 1st Floor,
Kolkata – 700013.

14. **Aditya Parakh, Director**
11A, Pramathesh Barua Sarani,
Ballygune, Kolkata – 700019.

15. **Anoop Jain HUF**
C-72 Niti Bagh,
New Delhi - 110049

16. **Ravindra Kumar Grover**
Flat No. 602, Panch Mahal,
Panch Srishti Complex,
Near SM Shetty School,
Powai, Mumbai - 400072

17. **Udayan Grover**
Flat No. 602, Panch Mahal,
Panch Srishti Complex,
Near SM Shetty School,
Powai, Mumbai - 400072

18. **Gulistan Vanijya Pvt. Ltd.**
75/C, Park Street,
Kolkata – 700016.

19. **PS IT Infrastructure Services Ltd.**
612, 6th floor, Shivai Plaza,
Near Marol Industrial Cooperative Society,
Marol, Andheri (East),
Mumbai – 400059.

And

Office No. 308, B2B Agarwal Centre,
Near Malad Industrial Estate,
Kanchpada, Malad West,
Mumbai – 400064.

20. **JMD Sounds Ltd.**
75/C, Park Street, Basement,
Kolkata – 700016.

Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, in the matter of trading activities of certain entities in the scrip of Greencrest Financial Services Limited.

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') has initiated adjudicating proceeding against Prem Lata Nahar, (**the Noticee No. 1 / Prem),** Shyam Kanheyalal Vyas, (**the Noticee No. 2 / Shyam),** Raj Kumar Sharma, (**the Noticee No. 3 / Raj**), Sarita Pradip Bissa, (**the Noticee No. 4 / Sarita),** Puspal Chandra, (**the Noticee No. 5 / Puspal**), Ravishankar Mishra, (**the Noticee No. 6 / Ravishankar),** Mina Chandra, (**the Noticee No. 7 / Mina**), Sanjoy Kumar Chandra, (**the Noticee No. 8 / Sanjoy**), Pushpa Asoolal Bissa, (**the Noticee No. 9 / Pushpa**), Dilip Kumar Mandal, (**the Noticee No. 10 / Dilip**),

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Priti Kothari, (**the Noticee No. 11 / Priti),** Greencrest Financial Services Ltd., (**the Noticee No. 12 / Greencrest),** Sunil Parakh (Director), (**the Noticee No. 13 / Sunil),** Aditya Parakh (Director), (**the Noticee No. 14 / Aditya),** Anoop Jain HUF (allottee), (**the Noticee No. 15 / Anoop),** Ravindra Kumar Grover, (**the Noticee No. 16 / Ravindra),** Udayan Grover, (**the Noticee No. 17 / Udayan),** Gulistan Vanijya Pvt. Ltd., (**the Noticee No. 18 / Gulistan),** PS IT Infrastructure Services Ltd., (**the Noticee No. 19 / PS IT Infrastructure)** and JMD Sounds Ltd, (**the Noticee No. 20 / JMD),** All the Noticees collectively referred as **'Noticees/ You'**. Adjudication proceedings have been initiated against Noticees No. 1 to 11 for the alleged violations of regulation 3 (a), (b), (c) (d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**'), against Noticees No. 12 to 17 for the alleged violations of regulation 3 (a), (b), (c) (d), and 4(1) of PFUTP Regulations and against Noticees 18 to 20 for the alleged violations of regulation 3 (a), (b), (c) (d), and 4(1) and 4(2)(d) of PFUTP Regulations.

2. SEBI vide order dated November 21, 2017 appointed the undersigned as Adjudicating Officer under section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**), to inquire into the aforesaid alleged violations against the Noticees. A copy of the proceedings of the said order dated November 23, 2017 is given in compact disc (**CD**) as **Annexure - I** (containing 3 pages).

3. SEBI conducted an investigation in the matter of trading activities of certain entities in the scrip of Greencrest Financial Services Limited (hereinafter referred to as **'Greencrest /Company'**) from March 01, 2012 to July 31, 2015 (hereinafter referred to as **'Investigation Period'**). The shares of the company are listed on Bombay Stock Exchange (BSE). The details of alleged irregularities / violations by the Noticees are mentioned below:

4. Greencrest Financial Services Ltd. was incorporated in the year 1993.The company is a securities broking company offering stock broking and equity advisory services to institutional investors. It is also a depository participant with National Securities Depository Limited (NSDL).

5. Management of the company: The directors of the company during the investigation period were as follows:

Table 1:Directors of the Company

DIN	Name	Director	Appointment Date	Cessation Date
02596801	Sushil Parakh	Managing director	28-Apr-15	Still continuing
02942682	Dhirendra Kumar Sahani	Independent Director	26-May-11	Still continuing
06971967	Sonali Roy Chowdhury	Independent Director	10-Mar-15	Still continuing
01008503	Sunil Parakh	Executive Director	28-Mar-11	Still continuing
0459722	Shree Niwas Singhee	Independent Director	09-Jan-07	Still continuing
00459679	Aditya Parakh	Managing Director	04-Oct-02	28-Apr-15
01361694	Rabindra Sahani	Independent Director	07-Sep-09	31-Mar-12

6. It is observed that between March 01, 2012 and May 09, 2013, there were only 6 trades in which price of scrip decreased from Rs.8.92 to Rs.6.92. Price of scrip started increasing from May 10, 2013.

7. It is observed price of the scrip opened at Rs.7.26 on May 10, 2013. From thereon in only 132 trades, price of the scrip increased to Rs.264.3 on June 04, 2014. There was stock split in 10:1 ratio on June 05, 2014. It was followed by huge increase in trading volumes. Before stock split 1336 shares were traded in 133 trades, between May 10, 2013 and June 04, 2014. After stock split between June 06, 2014 to July 31, 2015, 54148981 shares were traded in 53590 trades. Price of the scrip increased from Rs.26.90 (post split) on June 06, 2014 to a high of Rs.69.85 on December 04, 2014. After December 04, 2014 the price of the scrip has remained stable.

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Chart 1: Adjusted Price-Volume Chart

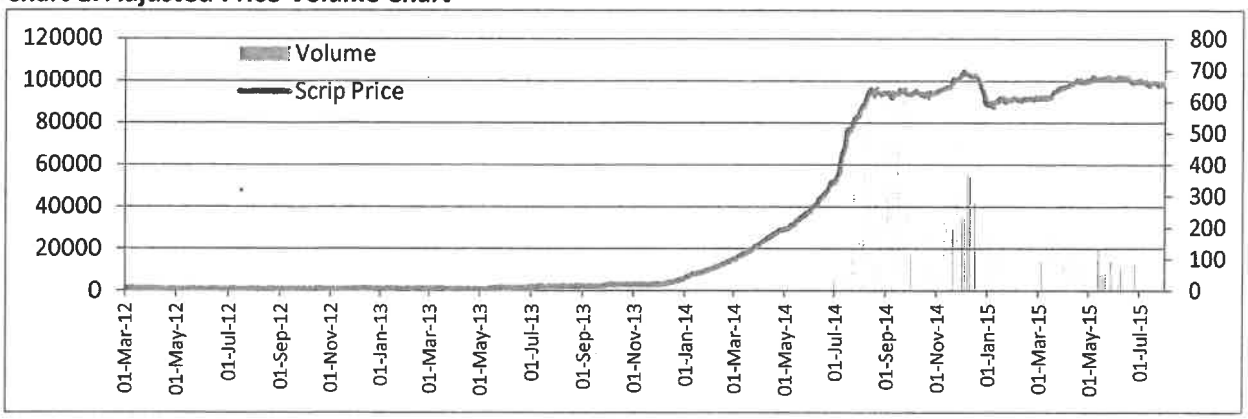
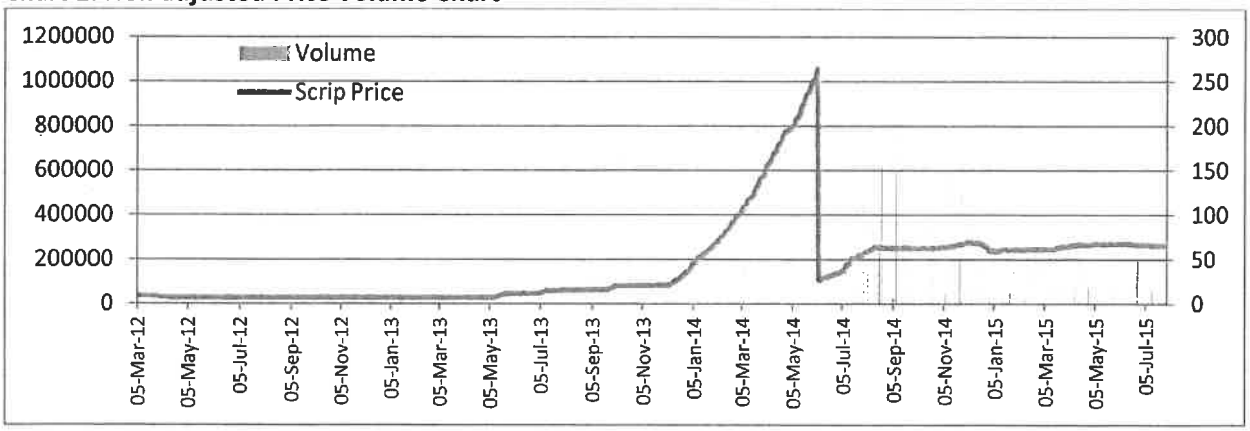


Chart 2: Non adjusted Price Volume Chart



8. Therefore examination of price manipulation, period between May 10, 2013 to June 04, 2014 and from June 05, 2014 to December 04, 2014 was examined. Hereinafter referred as patch-1 and patch-2 respectively. In remaining period of investigation there is no significant price rise or fall.

Table 2: Price Volume (BSE)-Unadjusted

Period	Dates		Open (Rs)	Close (Rs.)	Low (Date) (Rs.)	High (Date) (Rs.)	Avg. no. of (shares) traded daily during the period.
Before Investigation period	01/11/11-29/02/2012	Price	10.00	8.50	6.77(24 Jan 12)	10.00(24 Jan 12)	32
		Vol.	300	100	0(25 Jan 12)	300(24 Jan 12)	
During Investigation period	01/03/2012 – 09/05/2013	Price	8.92	6.92	6.92(13 Apr 12)	8.92(05 Mar 12)	2
		Vol.	100	100*	0(06 Mar 12)	200(29 Mar 12)	
	Patch-1	Price	7.26	264.30	7.26(10 May 13)	264.30(04 Jun 14)	5

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	(10/05/13-04/06/14)	Vol.	2	5	0(11 May 13)	382(05 Mar 14)	
	Patch-2 (05/06/14-04/12/14)	Price	26.90	69.85	26.90(06 Jun 14)	69.85(04 Dec 14)	281,479
		Vol.	4	395,550	0(16 Jun 14)	1,054,700(15 Sep 14)	
	(05/12/14-31/07/2015)	Price	69.15	65.70	58.00(06 Jan 15)	69.80 (05 Dec 14)	129,468
		Vol.	349,600	6,000	17(06 Jan 15)	554,022 (08 Dec 14)	
After Investigation period	(01/08/2015-31/10/2015)	Price	66.00	64.80	63.35(14 Oct 15)	66.00(03 Aug 15)	28,217
		Vol.	1	48,000	1(03 Aug 15)	78,065(28 Aug 15)	

*Volume for trading on April 13, 2012. During period March 01, 2012 to May 09, 2013 the scrip was last traded on Apr 13 2012

9. **Financials of the company:**

Table – 3: Company Financials (Source – bseindia.com) (Rs. in Crore)

Particulars	Year Ended		
	2012-13	2013-14	2014-15
Sales	2.30	8.38	10.30
Other Income	0.88	0.00	0.35
Total Sales	3.18	8.38	10.65
Profit /Loss after Tax	0.31	0.70	1.16

10. Price of the scrip reached its highest level on December 04, 2014, when the company market capitalization value stood at Rs.2553.07 crore. This was not supported by fundamentals of the company. As the company had Revenue of only Rs.8.38 crore and Rs.10.30 crore in FY 2013-14 and 2014-15 respectively. And Net Profits of Rs.0.7 crore and Rs.1.16 crore in FY 2013-14 and 2014-15 respectively.

11. During the investigation period, no major corporate announcements were made by the company other than declaration of financial results, split announcement and meeting of the Board of Directors of the Company. Thus, it was observed that there were no major corporate announcements which could have supported the price rise.

12. Before the preferential allotments, company had total shareholding of 45,04,400 shares of which 28,50,000 shares i.e. 63.27% of shareholding were held by promoters of the company. As per information collected from the exchange and RTA, the company allotted 1,92,50,000 shares on preferential basis at Rs.12 per share to 43 non-promoters on September 14, 2012 when the last traded price of the scrip was Rs.6.92 (April 13, 2012). The shares under lock-in till

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September 13, 2013. Between November 11, 2012 and February 06, 2013, promoters of the company transferred 24,42,300 shares in physical transfer to 89 entities (hereafter called promoter related entities) (is given in CD as **Annexure-02)**. Further, the company again allotted 1,23,00,000 shares on preferential basis at Rs.12 per share to 45 non-promoters on February 11, 2013 when last traded price was Rs.6.92 The shares were under lock-in till February 10, 2014.

13. During investigation it was examined entities identified are connected with top 10 net positive LTP contributors, their counterparties and other entities who have traded in the scrip. Based on off-market transfers, common directors, MCA addresses, KYC connections and fund transfers, group of 50 interconnected entities was identified from above mentioned entities. Hereinafter, this group of 50 entities has been referred as group-1.

14. Chetan Rasiklal Shah, Swetaben Hardik Shah and Setu Securities Pvt. Ltd as suspect entities based on their LTP contribution. They had identified connections between based on fund transfers and MCA data. No connection of these three entities is found with group-1. They have been called Group-2 in rest of the report. Details of connections of group-1 and group-2 entities are are given in CD as **Annexure-03**.

15. It is observed from company's reply dated January 11, 2016 (is given in CD as **Annexure -04**) that it received Rs.23.10 crore as allotment proceeds for its first preferential allotment in September 2012. Out of this money, the company transferred Rs.9.35 crore to Unisys Software & Holding Industries Ltd. and Rs.7.5 crore to Global Infratech and Finance Ltd. Ashok Bothra was common director between these two companies and Blue Circle Services Ltd., which is part of group-1.

16. It is observed that company received Rs.14.76 crore as allotment proceeds for its second preferential allotment in February 2013. Out of this money, the

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company transferred Rs.1.5 crore to Global Infratech and Finance Ltd and Rs.2.25 crore to Scan Infrastructure Pvt. Ltd. Anil Kumar Purohit is common director between Scan Infrastructure Pvt. Ltd. and Blue Circle Services Ltd which is part of group-1. Pushpal Chandra, the director of Scan Infrastructure Pvt. Ltd. is also part of group-1.

LTP Contribution:Patch-1 - Price rise period:

17. During patch-1 price of scrip opened at Rs.7.26 on May 10, 2013 and reached a high of Rs.264.30 on June 04, 2014 and closed at that price.

Group-1

18. Two entities out of 50 entities of group-1 has traded as buyer during this period. Details of their Last Traded Price Variation (LTP) contribution is given below:

Table 4 : LTP contribution as a buyer

		All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of + LTP to Total Market + LTP
S.No	Entity Name	Net LTP	Sum of Qty	No of trade	LTP	QTY traded	No of trade	LTP	QTY	No of trade	QTY	No of trades	
1	Noticee No. 1	50.93	161	26	50.93	145	23	0	0	0	16	3	19.79%
2	Noticee No. 2	40.30	91	19	40.30	91	19	0	0	0	0	0	15.66%
	Among Group	**77.15**	**170**	**36**	**77.15**	**170**	**36**	**0.00**	**0**	**0**	**0**	**0**	**29.98%**
	Group Total	**91.23**	**252**	**45**	**91.23**	**236**	**42**	**0**	**0**	**0**	**16**	**3**	**35.45%**
	Market Total	**257.38**	**1,336**	**133**	**257.38**	**932**	**126**	**0**	**0**	**0**	**404**	**7**	**100%**

19. It is observed that 9 connected entities of group-1 were counterparties to the above said two entities trades and contributed 29.98% to market positive LTP through trades with them. Details of connection among Noticee No. 1, 2 and nine connected entities is given below:

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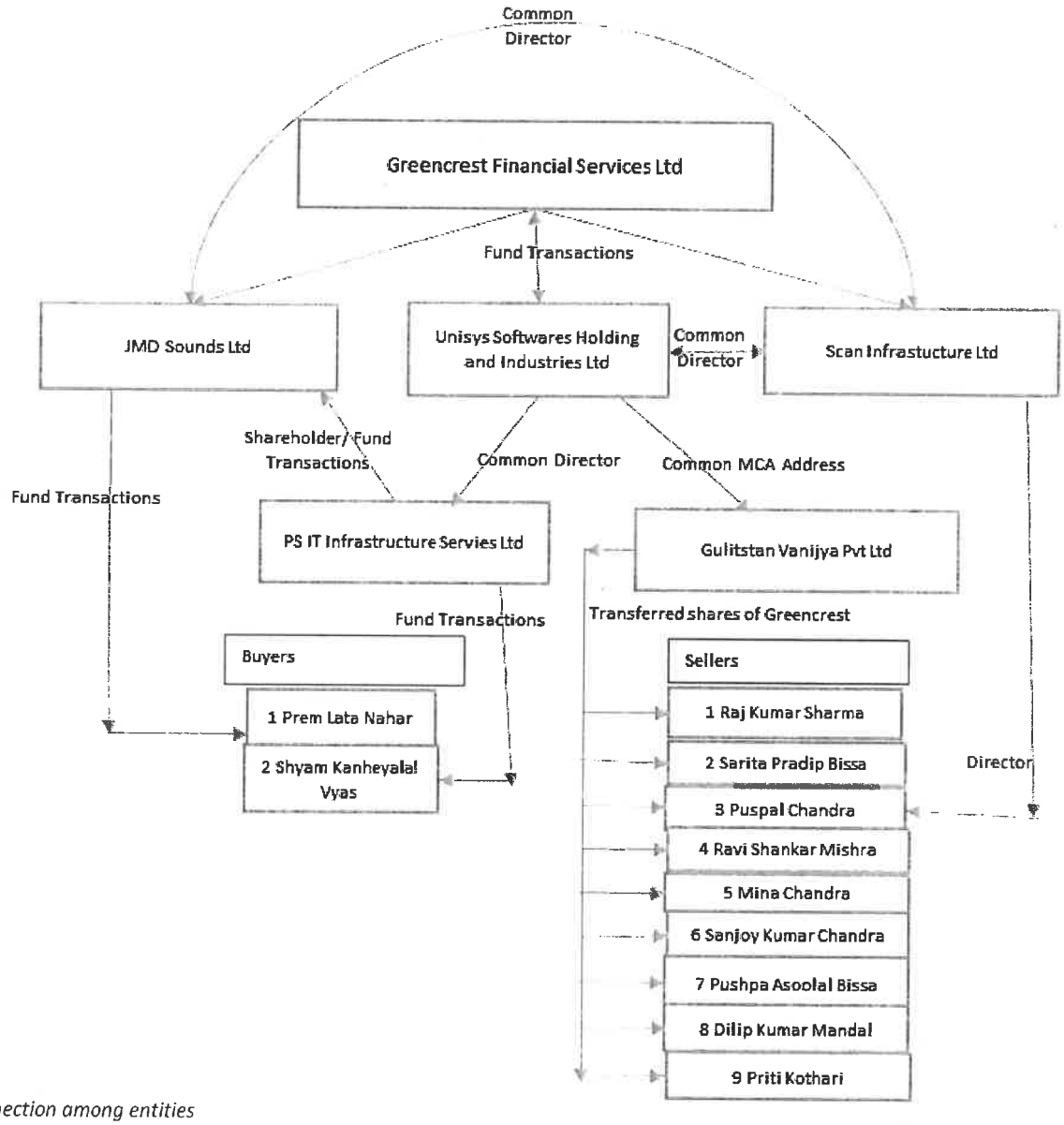


Figure 1: Connection among entities

20. Noticee No. 1 and 2 received funds from company related entities and their nine connected sellers received shares from company related entities.

21. Besides the connections mentioned above there were more connections among these entities are given in CD as **Annexure -05**.

22. Details of LTP contribution among these 11 group entities is given below:

Table 5: LTP Contribution among group

Seller Name → / Buyer Name ↓	Noticee No. 3	Noticee No. 4	Noticee No. 5	Noticee No. 6	Noticee No. 7	Noticee No. 8	Noticee No. 9	Noticee No. 10	Noticee No. 11	Total LTP as Buyer (Number of Trades)
Noticee No. 1	6.75 (3)	2.75 (1)	14.3 (5)	7.25 (3)	4.6 (2)	4 (2)	0 (0)	2.23 (4)	0(0)	**41.88 (20)**
Noticee No. 2	3.55 (1)	3.9 (2)	3.4 (1)	7.25 (2)	8.2 (2)	0 (0)	5.6 (4)	0.82 (2)	2.55(2)	**33.27 (16)**
Total LTP as seller (Number of Trades)	**10.3 (4)**	**6.65 (3)**	**17.7 (6)**	**14.5 (5)**	**12.8 (4)**	**4 (2)**	**5.6 (4)**	**3.05 (6)**	**2.55(2)**	**77.15 (36)**

23. As seen from the table above, Noticee No. 1 as a buyer entered into three trades with connected entity Noticee No. 3 and contributed to positive LTP of Rs. 6.75. Similarly. Noticee No. 1 as buyer has entered 20 trades with seven connected entities and contributed to positive LTP of Rs.41.88. And Noticee No. 2 as a buyer entered 16 trades with eight connected entities and contributed to positive LTP of Rs.33.27.

24. Noticee No. 1 and 2 were placing their buy orders at prices higher than last traded price and these nine entities were placing sell orders to match that order and executed trade at higher price. In this manner the 11 entities traded among themselves and their trades contributed Rs.77.15 (29.98%) to market positive LTP in 36 trades.

25. These 11 connected entities were repeatedly placing their buy and sell orders above last traded price in the scrip when there were no major corporate announcements made by the company, fundamentals of the company did not support price rise and there were only 16 buyers and 15 sellers during this period.

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26. In view of above, it is alleged that two entities as buyer (i.e. Noticee No. 1 and 2) (table 4) and nine entities as seller (i.e. Noticee 3 to 11) (table 5) manipulated the price by repeatedly placing orders at above LTP and through trades among themselves, and violated Regulation 3(a),(b),(c),(d) and Regulation 4(1),4(2)(a),(e) of SEBI (PFUTP) Regulations,2003.

27. During investigation it was also observed from connection among entities as given in figure 1 above that Noticee No. 1 and 2 received funds from Noticee No. 19 and 20. Noticee No. 1 received Rs.17.5 lakhs from Noticee No. 20 on February 20, 2014 which she transferred to its broker on same day to clear debit balance. Similarly Noticee No. 2 received Rs.25 lakhs from Noticee No. 19 on February 13, 2014. He transferred Rs. 24.92 lakhs to his broker on February 15, 2014 to clear his debit balance.

28. Their nine connected counterparties (i.e. Noticee No. 3 to 11) (table 5) received their shares from Noticee No. 18, who is connected to the Noticee No. 12 and Noticee No. 19 and 20. (is given in CD as **Annexure -05)**. They did not buy any shares during patch-1. All the shares they sold during patch-1 from were received by them from Noticee No. 18.

29. Company related entities funded the buyers and provided shares to the sellers, who manipulated the price of the scrip. This shows that there were part of scheme to manipulate the price of the scrip.

30. Noticee No. 19 and 20 were part of manipulative scheme to manipulate the price of the scrip and paid Noticee No. 1 and 2 for manipulating the price of Greencrest Financial Services Ltd., and violated Regulation 3 (a), (b), (c), (d) and Regulation 4(1) and 4(2) (d) of SEBI (PFUTP) Regulations,2003. And Noticee No. 18 was part of manipulative scheme to manipulate the price of the scrip and transferred shares to group entities which were used to manipulate

the price, and violated Regulation 3(a),(b),(c),(d) and Regulation 4(1) and 4(2) (d) of SEBI (PFUTP) Regulations, 2003.

Major Net Sellers:

31. During investigation it is observed that fifty entities who received shares from promoters of the company in physical transfers (list is given in CD as **Annexure 06**) and forty preferential allottees sold shares in market.

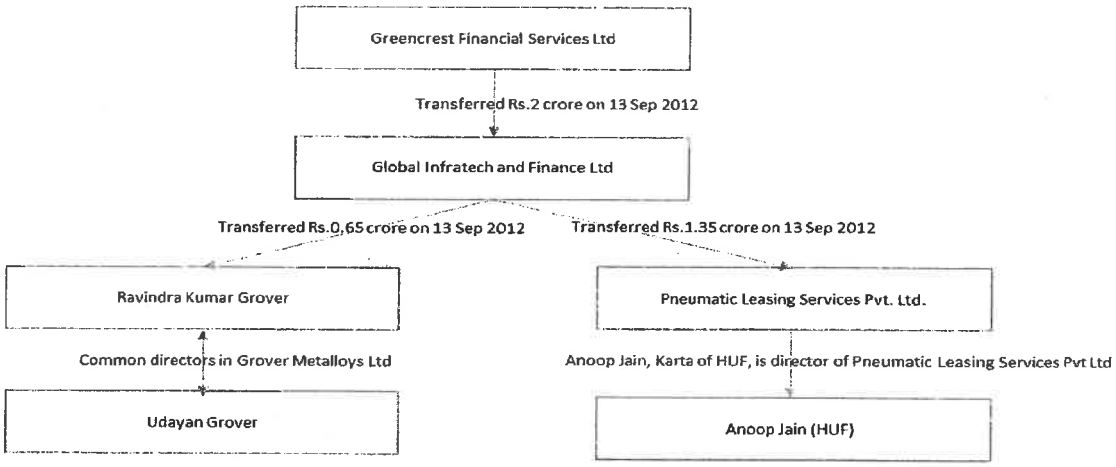
32. Fifty entities who received shares from promoters sold shares worth Rs.57.89 crores and forty preferential allottees sold shares worth Rs.251.94 crores. Details of trades of these entities is given in CD as **Annexure-07.**

33. Details of counterparties to preferential allottees and promoter related entities is given in CD as **Annexure-08**.

Role of the company and its directors:

34. During investigation it is observed that the company transferred Rs. two crore to Global Infratech and Finance Ltd. (HDFC- 12842000000973) on September 13, 2012 out of money received towards first preferential allotment. Global Infratech and Finance Ltd, which had balance of Rs.216,624 before this transfer, transferred on the same day Rs.65 lakhs to Noticee No. 16 and Rs.1.35 crore to Pneumatic Leasing Services Pvt. Ltd.

35. It is also observed that Noticee No. 16 and its connected entity Noticee No. 17 were preferential allottees of the company. Director of Pneumatic Leasing Services Pvt. Ltd. was Anoop Jain. He was preferential allottee of the company and also was karta of Noticee No. 15 - Anoop Jain HUF, who was preferential allottee of the company. Diagrammatic representation of these connections is given below:



36. The company returned preferential allotment application money indirectly through Global Infratech and Finance Ltd. to Noticee No. 15 to 17. Thereafter company related entities manipulated the price. And these three allottees – Noticee No. 15 to 17 sold shares of value of Rs.2.06 crore, Rs.12.35 core and Rs.11.35 crore respectively at manipulated price. Evidence for these connections are given in CD as **Annexure 09.**

37. The company made preferential allotments to these entities when price was low. Company related entities provided funds and shares to entities who manipulated the price during patch-1. Then price was manipulated by entities connected to the company. Thereafter aforementioned preferential allottees who received money from the company sold their shares at manipulated high price.

38. In view of above it is alleged that company was part of scheme to manipulate the price of the scrip to benefit these three preferential allottees. A company cannot act by itself, but only through its directors who are expected to exercise their powers on behalf of the company with utmost care, skill and diligence. Hence executive directors of the company at time of preferential allotment, Noticee No. 13 and 14, were also part of this scheme.

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39. Hence it is alleged that company and its directors and connected allottees: Ravindra Grover, Udayan Grover and Anoop Jain HUF (i.e. Noticee No. 12 to 17) violated Regulation 3 (a), (b), (c) and (d) and Regulation 4(1) of PFUTP Regulations.

40. Copy of investigation report and Annexures 1 to 8 of investigation report is given in **CD** as **Annexure 10.** A soft copy of the Trade log and Order log for the investigation period for the scrip – Greencrest is placed in CD as **Annexure – 11** and **12** respectively.

41. In view of the aforesaid Paras, it is alleged that the Noticees have violated the following:-

42. It is alleged that Noticee No. 1 to 11 have manipulated the price of the scrip by repeatedly trading among them at prices higher than last traded price, and violated Regulation 3(a),(b),(c),(d) and Regulation 4(1),4(2) (a) and (e) of PFUTP Regulations.

43. It is alleged that Noticee No. 12 (Company) and its directors i.e. Noticee No. 13 to 14, were part of the manipulative scheme to benefit the connected preferential allottees, i.e. Noticee No. 15 to 17 and violated Regulation 3 (a),(b),(c) and (d) and regulation 4(1) of PFUTP Regulations.

44. Noticee No. 18 transferred the shares to LTP contributors which they used to manipulate the price in patch-1. Hence Noticee No. 18 violated Regulation 3 (a), (b), (c) and (d) and Regulation 4(1) and 4(2) (d) of PFUTP Regulations.

45. It is alleged that Noticee No. 19 and 20, funded the LTP contributors who manipulated the price in patch-1 and violated Regulation 3 (a), (b), (c) and (d) and Regulation 4(1) and 4(2) (d) of PFUTP Regulations.

46. The aforesaid regulations are reproduced as under;

PFUTP Regulations

भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन न्यायनिर्णायक अधिकारी
Adjudicating Officer under Securities and Exchange Board of India Act, 1992

Prohibition of certain dealings in securities

3. No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

a) indulging in an act which creates false or misleading appearance of trading in the securities market;

b) .....

c) .....

d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;

e) any act or omission amounting to manipulation of the price of a security;

47. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under section 15HA of the SEBI Act, which reads as follows:

SEBI Act:

Penalty for fraudulent and unfair trade practices.

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

48. You are, therefore, called upon to show cause as to why an inquiry be not held against you in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **'Adjudication Rules'**) read with section 15 I of the SEBI Act; and penalty be not imposed under Section 15HA of the SEBI Act for the aforesaid alleged violations.

49. Your reply, if any, should reach the undersigned, within 14 days from the date of receipt of this Notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of Rule (4) of the Adjudication Rules. You may also indicate whether you desire a personal hearing in the matter.

50. Further, you are required to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings. You are also required to submit a photocopy of your PAN card and contact details viz. Telephone numbers / Fax numbers / e-mail IDs and details of contact persons for records.

RACHNA ANAND
ADJUDICATING OFFICER

Enclosure: as above.