



**Government of India
Ministry of Finance**

**10TH PROGRESS REPORT ON THE ACTION TAKEN
PURSUANT TO THE RECOMMENDATIONS OF
THE JOINT PARLIAMENTARY COMMITTEE ON
STOCK MARKET SCAM AND MATTERS RELATING THERETO**

May, 2008

INTRODUCTION

The Report of the Joint Parliamentary Committee on Stock Market Scam and matters relating thereto was presented to the Parliament on 19th December 2002. In Para 3.31, the JPC recommended that the Government should present its Action Taken Report to the Parliament within six months and, thereafter, a Progress Report every six months until action on all the recommendations has been fully implemented to the satisfaction of Parliament. The Government submitted the Action Taken Report to the Parliament on 9.5.2003. 1st Progress Report was presented in the Lok Sabha/Rajya Sabha on 12.12.2003 and 16.12.2003 respectively, 2nd Progress Report on 10.6.2004, 3rd on 09.12.2004, 4th on 29.7.2005, 5th on 20.12.2005, 6th on 23.05.06 and 7th on 19.12.2006 and 8th Progress Report was placed in the Parliament Library on 22.5.2007 and was presented to Lok Sabha/Rajya Sabha on 17.08.2007 and 9th Progress Report was presented on 07.12.2007.

2. JPC had made 276 recommendations/observations/conclusions. In the ATR presented to the Parliament during May 2003, final response of the Government in respect of 111 recommendations had been given. In the Progress Report presented during December, 2003, action was completed on 39 recommendations. In the 2nd Progress Report action was completed on 36 recommendations, in the 3rd Progress Report on 18 recommendations, in the 4th Progress Report on 23 recommendations, in the 5th Progress Report on 06 recommendations, in the 6th Progress Report on 03 recommendations, in the 7th Progress Report on 07 recommendations and in 8th Progress Report, only further progress to the pending recommendations was given. In the 9th Progress Report, action was completed on 07 recommendations. In this Progress Report action has been completed on 02 recommendations which brings down the number of pending recommendations to 24.

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2.	4.44	Swiss Bank accounts of Shri Ketan Parekh.	
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5.	5.109	Irregularities in the City Cooperative Banks Ltd., Lucknow.	
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7.	5.111	Laxity on the part of apex. regulators –the RBI and RCS.	
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9.	5.159	Action against CCBL.	
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11.	7.4	Investigating role of promoters and corporate entities.	
12.	7.51	Expeditious action on involvement of promoters/corporate houses in manipulation of prices of scrips.	
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15.	8.76	Action against OCB's and FII's.	
16.	9.31	Role of EDs/ nominee director in Stock exchanges vis-à-vis demutualisation.	
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22.	12.199	Disposal Committee headed by custodian.	
23.	16.37	Thorough enquiry of the secondary market transactions in the shares of companies identified by the Tarapore Committee.	

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Sl. No.	Para. No.	Subject in brief	Page Nos.
24.	16.47	Comprehensive audit and investigation into purchase of stocks by UTI.	
25.	16.53	-do-	
26.	18.20	Recommendations relating to close nexus between corporate promoters, brokers, broker directors of CSE and officials of SHCIL and UTI.	

**10TH PROGRESS REPORT (MAY 2008) OF THE ACTION TAKEN PURSUANT TO THE
RECOMMENDATIONS OF JOINT PARLIAMENTARY COMMITTEE ON STOCK MARKET SCAM
AND MATTERS RELATING THERETO – 2002.**

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress	
1.	2.15	<p>The Committee note that Ketan Parekh who emerged as a key player in this scam received large sums of money from the banks as well as from the Corporate bodies during the period when SENSEX was falling rapidly. This led the Committee to believe that there was a nexus between Ketan Parekh, banks and the corporate houses. The Committee recommend that this nexus be further investigated by SEBI or Department of Company Affairs expeditiously.</p>	<p>As reported in May, 2003</p> <p>SEBI had conducted investigations into the alleged market manipulations. Based on investigations, SEBI had taken actions as given below:</p> <ol style="list-style-type: none"> 1. SEBI vide Orders dated April 4, 2001 and April 10, 2001 under section 11B of the SEBI Act debarred Classic Shares and Stock Broking Services (CSSB), Triumph Securities Ltd (TSL), Triumph International Finance India Ltd (TIFL), NH Securities Ltd. (NH Sec), V N Parekh Securities Ltd (VNP Sec), KNP Securities Ltd (KNP Sec), the entities controlled by and connected with Mr. Ketan Parekh, and their directors Mr. Ketan Parekh and Mr. Kartik Parekh from undertaking any fresh business as a stock broker or merchant banker. 2. SEBI has cancelled the certificate of registration granted to Triumph International Finance India Ltd to act as a stock broker. 3. Adjudication order dated July 31, 2002 passed against Ketan Parekh entities namely Classic Credit Ltd, Panther Investrade Ltd for their dealings in shares of Aftak Infosys Ltd, levying a penalty of Rs. 5 lacs. 4. Certificate of registration of Credit Suisse First Boston (I) Securities Pvt Ltd (CSFB Securities) has been suspended for the period of two years w.e.f. April 18, 2001 for aiding, abeting and assisting Ketan Parekh entities in market manipulations. 5. Applications submitted by M/s Credit Suisse First Boston (a Foreign Institutional Investor), for renewal of its FII registration and also renewal/registration of its sub-accounts viz. Kallar Kahar Investments Limited, Credit Suisse First Boston (Cyprus) Limited and Credit Suisse First Boston, Singapore Branch have been rejected by SEBI. 6. Prosecutions have been filed on March 7, 2003 vide case no 123/2003 in the court of Addl. Chief Metropolitan Magistrate, 8th Court, Esplanade, Mumbai against the following entities connected/associated with Ketan Parekh: <ol style="list-style-type: none"> 1. Classic Credit Ltd 2. Shri Kirtikumar N. Parekh 	

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		<ul style="list-style-type: none"> 3. Shri Ketan V Parekh 4. Shri Kartik K Parekh 5. Panther Fincap & Mgt. Services Ltd. 6. Shri Navinchandra Parekh 7. Luminant Investment Private Ltd 8. Shri Arun J Shah 9. Chitrakut Computers Pvt. Ltd 10. NH Securities Ltd. 11. Shri V N Parekh 12. Classic Shares & Stock Broker Ltd 13. Shri Kaushik C Shah 14. Shri Mukesh Joshi 15. Saimangal Investrade Ltd 16. Classic Infin Ltd 17. Panther Investrade Ltd 	
		<p>7. SEBI has also taken actions against promoters wherever the violations of SEBI Act and Regulations have been observed. Details of such actions given below:</p> <p>a. Actions against DSQ Software Ltd and their promoters</p> <ul style="list-style-type: none"> · Orders were issued under section 11B of SEBI Act against DSQ Software Ltd and Shri Dinesh Dalmia, which is as given below: <ul style="list-style-type: none"> ➤ DSQ to cancel this alleged acquisition of Fortuna Technologies being done on swap basis after following the procedure laid down under the Companies Act. ➤ DSQ be prohibited from accessing capital market for a period of one year or completion of investigation and action thereupon whichever is later. ➤ Mr Dinesh Dalmia, Managing Director, DSQ be debarred from dealing in securities for a period of one year or completion of investigation and action thereupon whichever is later. · Prosecutions have been filed on April 4, 2003 vide case no 2776/2003 in the court of XIII Metropolitan Magistrate, Saidapet, Chennai against DSQ Software, Directors of DSQ Software including Shri Dinesh Dalmia · First Information Report (FIR) filed against DSQ Software, Directors of DSQ Software including Shri Dinesh Dalmia <p>b. Actions against Global Trust Bank promoters</p>	

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		<p>Orders were issued under section 11B of SEBI Act against promoter entities not to buy, sell or transfer, pledge or dispose off or deal in any other manner the shares of Global Trust Bank Ltd, directly or indirectly.</p> <ul style="list-style-type: none"> · Ramesh Gelli · Premkala Gelli · Jayant Madhav · Girish Gelli · Niraj Gelli · Sridhar Subasri · Annapurna Sridhar · Anjanaya Traders Pvt. Ltd. · Chiranjeevi Traders Pvt. Ltd · Gajanan Financial Services Pvt. Ltd. · Gajmukh Investments Pvt Ltd. · Kadrish Finance & Investments Pvt. Ltd. · Bombay Mahalakshmi Traders Pvt. Ltd. <p>c. Actions against Aftel Infosys promoters Adjudication order dated July 31, 2002 passed against promoters of Aftel Infosys, levying penalty of Rs. 5.50 lakh</p> <ul style="list-style-type: none"> · Ranjit Dhuru · Nitin Shukla · Ashutosh Humnanbadkar · Mukul Dalal · Pramod Broota · Charuhas Khopkar · Sandip Save · Ravindranath Malekar <p>8. SEBI has taken note of JPC observations/ recommendations. As reported in December 2003 No change in the status. As reported in June, 2004 SEBI has submitted the following progress:- DSQ Software Action against stock brokers: The registration of following two brokers has been suspended for one year vide SEBI Order dated 04/03/2004</p> <ol style="list-style-type: none"> 1. Mehta & Ajmera 2. Himanshu Ajmera 	

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		<p>The registration of following two brokers has been cancelled vide SEBI Order dated March 8, 2004 for market manipulation which includes their dealings in DSQ Software Ltd.</p> <ol style="list-style-type: none"> 1. N.H. Securities Ltd. 2. Classic Shares and Stock Broking Services Ltd. <p>Actions against entities associated with/controlled by Ketan Parekh</p> <p>The following nine entities which are associated with /controlled by Ketan Parekh have been prohibited from buying, selling or dealing in securities in any manner directly or indirectly and also debarred from associating with the securities market, for a period of fourteen years vide SEBI Order December 12, 2003:</p> <ol style="list-style-type: none"> i. Shri Ketan V. Parekh ii. Kartik K. Parekh iii. Classic Credit Ltd iv. Panther Fincap and Management Services Ltd. v. Luminant Investment Pvt Ltd. vi. Chitrakut Computers Pvt. Ltd. vii. Saimangal Investrade Ltd. viii. Classic Infin Ltd ix. Panther Investrade Ltd. <p>Out of these 9, action against the following three entities was taken for market manipulation which includes their dealings in DSQ Software Ltd.:</p> <ol style="list-style-type: none"> 1. Classic Credit Ltd 2. Panther Fincap and Management Services Ltd. 3. Luminant Investment Pvt Ltd. <p>DSQ Industries Ltd.</p> <p>Against Promoters</p> <p>A show cause notice dated February 20, 2004 was issued to the following entities under Regulation 11 and 11B of SEBI Act read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 1995</p> <ul style="list-style-type: none"> - M/s. DSQ Holdings Ltd. - M/s. Hulda Properties and Trades Ltd. - Shri Dinesh Dalmia - M/s. Cooltex Commodities Ltd. - M/s. Greenfield Investments Pvt. Ltd. - M/s. Arun Polymers Pvt. Ltd. 	

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		<ul style="list-style-type: none"> · M/s. Aspolite Barter Pvt. Ltd. · M/s. Naina Barter Pvt. Ltd. · Shri Ashok Sharma <p>Show Cause Notices could be served only to two promoter group entities, namely, DSQ Holdings Ltd. and Dinesh Dalmiya. Reply to the show cause notice is yet to be received. Exparte order will be passed after giving one more opportunity. Show Cause Notices sent by courier and subsequently by speed post to the remaining six entities, namely, Hulda Properties and Trades Ltd., Cooltex Commodities Ltd., Arun Polymers Ltd., Aspolite Barter Pvt. Ltd., Greenfield Investments Pvt. Ltd. and Ashok Sharma returned undelivered. Show Cause Notices could not be served to these entities. Exparte order will be passed after giving one more opportunity.</p> <p>Other Entities</p> <p>A show cause notice dated February 19, 2004 was issued to the following entities under Regulation 11 and 11B of SEBI Act read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 1995</p> <ul style="list-style-type: none"> · M/s. Arihant Exim Scrip Pvt. Ltd. · M/s. Doe Jones Investments & Consultants Pvt. Ltd. <p>Reply to the Show Cause Notices has not yet been received. Letter has been received from the entity mentioning that they are not in a position to reply because police authorities have seized the documents. Exparte order will be passed.</p> <p>A show cause notice dated February 19, 2004 was issued for acquisition of shares/voting rights/control of DSQ Industries Ltd. (DSQ) by Classic Credit Ltd. and Panther Fincap & Management Services Ltd. in violation of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Regulations). Reply to the Show Cause Notice has not yet been received. Exparte final order will be passed after giving one more opportunity.</p> <p>Prosecution No.4538 has been filed on August 13, 2003 (Chief Metropolitan Magistrate's Court at Kolkata) against Doe Jones Investments Ltd., Arihant Exim Pvt. Ltd., M. Tibrewal & Co., and promoter group entities and associates of DSQ Industries Ltd. namely DSQ Holdings Ltd., Hulda Properties and Trades Ltd., Cooltex Commodities Ltd., Greenfield Investments P Ltd., Arun Polymers P Ltd., Aspolite Barter, Naina Barter, Dinesh Dalmia</p>	

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	and Ashok Sharma. <i>Enquiry Proceedings have been Initiated against following Brokers</i>	<ol style="list-style-type: none"> 1. M/s. SMIFS Securities Ltd. 2. M/s. Titan Stock Broking Pvt. Ltd. 3. M/s. Indsec Securities Ltd. 4. M/s. Amartlal Gopalji Thacker 5. M/s. Mehta & Ajmera 6. M/s. Bissen Dayal Dayaram 7. M/s. Ballabh Dass Daga 8. M/s. Vishal J Shah 9. M/s. Niraj Balasaria 	
	Out of the nine brokers, enquiries have been completed against 3 brokers and final show cause notices have been issued to them on April 29, 2004:	<ol style="list-style-type: none"> 1. Titan Stock Broking 2. Amritlal Gopalji Thacker 3. M/s Niraj Balsaria 	
	Padmini Technologies Ltd. (PTL) <i>Against PTL and its whole-time directors</i>	<p>Prosecution launched u/s 113(2) of Companies Act against the company and its whole-time directors in the Court of Addl. Chief Metropolitan Magistrate, Tis Hazari, Delhi vide case no. 252 of 2003 on March 26, 2003. The criminal case came up before the court on 20.11.03. Last hearing took place in March 2004, when all the accused appeared. The case has been posted to 16.08.04.</p> <p>Prosecution u/s 24 and 27 of SEBI Act r/w Regulation 3, 4 & 6 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 and Regulation 3(1)(c), 3(3), 7 of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations 1995 against PTL and its whole-time directors launched on 28.05.04.</p> <p>Prosecution {u/s11C(6) of SEBI Act} against Shri Vivek Nagpal, CMD, PTL launched on 28.05.04.</p> <p>Adjudication (u/s 15A of SEBI Act) for non compliance of summons initiated against Shri Vivek Nagpal and PTL on 12.12.03 and 13.02.04 respectively, show cause notices (SCNs) to Vivek Nagpal and PTL issued on 03.02.04 and 24.02.04 respectively, reply from Vivek Nagpal received vide letter dated 17.03.04.</p>	

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		<p>Proceedings u/s11B of SEBI Act are under way; show cause notice has been issued to the company and its directors on 20.02.04. PTL and Vivek Nagpal have raised issues like inspection of records, depositions, cross examination etc. vide their letters dated 28.02.04 and 25.03.04 respectively.</p> <p>Reference has been made to Department of Companies Affairs (DCA) on 09.01.04 for considering appropriate action under the relevant provisions of the Companies Act for irregularities committed in regard to preferential allotment.</p> <p>Against Ketan Parekh group Panther Fincap and Management Services Ltd., Classic Credit Ltd. and their Directors (including Ketan Parekh)</p> <p>Adjudication proceedings u/s 15H of SEBI Act have been initiated on 13.02.04, SCNs were issued on 24.02.04, replies received on 18.03.04 are under consideration of the Adjudicating Officer. KP entities have been debarred from capital market vide order dated 12/12/2003 for fourteen years.</p> <p>Prosecution u/s 24 and 27 of SEBI Act r/w Regulation 3, 4 & 6 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 and Regulation 3(1)(C), 3(3), 7 of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations 1995 and u/s 23(1)(b) of Securities Contract Regulation Act launched on 28.05.04.</p> <p>Triumph International Finance Ltd</p> <p>Enquiry proceedings under SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 have been initiated on 16.12.03, SCN issued on 10.03.04, reply received on 25.03.04 are under consideration of the Enquiry Officer.</p> <p>Against Statutory Auditors</p> <p>Reference has also been made to Institute of Chartered Accountants of India on 23.12.03.</p> <p>Proceedings u/s 11B of SEBI Act have been initiated against the statutory auditor and show cause notice has been issued on 22.12.03.</p> <p>Prosecution u/s 24 of SEBI Act has been launched on 28.05.04.</p> <p>Against Others Various preferential allottees and their associates</p> <p>Proceedings u/s11B of SEBI Act are under way.</p>	

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		<p>Sanjay Kumar, Chartered Accountant Adjudication (u/s 15A of SEBI Act) for non compliance of summons initiated on 12.12.03. SCN issued on 03.02.04, reply received on 01.03.04 under consideration of the Enquiry Officer. SCN issued on 26.12.03 as part of proceedings u/s11B of SEBI Act, inspection of records granted on 19.02.04. He has further requested for copies of various documents which is under consideration. Prosecution u/s 11C(6) and 24 of SEBI Act has been launched on 28.05.04. Reference has been made to The Institute of Chartered Accountants of India (ICAI) on 26.12.03.</p> <p>SBI Mutual Fund Reference has been made to Trustees of SBI Mutual Fund on 18.12.03 requesting them to look into the issues raised by SEBI.</p> <p>A & A Finvest P Ltd. (a sub-broker) Enquiry proceedings have been initiated. SCN issued on 15.03.04, reply received vide letter dt. 28.04.04 under consideration of Enquiry Officer.</p> <p>Shonkh Technologies Ltd Against Mr. Vivek Nagpal, promoters of M/s Shonkh Technologies International Limited Adjudication orders levying a penalty of Rs.1 Crore each was passed on December 3, 2003 against Shri Vivek Nagpal and M/s Padmini Technologies. On an appeal filed by the above entities in SAT, SAT directed them to deposit Rs.1.5 lakhs each with SEBI. Rs.1.5 lakhs each was deposited by the parties with SEBI on May 19, 2004. Against Shonkh Technologies International Limited Show cause notice is to be issued by May 31, 2004. Prosecution proceedings are under consideration.</p> <p>Against Ketan Parekh Entities Order against the KP entities prohibiting the KP entities from buying, selling or dealing in securities in any manner, directly or indirectly and debarring them from associating with the securities markets, for a period of 14 years was passed on December 12, 2003. The certificate of registration granted to broking entities associated with/controlled by Ketan Parekh viz, Classic Shares and Stock Broking Services (CSSB), Triumph Securities Limited</p>	

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		<p>(TSL), NH Securities Ltd. (NH Sec.), Triumph International Finance India Ltd., V N Parekh Securities Limited (VNP Sec) and KNP Securities Limited (KNP Sec) was cancelled on March 8, 2004.</p> <p>Against M/s Iris Infrastructurals Private Limited Penalty of Rs.1.5 lac was imposed on April 22, 2003 and Rs.1 crore on December 3, 2003. The penalty amount is yet to be received. Recovery proceedings initiated.</p> <p>Against Brokers Milan Mahendra Securities Ltd. Show cause notice has been issued to the broker and reply has been received. Adjudication proceedings have been completed against the entity and penalty imposed. Enquiry has been initiated against the broker. Hearing in the case of M/s Milan Mahendra Securities Private Limited stands rescheduled for June 14, 2004.</p> <p>Extempore Securities & Investments Ltd.(now called Pioneer Equity Trade (India) Pvt. Ltd.) Show cause notice has been issued and reply received from the entity. Adjudication proceedings have been completed and penalty imposed on the entity. The entity has paid the penalty. Enquiry proceedings have been completed and warning order was passed on February 4, 2004 against M/s Extempore Securities (name changed to M/s Pioneer Equity Trade (India) Pvt. Ltd.</p> <p>Agroy Finance and Investments Limited Enquiry proceedings have been initiated against the broker.</p> <p>A. Nitin Capital Services Limited Enquiry proceedings have been initiated against the broker.</p> <p>Delhi Securities Limited Enquiry proceedings have been initiated against the broker. Show cause notice under issue. Adjudication proceedings have been initiated against the entities.</p> <p>M/s Money Growth Financials and Consultants Private Limited Show cause notice are to be issued by June 10, 2004.</p>	

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		<p>M/s A. Jain & Co. – Member DSE Enquiry Proceedings have been initiated against the broker.</p> <p>Shamit Finvest Private Limited Show cause notice are to be issued by June 10, 2004.</p> <p>Investment by UTI in the shares of Shonkh Investigation report received from UTI. UTI decided to initiate Departmental and criminal action as may be appropriate against those indicted in the report.</p> <p>Ranbaxy Laboratories Ltd. Against promoter Adjudication proceedings for alleged contravention of section 15A(a) of the SEBI Act read with Regulation 3(4) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 were initiated on 24.10.02 against the following 12 promoter group entities of Ranbaxy Laboratories Ltd.:</p> <ol style="list-style-type: none"> 1. Astral Investments & Trading Company Pvt. Ltd. 2. Divya Papers Pvt. Ltd. 3. Shimal Investment & Trading Company 4. Oscar Holdings Pvt. Ltd. 5. Delta Aromatics Pvt. Ltd. 6. Modland Wears Pvt. Ltd. 7. Jupiter Investments Pvt. Ltd. 8. Malvinder Mohan Singh 9. Oscar Pharmaceuticals Pvt. Ltd. 10. Oscar Investments Ltd. 11. Fortis Financial Services Ltd. 12. Dr. Parvinder Singh (HUF) <p>Show cuase notices were issued on 10.11.2003.</p> <p>Against Stock Brokers Enquiry proceedings for alleged violation of the provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995, SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and rules regulations and bye-laws of stock exchanges, were initiated on 24.10.02 against the following 41 stock brokers of different stock exchanges:</p> <ol style="list-style-type: none"> 1. Credit Suisse First Boston (India) Securities Pvt. Ltd. 2. KNP Securities Pvt. Ltd. 3. V.N. Parekh Securities Pvt. Ltd. 	

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		4. Triumph Securities Ltd.	
		5. Chandravadan J. Dalal	
		6. Milan Mahendra Securities Pvt. Ltd.	
		7. Mukesh Babu Securities Ltd.	
		8. Bakliwal Securities Pvt. Ltd.	
		9. M.P. Vora Shares & Securities Pvt. Ltd.	
		10. Active Finstock Pvt. Ltd.	
		11. Triumph International Finance India Ltd.	
		12. NH Securities Ltd.	
		13. Khandwala Integrated Financial Services Pvt. Ltd.	
		14. Prashant Jayantilal Patel	
		15. Wallfort Financial Services Ltd.	
		16. Suresh Chand S Jain	
		17. The First Custodian Fund (India) Ltd.	
		18. Mahesh Kumar Damani	
		19. Salasar Stock Broking Ltd.	
		20. Dinesh Kumar Singhania & Co.	
		21. Agbros Securities Pvt. Ltd.	
		22. Ashok Kumar Poddar	
		23. Prema Poddar	
		24. Shyam Sundar Dalmia	
		25. Sanjay Khemani	
		26. Shankarlal Chokhany	
		27. Shruti Mohta	
		28. Kanodia Stock Broking (Pvt.) Ltd.	
		29. J.V.S. Securities Pvt. Ltd.	
		30. Kamal Kumar Dugar & Co.	
		31. Lalit & Co.	
		32. M/s Loknath Saraf	
		33. S.P. Rakhecha & Co.	
		34. Shree Harivansa Securities Pvt. Ltd.	
		35. BLB Share & Financial Services Ltd.	
		36. Dalmia Securities (P) Ltd.	
		37. Herald Equities Pvt. Ltd.	
		38. Naresh Chand Chandak	
		39. Rajendra Kumar Chokhany	
		40. Somani Stock Broking Pvt. Ltd.	
		41. Tackel Stock Broking Services Pvt . Ltd.	
		In the case of enquiry against Credit Suisse First Boston (India)	

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		<p>Securities Pvt. Ltd., SEBI has passed an order dated March 05, 2004, under Regulation 13(4) of the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, suspending the certificate of registration of the broking entity for a period of one month. The order came into effect after three weeks from the date of the order.</p> <p>In the cases of enquiry against Bakliwal Securities Pvt. Ltd., M.P. Vora Shares & Securities Pvt. Ltd. and Active Finstock Pvt. Ltd. no action has been recommended in the enquiry report. Enquiry proceedings in the remaining cases are under progress.</p> <p>Against Ketan Parekh Entities</p> <p>Against the following 5 broking entities belonging to Ketan Parekh group, SEBI has passed orders dated 08.03.2004 canceling their certificate of registration:</p> <ol style="list-style-type: none"> 1. KNP Securities Pvt. Ltd. 2. VN Parekh Securities Pvt. Ltd. 3. Triumph Securities Ltd. 4. Triumph International Finance India Ltd. 5. NH Securities Ltd. <p>Against the following 3 CSE brokers, their registration has already been cancelled by SEBI.</p> <ol style="list-style-type: none"> 1. Dinesh Kumar Singhania – vide order dated 12.10.2001 2. Ashok Kumar Poddar – vide order dated 24.06.2002 3. Prema Poddar - vide order dated 24.06.2002. <p>In the case of another CSE broker, namely, Loknath Saraf, no enquiry could be proceeded as the broker had expired.</p> <p>Against 4 brokers, namely, Bakliwal Securities Pvt. Ltd., M.P. Vora Shares & Securities Pvt. Ltd., Active Finstock Pvt. Ltd. and Khandwala Integrated Financial Services Pvt. Ltd., in the enquiry reports submitted by the Enquiry Officer, no action against the brokers have been recommended by the Enquiry Officer. Names of the entities against whom prosecution proceedings were under consideration are as follows:</p> <ol style="list-style-type: none"> 1. Shri Ketan Parekh 2. KNP Securities Pvt. Ltd. 3. V.N. Parekh Securities Pvt. Ltd. 4. Triumph Securities Ltd. 5. NH Securities Ltd. 	

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		<ol style="list-style-type: none"> 6. Classic Credit Ltd. 7. Panther Fincap and Management Services Ltd. 8. Sai Mangal Investrade Ltd. 9. Luminant Investments Pvt. Ltd. 10. Panther Investrade Ltd. 11. Upfront Investments 12. Profile Investment 13. Options Investments 14. Ace Investment 15. Linear Investments 16. Online Investments 17. A B Corporation 18. Jayant N. Parekh <p>Out of the above entities, prosecutions have been filed on March 7, 2003 vide case no 123/2003 in the court of Addl. Chief Metropolitan Magistrate, 8th Court, Esplanade, Mumbai against the following entities connected/associated with Ketan Parekh.</p> <ol style="list-style-type: none"> 1. Shri Ketan Parekh 2. NH Securities Ltd. 3. Classic Credit Ltd. 4. Panther Fincap and Management Services Ltd. 5. Sai Mangal Investrade Ltd. 6. Luminant Investments Pvt. Ltd. 7. Panther Investrade Ltd. <p>Prosecution proceedings against the remaining entities are under consideration.</p> <p>The dealings of Centurion Bank Ltd. in the scrip by way of arbitrage/trading transactions through the brokers connected/ associated with the Ketan Parekh entities during this period which are in violation of RBI guidelines, have been referred to RBI for suitable action vide letter dated November 12, 2002.</p> <p>Global Trust Bank Ltd.</p> <p>A show cause notice dated October 21, 2003 was issued to the following entities under Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 1995 read with Section 11 and 11B of SEBI Act, 1992. Final order has been passed on 23.03.2004 debarring Sh. Ramesh Gelli, Ms. Premkala Gelli etc. from dealing in the scrip of GTB for 18 months.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Enquiry against the following brokers has been completed and show cause notices issued on dates mentioned against them:</p> <ol style="list-style-type: none"> 1. SS Corporate Securities Ltd. – March 31, 2004 2. Visaria Securities (P) Ltd. – May 26, 2004 3. SBM Investments Ltd. – May 26, 2004 4. Wood Stock Securities (P) Ltd. -March 31, 2004 5. Wood Stock Broking (P) Ltd. – March 31, 2004 6. Ind Sec Securities and Finance Ltd.-Feb.5, 2004 7. ICICI Brokerage Services (P) Ltd.- Feb.5, 2004 8. CSFB Securities (P) Ltd. – February 5, 2004 9. Mukesh Babu Securities (P) Ltd.-Feb. 5, 2004 <p>In the case of SS Corporate Securities Ltd., hearing is scheduled to take place on June 7, 2004.</p> <p>Reply to the SCN has not yet been received from Visaria Securities (P) Ltd. and SBM Investments Ltd.</p> <p>Reply to the SCN has not yet been received from Wood Stock Securities (P) Ltd. and Wood Stock Broking (P) Ltd. These brokers have sought more time to furnish the reply.</p> <p>In the cases of Ind Sec Securities and Finance Ltd., ICICI Brokerage Services (P) Ltd. and Mukesh Babu Securities (P) Ltd., hearing took place before the Chairman, SEBI on March 12, 2004.</p> <p>In the case of CSFB Securities (P) Ltd., hearing took place before the Chairman, SEBI on May 12, 2004.</p> <p>Aftek Infosys Actions against promoters Debarred from dealing in securities for 1 year vide Order dated 8/3/2004.</p> <p>Zee Telefilms Actions against promoters For the breach of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, penalty of Rs. 60,000 was imposed on 19.08.02 and paid on 12.02.2003.</p> <p>Global Tele Actions against promoters For the breach of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, penalty of Rs. 1,20,000 was imposed on 17.3.03 and paid.</p>	

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		<p>Pentamedia Graphics Actions against promoters For the breach of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, penalty of Rs. 90,000 was imposed on 2.5.03 and paid.</p> <p>Adani Exports Ltd Actions against promoters For the breach of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, penalty of Rs. 60,000 was imposed on 7.4.03 and paid.</p> <p>Lupin Lab. Promoters Actions against promoters The investigation in the case of violation of Securities Contracts Regulations by the Lupin Lab promoters is complete. KP entities barred from capital market vide order dated 12/12/03 for 14 years. The registration certificates granted to these entities have been cancelled. Criminal complaint filed against various entities indulged in market manipulation on 07/03/03.</p> <p>Action against other entities in the above six cases Entities associated with /controlled by Ketan Parekh Following persons/ entities have been prohibited from buying, selling or dealing in securities in any manner directly or indirectly and also debarred them from associating with the securities market, for a period of fourteen years.</p> <ol style="list-style-type: none"> 1. Shri Ketan V. Parekh 2. Kartik K. Parekh 3. Classic Credit Ltd 4. Panther Fincap and Management Services Ltd. 5. Luminant Investment Pvt Ltd. 6. Chitrakut Computers Pvt. Ltd. 7. Saimangal Investrade Ltd. 8. Classic Infin Ltd 9. Panther Investrade Ltd. <p>Other brokers</p> <ol style="list-style-type: none"> i. CSFB Securities-Suspended for two years ii. Chardravadan J. Dalal- Suspended for two years iii. Latin Manharlal Securities Ltd- Suspended for six months iv. Quasi-judicial proceedings against 18 brokers are in progress. 	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Cyberspace Ltd. Investigations into trading in the scrip have been completed.</p> <ul style="list-style-type: none"> · Adjudication proceedings against the said company and their promoters have been initiated on 16.4.2004 for their non compliance with the summons issued by SEBI. · Prosecution has also been launched against the company and its promoters in August 2003 for violation of SEBI (PFUTP) Regulations. · Directions have been issued to M/s Prabodh Arth Sanchay, a related entity of M/s Cyberspace Ltd. directing them to be careful in future while trading. · Enquiry proceedings against M/s. Century Consultants Ltd. (a BSE and NSE member) for violation of Code of Conduct laid down under Regulation 7 of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 completed. The certificate of registration of the broker has already been cancelled by the BSE, NSE and SEBI. · Directions have been issued to Shri Shashikant G. Badani to restrain from associating with any corporate body in accessing the securities market and prohibited him from buying, selling or dealing in securities, directly or indirectly, for a period of one year. · The matter of issuing directions to Shri S. K. Barasia under the provisions of the SEBI Act and Rules and Regulations made thereunder is under process. · Action for issuing directions u/s 11 (4) of the SEBI Act against 19 associate/shell companies which were found to have aided and abetted the company in the manipulation of the scrip are in the process of being issued. Similar directions against M/s. Cyberspace Ltd., M/s. Century Consultants Ltd. and their promoters are also in the process of being issued. 	
		<p>Silverline Technologies Ltd. Investigations into the price movement in the scrip of Silverline Technologies Ltd. have been completed. In the course of investigations, adjudication proceedings u/s 15 A were initiated against the company as well as its promoters for non-compliance of SEBI summons. The Adjudicating Officer vide his Orders dated 10/10/2003 and 24/10/2003 has levied monetary penalties of Rs.19,00,000 and Rs.21,00,000 on the company and its</p>	

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		<p>promoters respectively for this default. As no penalty has been paid, recovery proceedings have been initiated. SAT vide its order dated January 20, 2004 has directed the parties to pay the penalty amount.</p> <p>Since the company is also listed on NYSE, SEBI has informed the NYSE as well as the SEC about the violations of Indian Securities Laws committed by the company.</p> <p>Enquiry proceedings against the following 5 brokers have been initiated on 11.3.2004:</p> <ol style="list-style-type: none"> 1. M/s Latin Manharlal Securities (P) Ltd 2. M/s Milan Mahendra Securities (P) Ltd 3. M/s Triumph International Finance Ltd 4. M/s Classic Shares and Stock Brokers Ltd 5. M/s Triumph Securities Ltd. <p>Similarly, adjudication proceedings u/s 15 A read with Section 15 HB of the SEBI Act have been initiated against the following 3 out of the above 5 broking entities for their failure to comply with the summons issued by SEBI:</p> <ol style="list-style-type: none"> 1. M/s Latin Manharlal Securities (P) Ltd – 11/3/04 2. M/s Milan Mahendra Securities (P) Ltd –11/3/04 3. M/s Subhkam Securities (P) Ltd - 15/3/04 <p>Three warning letters have been issued:</p> <ol style="list-style-type: none"> (i) M/s Subhkam Securities (P) Ltd. – 17.5.04 (ii) JP Morgan India (P) Ltd. – 16.3.04 (iii) Kotak Securities – 16.3.04. <p>SSI Ltd.</p> <p>Investigations into the trading in the scrip of SSI Ltd. have been completed. The promoters of SSI and 3 individuals are found to have violated the provisions of Sections 13, 16 read with Section 2(i) of the SCRA read with notification dated March 1, 2000. Prosecution proceedings u/s 23(1) (b) of the SCRA are being initiated against the concerned parties. Reference is also being made to CBDT to look into the aspect of evasion of tax (Capital Gains on sale of shares by promoters etc.) involved in the matter. Investigations have also revealed that the following 4 broking entities (including those belonging to KP) had indulged in trades with a view to creating artificial volumes thereby violating the</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>SEBI (PFUTP) Regulations:</p> <ol style="list-style-type: none"> 1. M/s Triumph Securities Limited 2. M/s Triumph International Finance Ltd. 3. M/s Classic Shares and Stock Brokers Ltd. 4. M/s Milan Mahendra Securities (P) Ltd <p>Enquiry proceedings were initiated on 2.4.2004.</p> <p>Adjudication proceedings u/s15A read with Section 15HB of the SEBI Act have been initiated on 2.4.2004 against M/s Milan Mahendra Securities (P) Ltd. and M/s Triumph International Finance Ltd. for their failure to comply with the summons issued by SEBI.</p> <p>Reference to prosecution has been made against six individuals:</p> <ol style="list-style-type: none"> 1. K.S. Aghoram 2. K.S.Ganesh 3. K.S. Suresh 4. V.Kalaiselvi 5. K.V.Prakash 6. S.Venkatesh <p>Out of 15 corporates referred in Chapter VII of JPC Report, corporates/promoter–brokers (KP entities) nexus has been established in 7 cases. SEBI has debarred/initiated proceedings against these companies/promoters from accessing the capital/ dealing in securities and also filed prosecution. The certificates of registration granted to 6 of the broking entities associated with Ketan Parekh were cancelled by SEBI. Ketan Parekh and 8 entities related to him were also debarred from dealing in securities market in any manner for a period of 14 years and prosecution have also been filed against these entities. SEBI has also suspended the certificates of other Brokers who have aided and abetted Ketan Parekh entities in market manipulations.</p> <p>As reported in December, 2004</p> <p>DSQ Software</p> <p>Action against promoters</p> <p>SEBI has issued the following directions vide two Orders dated 9.9.04 to (1) DSQ Software Ltd., and Shri Dinesh Dalmia (2) Other directors of the company with immediate effect.</p> <p>Shri Dinesh Dalmia is prohibited from buying, selling or otherwise dealing in securities in any manner, directly or indirectly, for a</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>period of 10 years and is also prohibited from holding any office of responsibility in a company/entity or other institution associated with the securities market for a period of 10 years. DSQ Software Limited is prohibited from accessing the securities market and buying, selling or otherwise dealing in securities in any manner, directly or indirectly in securities for a period of 10 years.</p> <p>Shri Dinesh Dalmia and DSQ Software Ltd. shall deposit a sum of Rs.630 crore (being the value of 1.30 crore shares calculated by taking into account the average price of the scrip in the relevant settlement) within a period of 45 days in a separate escrow account to be maintained with a nationalized bank, till completion of investigation by various Police agencies including Calcutta Police and Central Bureau of Investigation. Shri Dinesh Dalmia shall buy 1.30 crore shares of DSQ Software Ltd, circulated into the secondary market within a period of 45 days and retain the same in a separate demat account to be opened for the purpose, till permission for reduction in capital is obtained by the company from the competent authority.</p> <p>The amounts deposited in the escrow account and shares retained in the demat account shall not be withdrawn without prior permission in writing from SEBI.</p> <p>Mohammed Ghulam Ghouse, B.K. Pal, K.M. Venkateshwaran, and Brig. (Retd.) V.M. Sundaram directors of DSQ Software during the material period are prohibited from buying, selling or dealing in securities, in any manner, directly or indirectly for a period of 5 years and also prohibited from holding any office of responsibility in a company/entity or other institution associated with the securities market for a period of 5 years. Shri Dinesh Dalmia, DSQ Software Ltd. and other directors viz. Mohammed Ghulam Ghouse, B.K. Pal, K.M. Venkateshwaran and Brig. (Retd.) U.M. Sundram have filed appeal against the abovesaid two SEBI orders dated 9.9.2004 at Securities and Appellate Tribunal (SAT). The appeal has been admitted and the hearings will commence from 24.11.2004.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress									
		<p>Adjudication against the following entities are completed and penalty collected:</p>										
		<table border="1"> <thead> <tr> <th data-bbox="857 272 1066 296">Name of entities</th> <th data-bbox="1111 272 1285 296">Penalty levied</th> <th data-bbox="1335 272 1554 296">Collection details</th> </tr> </thead> <tbody> <tr> <td data-bbox="857 304 1025 363">Dinesh Kumar Singhanian</td> <td data-bbox="1111 304 1234 328">Rs.25,000</td> <td data-bbox="1335 304 1592 363">Collected in the month of August 2004</td> </tr> <tr> <td data-bbox="857 371 1077 430">Arihant Exim Scrip Pvt. Ltd.</td> <td data-bbox="1111 371 1234 395">Rs.15,000</td> <td data-bbox="1335 371 1592 430">Collected in the month of August 2004</td> </tr> </tbody> </table>		Name of entities	Penalty levied	Collection details	Dinesh Kumar Singhanian	Rs.25,000	Collected in the month of August 2004	Arihant Exim Scrip Pvt. Ltd.	Rs.15,000	Collected in the month of August 2004
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Arihant Exim Scrip Pvt. Ltd.	Rs.15,000	Collected in the month of August 2004										
		<p>SEBI vide Order dated 4.10.04 prohibited the following entities/ persons from accessing the securities market and dealing in securities for a period of 10 years with immediate effect:</p>										
		<ul style="list-style-type: none"> a) New Vision Investment, UK, b) Dinesh Dalmia Technology Trust, c) Softec Corporation Trust, d) New Vision Investment Private Ltd., e) DSQ Holdings Ltd., f) Hulda Properties & Trades Ltd., g) Powerflow Holdings Pvt. Ltd, h) DSQ Industries Ltd. and i) Mrs. Radha Dalmia 										
		<p>Action against the following broker has been taken who had indulged in synchronized transactions in the shares of DSQ Software Ltd.</p>										
		<table border="1"> <thead> <tr> <th data-bbox="857 927 1025 951">Name Broker</th> <th data-bbox="1070 927 1279 986">SEBI Order Date & w.e.f.</th> <th data-bbox="1346 927 1585 951">Suspension period</th> </tr> </thead> <tbody> <tr> <td data-bbox="857 1007 1003 1066">Millennium Equities Ltd.</td> <td data-bbox="1070 1007 1245 1066">13.09.04 w.e.f. 04.01.2004</td> <td data-bbox="1346 1007 1458 1031">6 months</td> </tr> </tbody> </table>		Name Broker	SEBI Order Date & w.e.f.	Suspension period	Millennium Equities Ltd.	13.09.04 w.e.f. 04.01.2004	6 months			
Name Broker	SEBI Order Date & w.e.f.	Suspension period										
Millennium Equities Ltd.	13.09.04 w.e.f. 04.01.2004	6 months										
		<p>DSQ Industries Ltd.</p>										
		<p>Against promoters</p>										
		<p>Final Order is being issued.</p>										
		<p>Other Entities</p>										
		<p>Final Orders against Arihant Exim Scrip Pvt. Ltd. and Doe Jones Investments and Consultants Pvt. Ltd. are being issued.</p>										
		<p>Ketan Parekh entities have been banned for a period of 14 years for dealing in securities market for market manipulation in various scrips.</p>										
		<p>Prosecution has been filed.</p>										
		<p>Enquiry proceedings against the Brokers</p>										
		<p>Enquiry has been completed against 5 broking entities namely,</p>										

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>1. Amrut Gopalji Thacker 2. Titan Stock Broking 3. Niraj Balasaria 4. SMIFS Securities Ltd. 5. Mehta & Ajmera (Already suspended for one year on 4.3.04) Final Orders are being issued.</p> <p>Padmini Technologies Ltd. (PTL) Against PTL and its whole time directors Adjudication proceedings (u/s 15A of SEBI Act) initiated for non compliance of summons have been completed and Adjudication Officer, vide his order dt. August 16/17, 2004, has imposed a penalty of Rs.5 lacs and Rs. 3 lacs on PTL and Shri Vivek Nagpal respectively. Proceedings u/s11B of SEBI Act are under way; show cause notice has been issued to the company and its directors. Personal hearing which was scheduled for 11.11.04 was not availed. Another opportunity for personal hearing is scheduled for 30.11.2004.</p> <p>Against Ketan Parekh group Panther Fincap and Management Services Ltd., Classic Credit Ltd. and their Directors (including Ketan Parekh) Adjudication proceedings have been completed and Adjudication Officer, vide his orders dated 23/24.08.04, has imposed a penalty of Rs.5 lac each on Panther Fincap and Management Services Ltd. and Classic Credit Ltd.</p> <p>Triumph International Finance Ltd. Enquiry Officer vide his report dated 23.8.04 has recommended cancellation of registration. Show cause notice based on the Enquiry Officer's report was sent on 27.8.04. No reply has been received so far. An opportunity for personal hearing is proposed. It may be noted that the registration of Triumph International has already been cancelled vide an earlier order dated 16.5.2003.</p> <p>Against Statutory Auditors The auditor was given opportunities of personal hearing on 24.08.04, 17.09.04 and 20.10.04 which were not availed. Final Order is being issued.</p> <p>Against Others Sanjay Kumar, Chartered Accountant Adjudication proceedings (u/s 15A of SEBI Act) initiated for non</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>compliance of summons have been completed and Adjudication Officer, vide his order dated 18.08.04, has imposed a penalty of Rs.2 lac on Shri Sanjay Kumar.</p> <p>As regards the show cause notice issued on 26.12.03 as part of proceedings u/s 11B of SEBI Act, another inspection of records was granted on 02.08.04. He has further requested for copies of various documents which have been provided. He was asked to submit his reply by 4.10.04. No reply has been received. Ex-parte order is being processed.</p> <p>SBI Mutual Fund</p> <p>Reference has been made to Trustees of SBI Mutual Fund on 18.12.03 requesting them to conduct a thorough investigation on the issues raised by SEBI and submit a report thereof. Reminder was issued to the Trustees on 28.5.04, who have replied vide letter dated 09.06.04 that a firm of reputed chartered accountants have been appointed to look into the matter. The auditors report has been received from the Trustees on 24.09.04 which is under examination.</p> <p>SEBI inspection of systems and procedures of SBIMF conducted on 29/30.01.04. Systemic deficiencies observed during inspection were communicated to AMC vide letter dated 07.05.04 for taking corrective action.</p> <p>A & A Finvest P Ltd. (a sub-broker)</p> <p>Enquiry proceedings under SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 have been completed and Enquiry Officer vide his report dated 13.08.04, has recommended for suspension of registration for a period of one year. Show cause notice based on Enquiry Officer's report has been issued on 27.08.04, reply received on 13.09.04. An opportunity of personal hearing is being given before passing the order.</p> <p>Shonkh Technologies Ltd.</p> <p>Against promoters</p> <p>Show Cause Notices issued to the promoters and associated entities (15 entities) of Shonkh Technologies International Limited. Personal hearings before Chairman initiated. Hearing on two different occasions had to be postponed on the request of the parties. Third date fixed on 2.12.04.</p>	

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		<p>Against Mr.Vivek Nagpal and promoters of Shonkh Technologies International Ltd. Adjudication orders levying a penalty of Rs.1 crore each against Shri Vivek Nagpal and Padmini Techologies Ltd. have been passed. Against the Adjudication Orders, Shri Vivek Nagpal and Padmini Technologies Ltd. have filed an appeal before SAT and as per the interim orders of SAT they have paid a penalty of Rs.1,50,000 each.</p> <p>Adjudication against associated entities of the company/promoters Against 16 entities penalty of Rs. 1 crore each was levied by the Adjudicating Officer. One entity (Shri Mukesh Malhotra) has appealed before SAT against the adjudication order. SAT directed Shri Mukesh Malhotra to deposit Rs.25,000/- with SEBI and co-operate with SEBI in the case. Payment is yet to be received. Legal action for recovery is being processed.</p> <p>Action against others Show cause notices issued against Money Growth Investment and Consultants Pvt. Ltd., dated 26.9.04 and Shamit Finvest Pvt. Ltd. dated 24.9.04. Replies are yet to be received.</p> <p>Order against broker Millenium Equities (India) Private Limited: Order passed suspending the certificate of registration of the broker for a period of six months.</p> <p>Ranbaxy Laboratories Ltd. Adjudication proceedings against the 12 promoter group entities. Orders exonerating the 12 promoter group entities have been passed by the Adjudicating Officer on 9.9.04.</p> <p>Other broking entities 16 brokers - Final orders issued. 24 broking entities – Ex-parte orders will be prepared by mid December 2004. One broking entity – (Mukesh Babu Securities Ltd.- order suspending the broker for one year passed in the case of GTB. Separate enquiry proceedings initiated in this scrip and also in HFCL, Zee and GTL.)</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Global Trust Bank Ltd. Against the brokers Enquiry and other proceedings against the brokers: * Order has been passed against ICICI Brokerage Services Ltd. discharging the broker from the irregularities on 9.9.04. * Order passed against M/s. Indec Securities and Finance Ltd., warning the broker to be more careful in future vide order dated 10.9.04. * Order passed against M/s. Mukesh Babu Securities Pvt. Ltd. suspending the registration for a period of one year vide order dated 14.10.04. * Order passed against M/s. Woodstock Securities Ltd., Woodstock Broking Pvt. Ltd. warning them to be more careful in future. * Order passed against CSFB Securities (I) Pvt. Ltd. on 10.9.04 suspending the broker for a period of three months. * Order passed against SS Corporate Securities on 21.9.04 suspending the broker for a period of 3 months. Final Orders have been passed against Visaria Securities Ltd. (suspension for 3 months) and SBM Investments (sub broker of Mukesh Babu Securities Pvt. Ltd.) (suspension for 4 months) also on 11.10.04 and 14.10.04 respectively.</p> <p>Aftek Infosys Adjudication proceedings were initiated against Classic Credit Ltd., Panther Investrade Ltd., Mividha Investments Pvt. Ltd., JDP Share & Stock Brokers Ltd., for violation of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997. A penalty of Rs.5.00 lakh was imposed and paid. Enquiry proceedings were conducted against Triumph International India Ltd., Triumph Securities Ltd. and NH Securities Ltd and certificate of registration granted to these entities were cancelled vide order dated 31.3.04. Enquiry proceedings were also conducted against broking entities C J Dalal, Hem Securities, Milan Mahendra and Latin Manharlal. C J. Dalal was suspended for two years and Latin Manhrallal Securities Ltd. was suspended for six months. Against other two brokers, hearings held, orders are being passed. Adjudication proceedings were initiated against Vidyut Investments Ltd. for violation of SEBI (Substantial Acquisition of</p>	

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	<p>Shares & Takeovers) Regulations, 1997. Penalty of Rs. 3.00 lakh was imposed and paid.</p> <p>Ketan Parekh entities have been banned from dealing in securities market for a period of 14 years.</p> <p>Criminal complaints filed against nine entities including Ketan Parekh.</p> <p>Zee Telefilms</p> <p>Enquiry proceedings have separately been initiated against the following broking entities, who aided and abetted Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings:</p>	<p>Broker</p> <p>Woodstock Broking Pvt. Ltd. Mukesh Babu Securities Ltd. Mangal Keshav Shares & Stock Brokers Ltd. Milan Mahendra Ltd. Visaria Securities Pvt. Ltd.</p>	<p>Action already taken</p> <p>Order dated 10.9.04 passed warning the broker in the case of GTB In the case of GTB, order dated 10.9.04 passed suspending registration for 1 year Enquiry Proceedings under progress Hearing complete. Order being passed. In the case of GTB, order dated 11.10.04 passed suspending registration for 3 months</p>
	<p>Global Tele</p> <p>Enquiry proceedings have separately been initiated against various following brokers, stock brokers for aiding and abetting Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings :</p>	<p>Broker</p> <p>Vyomit Stock & Investment Pvt. Ltd. Omega Equities Pvt. Ltd. Mangal Keshav Shares & Stock Brokers Ltd. Chandravadan J Dalal</p>	<p>Action already taken</p> <p>Enquiry Proceedings under progress Enquiry Proceedings under progress Enquiry Proceedings under progress Order dated 24.2.04 passed suspending</p>

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		the broker for 2 years inthe case of Lupin,Aftek, Ranbaxy, Shonkh and GTB	
	Hem Securities Ltd.	Order under preparation	
	Latin Manharlal Securities Pvt. Ltd.	In the case of GTB, Aftek and Shonkh, order dated 18.11.03 passed suspending registration for 6 months	
	Mukesh Babu Securities Ltd.	In the case of GTB,order dated 10.9.04 passed suspending registration for 1 year	
	Milan Mahendra Securities Pvt. Ltd.	Order is being passed	
	Visaria Securities Pvt. Ltd.	In the case of GTB,order dated 11.10.04 passed suspending registration for 3 months	
	Pravin V Shah Stock Broking	Enquiry Proceedings initiated	
	Woodstock Securities Pvt. Ltd.	Order dated 10.9.04 passed warning the broker in the case of GTB	
	Adani Exports Ltd.		
	Action against promoters		
	Adjudication proceedings are initiated on 15.9.04 against Ketan Parekh entities namely; Classic Credit Ltd., Classic Share & Stock Broking Ltd. Panther Fincap, Panther Investrade Ltd., Triumph International India Ltd. and Triumph Securities Ltd. for violation of regulation 7 of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.		
	Show cause notice is being issued to Abhinav Investments for debarring them from dealing in securities for violation of regulation 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market), Regulations, 1995.		
	Enquiry proceedings have separately been initiated against following brokers, stock brokers for aiding and abetting Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings :		
	Broker	Action already taken	
	Omega Equities Pvt. Ltd.	Enquiry Proceedings under progress.	
	Woodstock Broking Pvt. Ltd.	Order dated 10.9.04 passed warning the broker in the case of GTB.	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	Chandravadan J Dalal	Order dated 24.2.04 passed suspending the broker for 2 years in the case of Lupin, Aftek, Ranbaxy, Shonkh and GTB.	
	Hem Securities Ltd.	Order under preparation.	
	Latin Manharlal Securities Pvt. Ltd.	In the case of GTB, Aftek and Shonkh, order dated 18.11.03 passed suspending registration for 6 months.	
	Milan Mahendra Securities Pvt. Ltd.	Order under preparation.	
	Visaria Securities Pvt. Ltd.	In the case of GTB, Order dated 11.10.04 passed suspending registration for 3 months.	
	Pravin V Shah Stock Broking	Enquiry proceedings initiated.	
	Keynote Capitals Ltd.	Enquiry proceedings initiated.	
	Enquiry proceedings initiated against Prerak Capital, JBS Securities Ltd., Moneycare Securities & Financial Services Ltd., Madhuvan Securities Pvt. Ltd. and Investmart India Ltd., for violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market), Regulations, 1995, SEBI (Stock Brokers) Rules & Regulations, 1992.		
	Lupin Lab. Promoters		
	After completion of enquiry proceedings, certificate of registration granted to Triumph International India Ltd., Triumph Securities Ltd. and NH Securities Ltd. were cancelled vide order dated 8.12.03.		
	Enquiry proceedings were also conducted against various broking entities namely; C J Dalal, Milan Mahendra, Hem Securities and Pravin V. Shah Stock Broking. C J. Dalal was suspended for two years vide order dated 23.02.04. Proceedings in case of other brokers are on.		
	Criminal complaints filed against 14 entities in the Court of Addl. CMM, Mumbai (CC No. 630/W/03).		
	Cyberspace Ltd.		
	Enquiry was initiated against 28 brokers. With regard to other 26 entities, action is completed. Enquiries initiated against M/s Renaissance Securities Ltd. and M/s Mangala Capital Services Ltd. are in progress.		

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Directions have been issued against Shri Rakesh Mehta prohibiting him from accessing the securities market and dealing in securities in any manner till investigation/inquiry is complete. The investigations into the dealings of Shri Rakesh Mehta are under progress.</p> <p>Directions have been issued to Shri Jugal Kishore Barasia on 17.08.2004, restraining him from accessing the securities market and prohibiting him from buying, selling and dealing in securities for a period of one year.</p> <p>44 show cause notices have been issued against the 19 associate/shell companies (and their directors) which were found to have aided and abetted the company in the manipulation of the scrip. Show cause notices have also been issued to the three promoters of M/s Cyberspace Ltd. and the Century Consultants Ltd. Hearings in the case of 13 entities/individuals held on 27.11.2004. 5 entities/individuals attended the hearing and 4 entities/individuals furnished written submissions. The process of service of show cause notices against the other directors/entities out of the 19 associate/shell companies and their directors and the three promoters of Cyberspace Ltd. & Century Consultants Ltd. is under progress.</p> <p>Silverline Technologies Ltd.</p> <p>Enquiry show cause notices issued to the five broking entities on 13.08.2004.</p> <p>Adjudication proceedings against M/s Silverline Holdings Corporation, M/s Subra Maruitius Limited and M/s Shreyas Holdings Ltd. under progress.</p> <p>Adjudication proceedings u/s 15A were initiated against the company as well as its promoters for non-compliance of SEBI summons. The Adjudicating Officer vide his orders dated 10.10.03 and 24.10.03 has levied monetary penalties of Rs.19,00,000 and Rs.21,00,000 on the company and its promoters respectively for this default. Appeal was filed by the three promoter entities against the penalty imposed by SEBI which was heard by SAT on 9.7.04 and the penalty amount has been reduced from Rs.21 lakh to Rs.1.5 lakh. Payment not yet made. Recovery proceedings are being initiated.</p> <p>Prosecution was filed against M/s Silverline Technologies Ltd. for non payment of Adjudication penalty of Rs.19 lakh on</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>17.08.2004. Adjudication proceedings against 04 brokers completed. Penalty levied of Rs.1 lakh on Milan Mahendra Securities Pvt. Ltd., Rs.2 lakh on Latin Manharlal Securities Pvt. Ltd. and Rs.1 lakh on Triumph International Finance India Ltd. vide orders dated 23.08.2004 and 24.08.2004.</p> <p>SSI Ltd. Enquiry show cause notices have been issued to the three entities on 06.08.2004. Adjudication proceedings completed. The Adjudication Officer has imposed a penalty of Rs.1 lakh on Milan Mahendra Securities Pvt. Ltd. and Rs. 1 lakh on Triumph International Finance India Ltd. vide orders dated 23.08.2004 and 24.08.2004. Proof of payment of adjudication penalty not furnished by the entities. Recovery proceedings are in the process of being initiated. Prosecution proceedings u/s 23(1)(b) of the SCRA initiated against the promoters of SSI and three individuals. The process of issuing directions against the three promoters of SSI Ltd. and three individuals for violation of provisions of SCRA is under progress. Reference made to Chief Commissioner of Income Tax, Chennai on 31.5.04 to look into the aspect of evasion of tax (Capital Gains on sale of shares by promoters etc.) involved in the matter. Enquiry proceedings against 4 brokers initiated on 2.4.2004. It may be noted that the certificate of registration of 3 of these brokers, which were KP entities, have already been cancelled by SEBI.</p> <p>Himachal Futuristic Communications Ltd. (HFCL) Actions against HFCL and its promoters/associate companies and their directors Show cause notices under Sections 11(4)(b) and 11B of SEBI Act 1992 read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 have been issued to HFCL/its directors and following mentioned promoters/associate companies of HFCL and their directors on 30.8.04.</p> <ul style="list-style-type: none"> • HFCL Infotel Ltd. • HFCL Trade Invest Ltd. • Burlington Finance Ltd. 	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress																						
		<ul style="list-style-type: none"> • Toplight Vinimay Pvt. Ltd. • Vinson Brothers Pvt. Ltd. • Vinson Trade & Commerce Pvt. Ltd. • Amrit Sales Promotion Pvt. Ltd. • Classic Services (Partnership firm) • Sone Paper & Industries Ltd. • Shankar Sales Promotion Pvt. Ltd. • Yashodham Merchants Pvt. Ltd. • Kalyan Vyapaar Pvt. Ltd. • Sungrace Merchandise Pvt. Ltd. • Baldev Commercial Pvt. Ltd. 																							
		<p>Enquiry proceedings have separately been initiated against various following stock brokers for aiding and abetting Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings in HFCL :</p>																							
		<table border="1"> <thead> <tr> <th data-bbox="869 699 958 722">Broker</th> <th data-bbox="1093 699 1368 722">Actions already taken</th> </tr> </thead> <tbody> <tr> <td data-bbox="857 746 1032 802">Chandravadan J Dalal</td> <td data-bbox="1093 746 1592 834">Order dated 24.2.04 passed suspending the broker for 2 years in the case of Lupin, Aftek, Ranbaxy, Shonkh and GTB.</td> </tr> <tr> <td data-bbox="857 842 1077 866">Hem Securities Ltd.</td> <td data-bbox="1093 842 1384 866">Order under preparation.</td> </tr> <tr> <td data-bbox="857 874 1066 930">Indsec Securities & Finance Ltd.</td> <td data-bbox="1093 874 1518 930">In the case of GTB, vide order dated 10.9.04, warning has been issued.</td> </tr> <tr> <td data-bbox="857 938 1059 994">Keynote Capitals Ltd.</td> <td data-bbox="1093 938 1283 962">Enquiry initiated</td> </tr> <tr> <td data-bbox="857 1002 1077 1058">Latin Manharlal Securities Pvt. Ltd.</td> <td data-bbox="1093 1002 1592 1090">In the case of GTB, Aftek and Shonkh, order dated 18.11.03 passed suspending registration for 6 months</td> </tr> <tr> <td data-bbox="857 1098 1043 1185">Mangal Keshav Shares & Stock Brokers Ltd.</td> <td data-bbox="1093 1098 1339 1153">Enquiry Proceedings under progress.</td> </tr> <tr> <td data-bbox="857 1193 1077 1249">Milan Mahendra Securities Pvt. Ltd.</td> <td data-bbox="1093 1193 1384 1217">Order under preparation.</td> </tr> <tr> <td data-bbox="857 1257 1070 1313">Millenium Equities (I) Pvt. Ltd.</td> <td data-bbox="1093 1257 1570 1313">In the case of GTB, Order dated 13.9.04 passed suspending for 6 months</td> </tr> <tr> <td data-bbox="857 1321 1066 1377">Aldan Investment Pvt. Ltd.</td> <td data-bbox="1093 1321 1339 1377">Enquiry Proceedings under progress</td> </tr> <tr> <td data-bbox="857 1385 1032 1441">Mukesh Babu Securities Ltd.</td> <td data-bbox="1093 1385 1585 1441">In the case of GTB, Order dated 10.9.04 passed suspending registration for 1 year.</td> </tr> </tbody> </table>	Broker	Actions already taken	Chandravadan J Dalal	Order dated 24.2.04 passed suspending the broker for 2 years in the case of Lupin, Aftek, Ranbaxy, Shonkh and GTB.	Hem Securities Ltd.	Order under preparation.	Indsec Securities & Finance Ltd.	In the case of GTB, vide order dated 10.9.04, warning has been issued.	Keynote Capitals Ltd.	Enquiry initiated	Latin Manharlal Securities Pvt. Ltd.	In the case of GTB, Aftek and Shonkh, order dated 18.11.03 passed suspending registration for 6 months	Mangal Keshav Shares & Stock Brokers Ltd.	Enquiry Proceedings under progress.	Milan Mahendra Securities Pvt. Ltd.	Order under preparation.	Millenium Equities (I) Pvt. Ltd.	In the case of GTB, Order dated 13.9.04 passed suspending for 6 months	Aldan Investment Pvt. Ltd.	Enquiry Proceedings under progress	Mukesh Babu Securities Ltd.	In the case of GTB, Order dated 10.9.04 passed suspending registration for 1 year.	
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	Omega Equities Pvt. Ltd.	Enquiry Proceedings under progress	
	Pravin V Shah Stock Broking	Enquiry Proceedings under progress	
	Subhkam Securities	In the case of Silverline,warning has been issued.	
	Vidyut Devendra Kumar	Enquiry Proceedings under progress	
	Visaria Securities Pvt. Ltd.	In the case of GTB, Order dated 11.10.04 passed suspending registration for 3 months.	
	Vyomit Stock & Investment Pvt. Ltd.	Enquiry Proceedings under progress	
	Woodstock Broking Pvt. Ltd.	Order dated 10.9.04 passed warning the broker in the case of GTB	
	Woodstock Securities Pvt. Ltd.	Order dated 10.9.04 passed warning the broker in the case of GTB.	
	As reported in July, 2005		
	DSQ Software		
	Action against promoters		
	The appeals against the SEBI Orders dated 09.09.2004 issued against Shri Dinesh Dalmia and M/s DSQ Software and its directors were heard by the Hon'ble SAT on 04.02.05. In the matter of DSQ Software the matter is posted for hearing on 19.09.2005.		
	In the matter of Shri Dinesh Dalmia, SAT had directed him to pay a deposit of Rs. 5 crore before the matter could be admitted for hearing and he has paid an amount of Rs. 2.5 crore. On the request of the appellant the sum was reduced to Rs.2.5 crore. The matter is posted for hearing on 19.09.2005.		
	Adjudication in the case of M/s Dinesh Dalmia Technology Trust, M/s Hulda Properties and Trade Ltd., M/s DSQ Holdings Ltd., M/s Doe Jones Investment and Consultants Pvt. Ltd. and M/s Powerflow Holding and Trading Co. Pvt. Ltd. completed and the details of the penalty is as following:		
	DSQ Holdings Ltd	Rs.10,00,000	
	Powerflow Holding & Trading Co. Pvt. Ltd.	Rs.25,000	
	Hulda Properties & Trades Ltd	Rs.10,00,000	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Dinesh Dalmia Tech Trust Rs.5,00,000 Doe Jones Invest & Consult Pvt. Ltd Rs.15,000 Herald Equities Pvt. Ltd. No Penalty</p> <p>The orders in the case of M/s Dinesh Dalmia Technology Trust and M/s DSQ Holdings Ltd. were duly served at the respective addresses on 08.02.2005. In the case of M/s Hulda Properties and Trade Ltd. and M/s Powerflow Holding and Trading Co. Pvt. Ltd. the orders were pasted at the their respective addresses on 04.03.2005 and in case of M/s Doe Jones Investment and Consultants Pvt. Ltd. the order was delivered and acknowledged. Order in the case of M/s Herald Equities Pvt. Ltd. was also served at their respective address.</p> <p>Pursuant to the completion of adjudication proceedings, the penalty amount has been paid by M/s Doe Jones Investments and Consultants Pvt. Ltd. in March 2005. The other parties have not paid the penalty amount within the stipulated time period of 45 days and prosecution proceedings are in the process of being initiated against the entities</p> <p><u>DSQ Industries Ltd.</u></p> <p><u>Action against promoters</u></p> <p>Order passed on 10/12/2004 against the following entities prohibiting them from accessing the securities market and dealing in securities market for a period of 10 years:</p> <ul style="list-style-type: none"> • DSQ Holdings Ltd. • Hulda Properties and Trades Ltd. • Cooltex Commodities Ltd. • Greenfield Investments P Ltd. • Arun Polymers P Ltd. • Aspolite Barter • Naina Barter • Dinesh Dalmia • Ashok Sharma. <p><u>Action against other entities</u></p> <p>1. Order dated 08.11.2004 passed against M. Tibrewal & Co. prohibiting for a period of 2 years from accessing capital market.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>2. Order dated 03/01/2005 passed against Classic Credit and Panther Fincap and Management Services Ltd. to make public announcement under Takeover Regulation taking 01.03.2001 as the reference date for calculation of offer price within 45 days of the date of the order.</p> <p>3. Order dated 19/01/2005 passed against Doe Jones Investments Ltd. and Arihant Exim Pvt. Ltd. prohibiting them from accessing capital markets for 2 years.</p> <p>4. Order dated 27/01/2005 passed against Biyani Securities Pvt. Ltd. and its directors and Harish Biyani prohibiting them from accessing capital markets for 5 years.</p> <p><u>Action against brokers</u></p> <p>1. Order dated 07/01/2005 passed against Niraj Balasaria, stock broker, CSE suspending the certificate of registration for a period of 3 months.</p> <p>2. Order dated 17/05/2005 passed against Indsec Securities Ltd. No case against the broker under the definition of fraud was observed.</p> <p><u>Padmini Technologies Ltd. (PTL)</u></p> <p>Action against PTL and its whole time directors</p> <p>PTL and Vivek Nagpal have appealed against the order of Adjudicating Officer before SAT. The appeals were admitted on 15.3.2005 and 13.4.2005 respectively.</p> <p>SAT vide order dated 13.4.2005 directed SEBI not to take any coercive steps against Shri Vivek Nagpal on the condition that he deposits a sum of Rs. 50,000/- with SEBI. The said payment has since been received from Shri Nagpal. Subsequently, SAT vide its final order dated 28.06.2005 has reduced the penalty amount from Rs. 3 lac to Rs. 1.5 lac in case of Shri Vivek Nagpal and from Rs. 5 lac to Rs. 1.5 lac in case of PTL.</p> <p>Proceedings u/s11B of SEBI Act are under way; show cause notices were issued to the company and its directors. An opportunity for personal hearing was granted to PTL & its whole-time directors on 11.11.2004, which was not availed. Another opportunity was given on 30.11.2004 and 15.12.2004. During these hearings, their advocates sought opportunity for cross examination. This aspect has been legally examined and it has been decided to deny cross examination in light of sufficient corroborative evidences available with SEBI. While, the</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>documents relied in preparation of show cause notices have already been provided, an opportunity of fresh personal hearing is proposed before passing the order against them.</p> <p>Action against Ketan Parekh Group Panther Fincap and Management Services Ltd., Classic Credit Ltd. and their Directors (including Ketan Parekh)</p> <p>An opportunity for personal hearing was given to Ketan Parekh entities/ their directors on 24.11.2004, which was not availed. Another opportunity was given on 15.12.2004 when their advocates sought an opportunity for cross examination, which has been legally examined. It has been decided that since SEBI has sufficient corroborative evidences, cross examination shall be denied. Further, vide letter dated 22.12.2004 a reply to the show cause notice has been received. An opportunity of fresh personal hearing is proposed before passing the order against them.</p> <p>Adjudication proceedings have been completed and Adjudication Officer, vide his orders dated 23/24.08.04, has imposed a penalty of Rs.5 lac each on Panther Fincap and Management Services Ltd. and Classic Credit Ltd.</p> <p>The entities have appealed against the order of Adjudicating Officer before SAT. The matter came up for hearing on 8.6.2005 before SAT and was adjourned to 3.8.2005.</p> <p>Triumph International Finance Ltd. (TIFL)</p> <p>A reply to show cause notice dated 27.8.2004 has been received from TIFL vide its letter dated 12.1.2005. TIFL has however sought an opportunity for personal hearing, which is proposed before passing the order against them.</p> <p>It may be noted that registration of TIFL is already cancelled for violations committed in other cases vide an earlier order dated 16.5.02. The date of order was earlier inadvertently mentioned as 16.5.03 in the 3rd Progress Report. Error is regretted.</p> <p>Action against Statutory Auditors (Kailash Chandra Agarwal, Chartered Accountant)</p> <p>In regard to proceedings u/s 11B of SEBI Act, the submissions of auditor vide letter dated 22.1.2004, 23.8.2004 and 18.10.2004 have been examined. Fresh opportunity of hearing was also granted to auditor for 29.3.2005, which was adjourned. Fresh hearing is proposed before passing the order.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Action against Others <u>Sanjay Kumar, Chartered Accountant</u> In regard to proceedings u/s 11B of SEBI Act, an opportunity for personal hearing was granted to Shri Sanjay Kumar on 15.3.2005, however he failed to appear citing medical problem and stating that SEBI had already initiated prosecution on similar charge. Meanwhile, a reply dated 17.6.2005 to the show cause notice has also been received from Shri Sanjay Kumar. Fresh hearing is proposed before passing the order against him. A reminder was issued to ICAI seeking status of reference dated 26.12.2003. ICAI vide its letter dated 4.11.2004 informed that clarification has been received from Shri Sanjay Kumar and further action is being taken as per the provisions of Section 21 of the Chartered Accountants Act, 1949. Shri Sanjay Kumar had appealed against the order for imposition of penalty by Adjudicating officer. SAT vide its order dated 24.11.2004 admitted the appeal by Shri Sanjay Kumar against this order and directed SEBI not to take any coercive steps against the appellant on conditions that appellant deposit a sum of Rs.50,000. The said amount has been paid by the appellant. Subsequently, SAT on 10.2.2005 has passed a final order and reduced the quantum of penalty to Rs. 25,000/-.</p> <ul style="list-style-type: none"> • Kolkatta based preferential allottees Chairman, SEBI had granted opportunities of personal hearing to 18 Kolkatta based preferential allottees on 22.12.2004 and 30.12.2004 against whom proceedings u/s 11B of SEBI Act were initiated. None of these entities appeared for hearing. However, 3 allottees got stay from Calcutta High Court against the proceedings by SEBI. Calcutta High Court vide its orders dated 23.3.2005 has dismissed the appeals filed by 3 Kolkatta based preferential allottees. Another opportunity of personal hearing is proposed before passing order against the allottees. • Delhi based preferential allottees Show cause notices were issued to 12 Delhi based allottees/ their directors in October/ November 2004. Some entities had sought copies of documents relied in preparation of show cause notices, which were duly provided. No reply has been received from them. An opportunity for personal hearing was granted to these entities 	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>on 15.3.2005, however none of them appeared. Some Delhi based entities namely VB Impex P Ltd., Iris Infrastructurals P. Ltd., Mikona Impex & Traders P. Ltd., DKG Buildcon P. Ltd. and JP Promoters P. Ltd. sought another date of hearing. No reply was received from others. Fresh hearing is proposed before passing the order against them.</p> <p>A & A Finvest P. Ltd. (a sub-broker) Fresh opportunity of hearing was granted to A & A Finvest P. Ltd. for 29.3.2005, which was adjourned. Fresh hearing is proposed before passing the order against the entity.</p> <p><u>Shonkh Technologies Ltd.</u> Action against Promoters/Company 11B actions against Promoters of the company: Pursuant to Show Cause Notices issued to the promoters and associated entities (15 entities) of Shonkh Technologies International Limited, 2 entities have sought inspection of documents and the same have been provided in October 2004. The entities sought adjournment of personal hearing fixed for 5th April, 2005. Subsequently, personal hearing before Whole Time Member has been fixed for 2nd August, 2005.</p> <p>Adjudication against Shri Vivek Nagpal and promoters of Shonkh Technologies International Ltd. Adjudication orders levying a penalty of Rs.1 crore each against Shri Vivek Nagpal and Padmini Technologies Ltd. have been passed. Against the adjudication orders, Shri Vivek Nagpal and Padmini Technologies Ltd. have filed an appeal before SAT and as per the interim orders of SAT dated 19th April, 2004 they have deposited a sum of Rs.1,50,000/- each. SAT, vide its final orders dated 3rd February 2005, reduced the penalty of Adjudication Officer from Rs. 1 crore to Rs. 10,000/- for M/s. Padmini Technologies Ltd. and from Rs. 1 crore to Rs. 40,000/- for Shri Vivek Nagpal. The penalties have been paid.</p> <p>Adjudication against associated entities of the company/ promoters Present position is as follows:</p> <p>(i) Against 2 entities no penalty has been imposed by the Adjudicating Officer. (On 31.12.2003, adjudication orders have been passed against Shri D.K.Jain and Delhi Securities Ltd.)</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>(ii) Against 15 entities penalty of Rs. 1 crore each was levied by the Adjudicating Officer. Accordingly, the position stated in the 3rd Progress Report as 16 entities stands corrected. Error is regretted.</p> <p>(iii) Out of the above, one entity (Shri Mukesh Malhotra) has appealed before SAT against the adjudication order. SAT vide order dated 16th September, 2004 directed Shri Mukesh Malhotra to deposit Rs. 25,000/- with SEBI and co-operate with SEBI in the case. Shri Mukesh Malhotra, vide letter dated 20.10.2004, has deposited the amount with SEBI.</p>	<p>Names and dates of adjudication orders of the above entities are given below:</p> <p>(i) On 28.11.2003, orders have been passed against the following entities: Ankur Cultivators P Ltd., Saral Website & Exim Pvt. Ltd., Mikona Impex & Traders P Ltd., Sanyo Finance P Ltd., Spectrum.com P Ltd., Iris Infrastructure P Ltd., DKG Buildcon P Ltd. and Churuwala Exports P Ltd.</p> <p>(ii) On 10.12.2003, orders have been passed against Zodiac.com P Ltd. and Noted Infotech P Ltd.</p> <p>(iii) On 18.12.2003, order has been passed against Advance Hovercrafts and Composites (India) Ltd.</p> <p>(iv) On 22.12.2003, orders have been passed against Shri Ravi Krishnamoorti and Shri C.V.R. Rao.</p> <p>(v) On 31.12.2003, order has been passed against R. C. Gupta & Co. P Ltd.</p> <p>Also, adjudication order dated 10.06.2005 has been passed against M/s. Shonkh Technologies International Ltd. imposing a penalty of Rs. 50,000/-.</p> <p>The penalties are yet to be paid. Further actions for non payment of penalties are under consideration.</p> <p>Prosecution proceedings against promoter entities and other entities:</p> <p>Prosecution proceedings have been launched on 24th December, 2004 against Shri Vivek Nagpal, M/s. Padmini Technologies Ltd. and the following 13 entities before Additional Chief Metropolitan Magistrate, New Delhi:</p> <ol style="list-style-type: none"> 1. M/s. Advance Hovercrafts and Composites India Ltd. 2. M/s. Ankur Cultivators Pvt. Ltd. 	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress															
		3. M/s. Churuwala Exports Pvt. Ltd. 4. M/s. DKG Buildcon Pvt. Ltd. 5. M/s. Iris Infrastructurals Pvt. Ltd. 6. M/s. Mikona Impex and Traders Pvt. Ltd. 7. M/s. Noted Infotech Pvt. Ltd. 8. R C Gupta & Co. Pvt. Ltd. 9. M/s. Sanyo Finance & Investment Pvt. Ltd. 10. M/s. Saral Website and Exim Pvt. Ltd. 11. M/s. Shonkh Technologies Inter-national Ltd. 12. M/s. Spectrum.com Pvt. Ltd. 13. M/s. Zodiac.com Pvt. Ltd.																
		Adjudication against other entities: Adjudication orders have been passed against 4 other entities. The details of the orders are given below:																
		<table border="1"> <thead> <tr> <th>Name of Entity</th> <th>Date of Order</th> <th>Penalty Imposed (Rs.)</th> </tr> </thead> <tbody> <tr> <td>M/s. A Nitin Capital Services Ltd.</td> <td>11th March, 2005</td> <td>50,000/-</td> </tr> <tr> <td>M/s. Rajkar Electricals & Electronics Pvt. Ltd.</td> <td>14th March, 2005</td> <td>15,000/-</td> </tr> <tr> <td>Shri Baldev Raj</td> <td>29th April, 2005</td> <td>15,000/-</td> </tr> <tr> <td>M/s. Harpal Associates Pvt. Ltd.</td> <td>31st May, 2005</td> <td>15,000/-</td> </tr> </tbody> </table> The penalties are yet to be paid.	Name of Entity	Date of Order	Penalty Imposed (Rs.)	M/s. A Nitin Capital Services Ltd.	11th March, 2005	50,000/-	M/s. Rajkar Electricals & Electronics Pvt. Ltd.	14th March, 2005	15,000/-	Shri Baldev Raj	29th April, 2005	15,000/-	M/s. Harpal Associates Pvt. Ltd.	31st May, 2005	15,000/-	
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Shri Baldev Raj	29th April, 2005	15,000/-																
M/s. Harpal Associates Pvt. Ltd.	31st May, 2005	15,000/-																
		Actions against Brokers Enquiry reports have been received against 8 brokers. Orders against two of them have been passed (vide order dated 18th November, 2003, Latin Minarlal has been suspended for 6 months and vide order dated 23rd February, 2004 C.J. Dalal has been suspended for 2 years). Enquiry reports have been received against Hem Securities and Milan Mahendra. Hearing for these two entities has also been completed. Orders under preparation. Enquiry reports have been received against 4 other broking entities. The details of the same are given below:																
		<table border="1"> <thead> <tr> <th>Name of Intermediary</th> <th>Date of Enquiry Report</th> <th>Reco- mmendation of Enquiry Officer</th> </tr> </thead> <tbody> <tr> <td>M/s. A Nitin Capital Services Ltd.</td> <td>31st May, 2005</td> <td>Censure</td> </tr> </tbody> </table>	Name of Intermediary	Date of Enquiry Report	Reco- mmendation of Enquiry Officer	M/s. A Nitin Capital Services Ltd.	31st May, 2005	Censure										
Name of Intermediary	Date of Enquiry Report	Reco- mmendation of Enquiry Officer																
M/s. A Nitin Capital Services Ltd.	31st May, 2005	Censure																

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	M/s. Agroy Finance and Investment Ltd.	31st May, 2005	Censure
	M/s. Delhi Securities Ltd.	20th June, 2005	Censure
	M/s. A Jain & Co. Pvt. Ltd.	29th June, 2005	No Penalty
	The same are under consideration.		
	Actions against other entities:		
	Show cause notices issued against Money Growth Investment and Consultants Pvt. Ltd. on 26th September, 2004, Shamit Finvest Pvt. Ltd. on 24th September, 2004 and Shonkh Technologies International Ltd. on 17th September, 2004. Money Growth Investment and Consultants Pvt. Ltd., replied vide their letter dated 25th October, 2004, Shonkh Technologies International Ltd. replied vide their letter dated 8th October, 2004 and Shamit Finvest Pvt. Ltd. replied vide their letter dated 12th October, 2004. As per their request, inspection of documents has been provided to Money Growth and Shonkh Technologies in April 2005. Subsequently, Shonkh Technologies and Money Growth have sought copies of documents. The same are being provided.		
	Further, Show Cause Notices dated 17th May, 2005 under Section 11B of SEBI Act issued against the following 8 entities:		
	<ol style="list-style-type: none"> 1. Mukesh Gupta 2. FNS Consultants Pvt. Ltd. 3. Baldev Raj 4. Rajkar Electricals & Electronics Ltd. 5. Gopi Ram Gupta 6. Harpal Associates Pvt. Ltd. 7. Baldev Harish Elect Pvt. Ltd. and 8. Ms. Simmy Gupta 		
	Reply has been received from Ms. Simmi Gupta (on behalf of Ms. Simmi Gupta and Shri Gopi Ram Gupta) vide her letter dated 16th June, 2005 and the same is under examination. Replies from other entities have not been received so far.		
	Actions relating to Listing of shares on BSE and DSE		
	BSE and DSE were advised to investigate into the listing of shares on their exchanges in August 2000. BSE and DSE have submitted their reports. The same have been perused and issue of SCN to DSE has been approved in April 2005. Draft SCN has been prepared and is under legal vetting.		

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p><u>Ranbaxy Laboratories Ltd.</u> <u>Against promoter group entities/company</u> i) 11 B action against Vidyut Investment Ltd. - Show cause notice was issued to Vidyut Investment Ltd., a subsidiary of Ranbaxy Laboratories Ltd., on December 31, 2004. Reply was received on 24th February 2005. The reply is being examined before putting up for personal hearing. Similarly, supplementary Show Cause Notices were issued to the following (Ketan Parekh related) entities on 16th May 2005 for their dealings with Vidyut Investments Ltd.:</p> <ol style="list-style-type: none"> 1. Classic Credit Ltd. 2. Panther Fincap & Management Services Ltd. <p>The replies have not been received so far.</p> <p><u>Action against stock brokers</u> <u>Broking entities other than KP entities</u> <u>25 broking entities</u> –Enquiry reports submitted in 24 cases and subsequently show cause notices have been issued to all the 24 entities. Replies have been received in response to post enquiry show cause notices from all entities. Personal hearing proceedings are under progress.</p> <p><u>Global Trust Bank Ltd</u> <u>Action against other entities</u> Reply to show cause notice issued under section 11 of SEBI Act, 1992 has been received from the following 14 entities. The hearing before the Member – SEBI is scheduled on July 27 and 28, 2005</p> <ol style="list-style-type: none"> 1. 20th Century Securities Ltd. 2. Ashok Mittal 3. Ashok Mittal & Co. 4. Brentfield Holdings Ltd. 5. Claridges Investment and Finance Pvt. Ltd. 6. Kallar Kahar (sub account of FII – CSFB) 7. European Investments Ltd. 8. Far East Investments Ltd. 9. Kensington Investments Ltd. 10. Phulchand Sons Investmnets 11. RP&C International A/c Coral Reef Inv. Co. Pvt. Ltd. 12. TCFC Securities Ltd. 13. Vidyut Invt. 14. DITC/DBMG (sub account of DITC) 	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<u>Aftek Infosys Ltd</u>		
	1. Progress of enquiry proceedings against the brokers is as follows:		
	Broker	Status	
	Hem Securities Ltd	Enquiry proceedings were initiated on 3.10.2001. Enquiry officer submitted the report on 3.7.2003 recommending the suspension of registration for a period of two years. Hearing was granted to Hem Securites on 12/01/2004 by ex-Whole Time Member. After his retirement, the matter is proposed to be heard de-novo.	
	Milan Mahendra Securities Pvt Ltd	Enquiry proceedings were initiated on 3.10.2001. Enquiry officer submitted the report on 3.7.2003 recommending the suspension of registration for a period of two years. Hearing was granted to Milan Mahendra on 14/06/2004 by ex-Whole Time Member. After his retirement, the matter is proposed to be heard de-novo.	
	2. Progress of action under Section 11B of SEBI Act is as follows:		
	Name of entity	Status	
	Mividha Investments Ltd	Show cause notice was issued on 30/9/2002 asking them to show cause why suitable directions including a direction restraining from accessing the capital market/buying, selling or dealing in securities for a particular duration should not be passed against them. Hearing was granted on 22/10/2003 by ex-Whole Time Member. After his retirement, the matter is proposed to be heard de-novo.	
	Vidyut Investment Ltd	Show cause notice was issued on 5/2/2003 asking them to show cause why suitable directions including a direction restraining from accessing the capital market/buying, selling or dealing in securities for a particular duration should not be passed against them. Hearing was granted on 17/6/2003 by ex-Whole Time Member. After his retirement, the matter is proposed to be heard de-novo.	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	3. SEBI vide order dated March 8, 2004 prohibited the promoters of Aftek Infosys Ltd from buying, selling and dealing in securities for a period of one year. SAT vide order dated 12.01.2005 set aside the SEBI order.		
	Zee Telefilms Ltd		
	Progress of enquiry proceedings initiated against the broking entities, who aided and abetted Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings is as follows:		
	Broker	Status of enquiry in the case of Zee Tele-Films	
	Woodstock Broking Pvt Ltd	Enquiry initiated on 22/11/2004. Enquiry officer submitted the report dated 29/6/2005 recommending no penalty.	
	Mukesh Babu Securities Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 24, 2005 recommending suspension of broking registration for a period of one month. Based on the recommendation, show cause notice was issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	
	Mangal Keshav Shares & Stock Brokers Ltd	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.	
	Milan Mahendra Ltd	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.	
	Visaria Securities Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 31, 2005 recommending no penalty.	
	Show cause notice was issued to Zee Tele-Films on 22.3.2005 under Sections 11(4)(b) and 11B of SEBI Act 1992 asking them to show cause why suitable directions including a direction restraining from accessing the capital market/buying, selling or dealing in securities for a particular duration should not be passed against them. Zee Tele-Film sought list of documents and material relied upon by SEBI. Accordingly, their authorized representatives have inspected the documents at SEBI office on June 10, 2005. Further documents as desired by them were given to them on July 11, 2005. Reply to the show cause notice awaited.		

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Action against Essel Group (promoters of Zee Tele-Films): Show cause notice issued to 6 promoters of Zee Tele-Films on February 11, 2005. The promoter companies have sought list of documents and material relied upon by SEBI. Accordingly, their authorized representatives have inspected the documents at SEBI office on June 10, 2004. Further documents as desired by them were given on July 11, 2005. Reply to the show cause notice awaited.</p> <p>Global Tele-Systems Ltd (now new name GTL Ltd) Progress of enquiry proceedings initiated against the stock brokers for aiding and abetting Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings is as follows:</p>	
		<p>Broker</p>	<p>Status of enquiry proceedings in the case of Global Tele-systems Ltd</p>
		1. Vyomit Stock & Investment Pvt Ltd.	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.
		2. Omega Equities Pvt Ltd.	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.
		3. Mangal Keshav Shares & Stock Brokers Ltd.	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.
		4. Chandravadan J Dalal	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 19, 2005 recommending suspension of broking registration for a period of three months. Based on the recommendation, show cause notice issued on May 24, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.
		5. Hem Securities Ltd	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.
		6. Latin Manharlal Securities Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 19, 2005 recommending suspension of broking registration for a period of one month. Based on the recommendation, show cause notice issued on June 7, 2005 asking them why action should not be taken against them as

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	
	7. Mukesh Babu Securities Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 24, 2005 recommending suspension of broking registration for a period of one month. Based on the recommendation, show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	
	8. Milan Mahendra Securities Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.	
	9. Visaria Securities Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted its report on May 31, 2005 recommending no penalty.	
	10. Pravin V Shah Stock Broking	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 31, 2005 recommending minor penalty of censure. Show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	
	11. Woodstock Securities Pvt Ltd	Enquiry initiated on 22/11/2004. Enquiry officer submitted the report dated June 30, 2005 recommend-ing no penalty.	
	<u>Adani Exports Ltd.</u>		
	1.	Show Cause Notice issued under Section 11 B of SEBI Act on January 4, 2005 to Abhinav Investments Ltd asking them to show cause why suitable directions including a direction restraining from accessing the capital market/buying, selling or dealing in securities for a particular duration should not be passed against them. Reply received on May 6, 2005. They have sought personal hearing. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	2. Progress of enquiry proceedings initiated against stock brokers for aiding and abetting Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings is as follows:		
	Broker	Status in the case of	
		Adani Exports Ltd	
	1.Omega Equities Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.	
	2. Woodstock Broking Pvt Ltd	Enquiry initiated on 22/11/2004. Enquiry officer submitted the report recommending no penalty.	
	3. Chandravadan J Dalal	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 19, 2005 recommending suspension of broking registration for a period of three months. Based on the recommendation, show cause notice issued on May 24, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	
	4. Hem Securities Ltd	Enquiry proceedings under progress. Enquiry initiated on 20/10/2004.	
	5. Latin Manharlal SecuritiesPvtLtd	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 19, 2005 recommending suspension of broking registration for a period of one month. Based on the recommendation, show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	
	6. Milan Mahendra SecuritiesPvtLtd	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.	
	7. Visaria Securities Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted its report on May 31, 2005 recommending no penalty.	
	8. Pravin V Shah Stock Broking	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 31, 2005 recommending minor penalty of censure. Show cause notice issued	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.</p>	
	9. Keynote Capitals Ltd	<p>Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 24, 2005 recommending suspension of broking registration for a period of one month. Show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Their request for inspection of documents is being examined.</p>	
		<p>3. Enquiry proceedings were also initiated on October 20, 2004 against the brokers - Prerak Capital, JBS Securities Ltd, Moneycare Securities & Financial Services Ltd, Madhuvan Securities Pvt Ltd and Investmart India Ltd for violation of regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market), Regulations, 1995 and regulation 7 read with Schedule II of SEBI (Stock Brokers) Rules & Regulations, 1992. Enquiry proceedings under progress.</p>	
		<p>4. Show cause notice dated January 3, 2005 under Section 11B issued to following 7 promoters entities of Adani Export asking them to show cause why suitable directions including a direction restraining from accessing the capital market/buying, selling or dealing in securities for a particular duration should not be passed against them:</p> <ol style="list-style-type: none"> a. Adani Agro Ltd b. Adani Impex Ltd c. Shahi Property Developers Ltd d. Adani Properties Ltd e. Advance Exports Ltd f. Intercontinental India g. Crown International 	
		<p>Promoter entities have sought further documents and inspection of documents relied upon by SEBI. Additional documents were given to them on July 1, 2005.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Himachal Futuristic Communications Ltd (HFCL) Actions against HFCL and its promoters/associate companies and their directors</p> <p>Quasi judicial proceedings are initiated against HFCL, 14 promoters/associate companies and their 52 directors. The HFCL, promoter companies and their directors have sought list of documents and material relied upon by SEBI. Accordingly, authorized representatives of following entities have inspected documents on various dates at SEBI office viz. October 25, 2004, November 2, 2004, November 24, 2004, November 25, 2004, November 29, 2004 and December 3, 2004:</p> <ol style="list-style-type: none"> 1. Himachal Futuristic Communications Ltd 2. HFCL Trade Invest Ltd 3. HFCL Infotel Ltd 4. Mr.Vinay Maloo, director of HFCL 5. Mr.Mahendra Nahata, director of HFCL 6. Dr.Deepak Malhotra, director of HFCL 7. Mr.D R Baid, director of HFCL 8. Mr.Sooraj Kapoor, director of HFCL 9. Mr.C K Goushal, director of HFCL 10. Mr.B B Chadha, director of HFCL 11. Dr.R M Kastia, director of HFCL 12. Y S Chaudhary, director of HFCL <p>Further, authorized representatives of following 12 promoter companies have taken inspection of documents on December 22, 2004 and December 24, 2004:</p> <ol style="list-style-type: none"> 1. Toplight Vinimay Pvt Ltd 2. Vinson Brothers Pvt Ltd 3. Vinson Trade & Commerce Pvt Ltd 4. Amrit Sales Promotion Pvt Ltd 5. Classic Services 6. Sone Paper & Industries Ltd 7. Shankar Sales Promotion Pvt Ltd 8. Yashodham Merchants Pvt Ltd 9. Kalyan Vyapaar Pvt Ltd 10. Sungrace Merchandise Pvt Ltd 11. Baldev Commercial Pvt Ltd 12. Burlington Finance Ltd <p>As requested by them, SEBI vide letter dated January 14, 2005</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>has given copies of documents which have been relied upon by SEBI for evidence. The above entities and their directors have been advised to reply to the show cause notice within 15 days. As desired by them further documents were given on March 11, 2005. The above entities now replied to the show cause notice on June 3, 2005 and June 6, 2005. They have sought a personal hearing before the appropriate authority of SEBI. 2. Progress of enquiry proceedings initiated against stock brokers for aiding and abetting Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings is as follows:</p>	
		<p>Broker</p>	<p>Status in the case of HFCL</p>
	1.Chandravadan J Dalal		Enquiry initiated on 20/10/2004. Enquiry officer submitted its report on May 19, 2005 recommending suspension of broking registration for a period of three months. Based on the recommendation, show cause notice issued on May 24, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.
	2. Hem Securities Ltd		Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.
	3. Indsec Securities & Finance Ltd		Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.
	4. Keynote Capitals Ltd		Enquiry initiated on 20/10/2004. Enquiry officer submitted its report on May 24, 2005 recommending suspension of broking registration for a period of one month. Show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Their request for inspection of documents is being examined.
	5. Latin Manharlal Securities Pvt Ltd		Enquiry initiated on 20/10/2004. Enquiry officer submitted its report on May 19, 2005 recommending suspension of broking registration for a period of one month. Based on the recommendation, show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	6.MangalKeshav Shares&Stock BrokersLtd	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress.	
	7.MilanMahendra SecuritiesPvtLtd	Enquiry initiated on 20/10/2004. Enquiry Proceedings under progress.	
	8. Millenium Equities (I) Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on June 30, 2005 recommending no penalty.	
	9. Aldan Investment Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on June 30, 2005 recommending no penalty.	
	10. Mukesh Babu SecuritiesLtd	Enquiry initiated on 20/10/2004. Enquiry officer submitted its report on May 24, 2005 recommending suspension of broking registration for a period of one month. Based on the recommendation, show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	
	11. Omega Equities Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry proceedings under progress	
	12. Pravin V Shah Stock Broking	Enquiry initiated on 20/10/2004. Enquiry officer submitted its report on May 31, 2005 recommending minor penalty of censure. Show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received from them is being examined before putting up for personal hearing before Whole Time Member.	
	13. Subhkam Securities	Enquiry initiated on 20/10/2004. Enquiry officer submitted its report dated December 29, 2004 recommending no penalty.	
	14. Vidyut Devendrakumar	Enquiry initiated on 20/10/2004. Enquiry officer submitted its report on May 24, 2005 recommending suspension of broking registration for a period of one month. Show cause notice issued on June 7, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Their reply is awaited.	
	15. Visaria Securities Pvt Ltd	Enquiry initiated on 20/10/2004. Enquiry officer submitted the report on May 31, 2005 recommending no penalty.	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		16. Vyomit Stock Enquiry initiated on 20/10/2004. Enquiry proceedings & Investment Pvt Ltd under progress.	
		17. Woodstock Enquiry initiated on 22/11/2004. Enquiry officer Broking Pvt Ltd submitted the report on June 29, 2005 recommending no penalty.	
		18. Woodstock Enquiry initiated on 22/11/2004. Enquiry officer SecuritiesPvtLtd submitted the report on June 30, 2005 recommending no penalty.	
		Based on the findings of investigations in the case of HFCL, Zee Telefilms Ltd, Adani Exports Ltd and Global Tele-Systems Ltd, a consolidated show-cause notice dated January 31, 2005 has been issued to Shri Ketan Parekh, Shri Kartik Parekh and 9 entities connected with them viz. Panther Fincap & Management Services Ltd, Classic Credit Ltd, Panther Investrade Ltd, Classic Infin Ltd, Saimangal Investrade Ltd, Chitrakut Computers Pvt Ltd, Luminant Investments Pvt Ltd, Goldfish Computers Pvt Ltd and Nakshatra Software Pvt Ltd. They have been asked to show cause why suitable directions including a direction restraining from accessing the capital market/buying, selling or dealing in securities for a particular duration should not be issued against them. Ketan Parekh entities were granted inspection of documents relied upon by SEBI on 17/5/2005 and 18/5/2005. As desired by them, copies of additional documents, apart from the documents already given while issuing show cause notice, were given to them on July 11, 2005. Reply to the show cause notice awaited.	
		<u>Cyberspace Ltd</u>	
		Investigation Report in the case of M/s Renaissance Securities Ltd. and other brokers has been approved on May 09, 2005. Follow up actions in this regard are under progress.	
		The SCNs are served on the following entities :	
		1. M/s Cyberspace Ltd. : April 08, 2005	
		2. M/s Century Consultants Ltd. : April 08, 2005.	
		The SCN to Ms. Vandana Srivastava is being served.	
		<u>First Global Stock Broking Ltd.</u>	
		The matter is yet to come up for hearing before the Hon'ble High Court.	
		<u>SSI Ltd.</u>	
		Enquiry proceedings have been completed against the following entities on April 30, 2005:	
		• Classic Share and Stock Broking Services Ltd.	
		• Triumph International Finance India Ltd.	
		• Triumph Securities Ltd.	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>The Enquiry Officer has recommended suspension of registration certificate for a period of 6 months in all the three cases. Since the registration certificates of these entities have already been cancelled, a view is being taken regarding the same.</p> <p>SAT, in its combined order dated April 15, 2005 in the matter of SSI Ltd. and Silverline Technologies Ltd. has set aside the Adjudication Order levying penalty of Rs.1,00,000/- on M/s Milan Mahendra Securities Pvt. Ltd. in one case whereas reduced the penalty from Rs. 1,00,000/- to Rs.10,000/- in the other which has already been deposited by the broker.</p> <p>M/s Triumph International Finance Ltd. has appealed against the adjudication order before SAT levying penalty of Rs. 1,00,000. The process of issuing directions against the three promoters of SSI Ltd. and three individuals for violation of the provisions of SCRA is under progress.</p> <p><u>Silverline Ltd.</u></p> <p>The enquiry proceedings against the 5 broking entities are in progress.</p> <p>M/s Silverline Technologies Ltd. has paid the penalty of Rs.19,00,000/- on March 15, 2005. Further, penalty of Rs.1,50,000/- , as per the Order of SAT dated July 09, 2004 has been paid by M/s Subra Maritius Ltd. and M/s Shreyas Holdings Ltd. on June 29, 2005.</p> <p>As mentioned above, SAT, in its combined Order dated April 15, 2005 in the matter of SSI Ltd. and Silverline Technologies Ltd. has set aside the adjudication order levying penalty of Rs.1,00,000/- - on M/s Milan Mahendra Securities Pvt. Ltd. in one case whereas reduced the penalty from Rs. 1,00,000/- to Rs.10,000/- in the other which has already been deposited by the broker.</p> <p>M/s Latin Manharlal Securities Pvt. Ltd. and M/s Triumph International Finance Ltd. have appealed against the adjudication orders before SAT levying penalties of Rs.2,00,000/- and Rs.1,00,000/- on them respectively.</p> <p>As reported in December, 2005</p> <p><u>DSQ Software</u></p> <p>In the case of M/s DSQ Software, the final hearing before the SAT completed on 16.11.2005 and order is yet to be passed.</p> <p><u>DSQ Industries</u></p> <p>No further developments</p>	

Sl.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Padmini Technologies Ltd. (PTL) Against PTL and its whole time directors An opportunity of personal hearing was extended to PTL & its directors for 30.9.2005. However PTL/directors sought adjournment. A final opportunity of personal hearing is scheduled on 15.12.2005 before passing order against them.</p> <p>Proceedings u/s 11B of SEBI Act are in progress.</p> <p>Against Ketan Parekh group Panther Fincap and Management Services Ltd., Classic Credit Ltd. and their Directors (including Ketan Parekh) Proceedings u/s 11B of SEBI Act, are in progress. In respect of appeals filed by Panther Fincap and Management Services Ltd. and Classic Credit Ltd. against the orders of Adjudicating Officer, the matter came up for hearing on 3.8.2005 before SAT and was adjourned. Fresh date has not been given by SAT so far.</p> <p>Against Statutory Auditors (Kailash Chandra Agarwal, Chartered Accountant) Final opportunity of personal hearing was given to the auditor for 30.9.2005, which was not availed. Order is under preparation.</p> <p>Against Others Sanjay Kumar, Chartered Accountant</p> <p>Another opportunity of personal hearing was extended on 30.9.2005. Shri Gupta however sought adjournment citing that Court had also fixed hearing for 30.9.2005 in the prosecution case filed by SEBI. Final opportunity of hearing is proposed before passing the order against him.</p> <ul style="list-style-type: none"> · Kolkatta based preferential allottees Another opportunity of personal hearing was given to all these allottees on 6/7.10.2005 at Kolkatta. During the hearing, these entities sought time for making written submissions by 10.11.2005. Written submissions have been received from most of these allottees on 29.11.2005. They have further sought opportunity of personal hearing, which is being considered. · Delhi based preferential allottees Another opportunity of personal hearing to these entities was extended for 30.9.2005. However, a letter was received from 	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Shri Arun Goenka on behalf of Goenka group of allottees seeking adjournment. A letter was also received from director of DKG Buildcon P. Ltd. seeking adjournment. Final opportunity of personal hearing has been given to Goenka group of allottees, DKG Builders Pvt. Ltd., Iris Infrastructure P. Ltd., Mikona Impex Traders P. Ltd. for 15.12.2005 before passing the order against them. Draft orders in respect of other Delhi based allottees are under preparation.</p> <p>A & A Finvest P. Ltd. (sub-broker) Whole-Time-Member granted personal hearing for 30.9.2005, which was attended by Shri Atal Goel. Order is under preparation.</p> <p><u>Shonkh Technologies Ltd.</u> Adjudication order imposing a penalty of Rs. 1 crore was passed against Advance Hovercrafts Composites (India) Ltd. The entity appealed in SAT against the adjudication order. SAT vide its order dated 25th May, 2005 has reduced the penalty to Rs.50,000/-, which has been paid.</p> <p>Enquiry officer recommended censure against three brokers viz. M/s Delhi Securities Ltd., M/s Agroy Finance Investment Ltd. and M/s A. Nitin Capital Services Ltd. Post enquiry show cause notices have been issued on October 21, 2005 to all the three brokers. Replies have been received from M/s Agroy Finance & Investment Ltd. & M/s Delhi Securities Ltd. on 2.11.2005 & 7.11.2005 respectively, which are being examined.</p> <p><u>Zee Telefilms</u> Common enquiry had been initiated against the broker Mangal Keshav Shares and Stock Brokers Ltd. for trading in the scrips of HFCL, Zee Telefilms and Global Tele Ltd. Enquiry officer submitted the report on August 16, 2005 recommending no penalty.</p> <p>Common enquiry has been initiated against Milan Mahendra Securities Pvt. Ltd. on 20.10.04 for trading in the scrip of Zee Telefilms Ltd., GTL Ltd., Adani Exports and HFCL. Enquiry Officer submitted the report on 23.11.05 recommending suspension of certificate of registration of the broker for a period of three months. Post enquiry show cause notice was issued to the broker on 25.11.05. Reply is awaited.</p> <p>Reply has been received from Mukesh Babu Securities Ltd. and passing of the order is under consideration.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Action against Essel Group (promoters of Zee Tele-films):- Reply received and hearing is being fixed.</p> <p>Global Tele-Systems Ltd (now GTL Ltd.) Progress of enquiry proceedings initiated against the stock brokers for aiding and abetting Ketan Parekh entities in market manipulation by entering into structured and synchronized dealings: Reply has been received from Chandravadan J Dalal and order will be passed after completion of quasi-judicial process. Common enquiry had been initiated against the broker Omega Equities for trading in the scrips of HFCL, Adani Exports Ltd. and Global Tele Ltd. Enquiry officer submitted the report on August 24, 2005 recommending no penalty. Common enquiry had been initiated against the broker Mangal Keshav Shares and Stock Brokers Ltd. for trading in the scrips of HFCL, Zee Telefilms and Global Tele Ltd. Enquiry officer submitted the report on August 16, 2005 recommending no penalty. Common enquiry had been initiated against Hem Securities for trading in the scrip of HFCL, Adani Exports Ltd. and Global Tele Ltd. On their request, inspection of documents was provided to them on October 19, 2005. Statutory enquiry is under progress.</p> <p>Adani Exports Ltd. Reminder letter sent to 7 promoter entities of Adani Exports Ltd. viz. Adani Agro Ltd., Adani Impex Ltd., Shahi Property Developers Ltd., Adani Properties Ltd., Advance Exports Ltd., Intercontinental India, Crown International on October 28, 2005 to reply to show cause notice.</p> <p>Against Brokers</p> <ol style="list-style-type: none"> 1. Common enquiry had been initiated against the broker Omega Equities for trading in the scrip of HFCL, Adani Exports Ltd. and Global Tele Ltd. Enquiry officer submitted the report on August 24, 2005 recommending no penalty. 2. Common enquiry had been initiated against Hem Securities for trading in scrip of HFCL, Adani Exports Ltd. and Global Tele Ltd. On their request, inspection of documents was provided to them on October 19, 2005. Further action is in progress. 3. Enquiry officer submitted report of the enquiry against JBS Securities Ltd. on August 8, 2005 recommending suspension 	

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		<p>of certificate of registration for a period of one month. Post enquiry SCN issued on August 12, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received on October 4, 2005 in response to post-enquiry show cause notice issued to them. Further action is in progress.</p>	
		<p>4. Enquiry officer submitted report of the enquiry against Moneycare Securities & Financial Services Ltd. on July 22, 2005 recommending suspension of certificate of registration for a period of one day. Post enquiry SCN issued on August 5, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received on 15.9.2005. Further action is in progress.</p>	
		<p>5. Enquiry officer submitted report for the enquiry against Madhuvan Securities Pvt. Ltd. on August 11, 2005 recommending suspension of certificate of registration for a period of one month. Post enquiry SCN issued on August 18, 2005 asking them why action should not be taken against them as recommended by the Enquiry Officer. Reply received on October 5, 2005 in response to post-enquiry show cause notice issued to them. Further action is in progress.</p>	
		<p>6. Enquiry officer submitted report of the enquiry against Prerak Capital on August 23, 2005 recommending suspension of certificate of registration for a period of five days. Post enquiry SCN issued on August 31, 2005 asking them why action should not be taken against them as recommended by the Enquiry officer. Reply received on 30.9.2005. Further action is in progress.</p>	
		<p>Against Ketan Parekh Group</p>	
		<p>1. Based on the findings of investigations in the case of HFCL, Zee Telefilms Ltd, Adani Exports Ltd. and Global Tele-Systems Ltd. a consolidated show-cause notice dated January 31, 2005 has been issued to Shri Ketan Parekh, Shri Kartik Parekh and 9 entities connected with them viz. Panther Fincap & Management Services Ltd., Classic Credit Ltd., Panther Investrade Ltd., Classic Infin Ltd., Saimangal Investrade Ltd., Chitrakut Computers Pvt. Ltd., Luminant Investments Pvt. Ltd., Goldfish Computers Pvt. Ltd. and Nakshatra Software Pvt. Ltd. Reply for their trading in the</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>scrip of Adani Exports Ltd. was received on September 19, 2005. Further action is in progress.</p> <p>2. Supplementary show cause notice was issued on September 28, 2005 to three KP entities viz. Classic Credit Ltd., Panther Fincap & Management Services Ltd. and M/s Chitrakut Computers Private Limited (CCPL) on the basis of findings of Investigation in the scrip of SAB TV Ltd. Reply received on October 21, 2005. Further action is in progress.</p> <p>Himachal Futuristic Communications Ltd. (HFCL) Common enquiry had been initiated against Omega Equities for trading in the scrip of HFCL, Adani Exports Ltd. and Global Tele Ltd. Enquiry officer submitted the report on August 24, 2005 recommending no penalty.</p> <p>Common enquiry had been initiated against the broker Mangal Keshav Shares and Stock Brokers Ltd. for trading in the scrip of HFCL, Zee Telefilms and Global Tele Ltd. Enquiry officer submitted the report on August 16, 2005 recommending no penalty.</p> <p>Common enquiry had been initiated against Hem Securities for trading in scrip of HFCL, Adani Exports Ltd. and Global Tele Ltd. On their request, inspection of documents was provided to them on October 19, 2005. Further action is in progress.</p> <p>Enquiry had been initiated against Indsec Securities & Finance Ltd. for trading in the scrip of HFCL. Enquiry officer submitted the report on 30.11.05 recommending no penalty.</p> <p>Against Ketan Parekh Group Supplementary show cause notice was issued on September 28, 2005 to three KP entities viz. Classic Credit Ltd., Panther Fincap & Management Services Ltd. and M/s Chitrakut Computers Private Limited (CCP) on the basis of findings of Investigation in the scrip of SAB TV Ltd. Reply received on October 21, 2005. Further action is in progress.</p> <p>Show cause notice was issued to Triumph International Finance India Limited (TIFIL) on September 28, 2005 on the basis of findings of investigation in the scrip of SAB TV Ltd. Their reply is awaited.</p> <p>Cyberspace Ltd. 1. Enquiry Officer has submitted the report in case of M/s</p>	

Sl.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress															
		<p>Mangala Capital. Post-enquiry show cause notice has been issued to M/s Mangala Capital on August 17, 2005. Further details sought by M/s Mangla have been furnished to them on August 31, 2005. Pursuant to the enquiry proceedings, the final orders are in the process of being passed after hearing the party (hearing is scheduled on November 29, 2005). Minor penalty of Censure has been recommended by the Enquiry Officer.</p> <p>2. Pre-enquiry show cause notice has been issued to M/s Renaissance Securities Ltd. on August 03, 2005. The Enquiry Officer has submitted the report, recommending a minor penalty of Censure which has been approved. Post-enquiry SCN was issued to M/s Renaissance Securities Ltd. and the reply to the same has been received. Final order was passed on October 25, 2005 imposing a minor penalty of Censure, after hearing the party on October 24, 2005. Final order in the matter of Shri Rakesh Mehta, the then Director of M/s Renaissance Securities Ltd. was passed on October 25, 2005 revoking the earlier interim order dated November 29, 2002 restricting Shri Mehta from accessing the capital market and dealing in securities, after hearing the party on October 24, 2005.</p> <p>3. Warning letters have been issued to 4 broking entities viz. Kantilal Mangaldas Securities Pvt. Ltd., NCJ Share and Stock Brokers Ltd., FMS Securities Ltd. and Motilal Oswal Securities Ltd. on August 26, 2005.</p> <p>4. Warning letters have been issued to the following 10 broking entities in terms of the approved actions in the case, details of which are given below and in case of other two entities, these are in the process of being issued:</p>																
		<table border="1"> <thead> <tr> <th data-bbox="860 1166 1099 1222">Sl. No.</th> <th data-bbox="1115 1166 1368 1222">Name of broker</th> <th data-bbox="1173 1166 1368 1222">Date of warning letter</th> </tr> </thead> <tbody> <tr> <td data-bbox="860 1230 875 1254">1.</td> <td data-bbox="904 1230 1133 1286">Kantilal Mangaldas Securities Pvt. Ltd.</td> <td data-bbox="1227 1262 1335 1286">26.08.05</td> </tr> <tr> <td data-bbox="860 1294 875 1318">2.</td> <td data-bbox="904 1294 1133 1350">NCJ Share & Stock Brokers Ltd.</td> <td data-bbox="1227 1326 1335 1350">26.08.05</td> </tr> <tr> <td data-bbox="860 1358 875 1382">3.</td> <td data-bbox="904 1358 1133 1382">FMS Securities Ltd.</td> <td data-bbox="1227 1358 1335 1382">26.08.05</td> </tr> <tr> <td data-bbox="860 1390 875 1414">4.</td> <td data-bbox="904 1390 1066 1445">Motilal Oswal Securities Ltd.</td> <td data-bbox="1227 1422 1335 1445">26.08.05</td> </tr> </tbody> </table>	Sl. No.	Name of broker	Date of warning letter	1.	Kantilal Mangaldas Securities Pvt. Ltd.	26.08.05	2.	NCJ Share & Stock Brokers Ltd.	26.08.05	3.	FMS Securities Ltd.	26.08.05	4.	Motilal Oswal Securities Ltd.	26.08.05	
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	5. Bhupendra Meghji Bheda	29.09.05	
	6. Subhkam Securities Pvt. Ltd.	06.10.05	
	7. Prakash K. Shah Shares and Securities Pvt.Ltd.	29.09.05	
	8. Kirtikumar Fulchand Vora	29.09.05	
	9. S.P. Mantri	06.10.05	
	10. Alliance Finstock Ltd.	06.10.05	
	As reported in May, 2006		
	DSQ Software		
	The Directors/promoters of DSQ Software Ltd. had appealed against SEBI's order dated 9.9.2005. SAT vide order dated 8.12.2005 has pronounced the following:		
	1. Order against directors of DSQ Software Ltd. other than Dinesh Dalmia has been upheld by SAT and on considering the period already undergone by the directors, SAT observed that no further prohibition is required.		
	2. SAT has upheld SEBI's order against Dinesh Dalmia and DSQ Software Ltd. with modification.		
	SEBI has filed an application to SAT for clarification of SAT's order dated 8.12.2005 against Dinesh Dalmia and DSQ Software Ltd.		
	<u>Padmini Technologies LTD. (PTL)</u>		
	Against PTL and its whole time director		
	After the final order of SAT, an amount of Rs. 1,00,000 was deposited by Shri Vivek Nagpal with SEBI. PTL also deposited a sum of Rs. 1,50,000/- with SEBI.		
	In respect of proceedings u/s 11B of SEBI Act, an opportunity of fresh personal hearing for PTL & its directors was scheduled for 15.12.2005, which has been postponed.		
	Against Others		
	Sanjay Kumar, Chartered Accountant		
	The hearing was fixed along with other Delhi based entities on 15.12.2005, which has been postponed.		
	Kolkatta based preferential allottees		
	An opportunity of personal hearing was scheduled for various Kolkatta based entities in Delhi on 15.12.2005. However, request was received from some Kolkatta based entity to change the hearing date and venue and the hearing was adjourned.		

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		<p>Delhi based preferential allottees The hearing was fixed along with other Delhi based entities on 15.12.2005. However, some Delhi based entities belonging to Goenka group gave detailed reply to SEBI's SCNs and sought another opportunity of personal hearing. Thus, hearing of all Delhi based entities was adjourned.</p> <p>Shonkh Technologies Ltd. Action against promoters and promoter associate entities u/s 11B Hearing for promoter and promoter associate entities (15 in number) was fixed for 12th April, 2006.</p> <p>Action relating to listing of shares on DSE Adjudication Officer vide order dated 10 June, 2005 has imposed a penalty of Rs. 50,000/- on Shonkh Technologies International Ltd. The entity paid the penalty in December, 2005. Reply received from A Nitin Capital Services Ltd. to the post-enquiry show cause notice is under examination. M/s Iris Infrastructurals Pvt. Ltd. had appealed in SAT against the order of Adjudicating Officer imposing a penalty of Rs. 1 crore. SAT vide order dated 14.3.2006, reduced the penalty from Rs. 1 crore to Rs. 1 Lakh.</p> <p>Global Trust Bank SEBI has passed an order against TCFC Securities Limited (formerly known as 20th Century Securities Ltd.) on 10.1.2006 indicating that there was no cause of any further directions. SEBI has passed an order against Kallar Kahar, Sub-Account of FII-CSFB (now known as Credit Suisse First Boston (Mauritius) Ltd.) on 10.1.2006 indicating that there was no cause of any further directions. Hearing of Vidyut Investments Ltd. was completed on 14.02.2006. SEBI has passed an order against RP&C International on March 21, 2006. In view of earlier debarment, no further directions are issued. SEBI has passed an order against Coral Reef Inv. Co. Private Limited, Sub-account of RP&C International on March 21, 2006. In view of earlier debarment, no further directions are issued.</p>	

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		<p>Zee Telefilms Hearing was granted to Zee Telefilms Ltd. and its promoter entities by Whole Time Member of SEBI on January 17, 2006. During the hearing, they raised issues regarding inspection of certain documents and cross examination of witnesses. As directed by the Whole Time Member, detailed reply was sent to them on January 31, 2006 and asked them to file written submissions within 10 days. Reply was received on March 20, 2006 from the promoter entities of Zee Telefilms Ltd. Zee Telefilms Ltd. submitted reply to the Show Cause Notice vide letter dated March 31, 2006. Further action is in progress.</p> <p><u>Global Tele-Systmes Ltd. (now GTL Ltd)</u> Common enquiry had been initiated against Hem Securities Ltd. for trading in the scrip of HFCL, Adani Exports Ltd. and Global Tele. Ltd. Enquiry officer submitted the report on December 8, 2005, recommending suspension of certificate of registration of the broker for a period of three months. Post enquiry SCN was issued to the broker on December 14, 2005 and reply received on December 27, 2005. Further action is in progress.</p> <p><u>Adani Exports Ltd.</u> Show Cause notice was issued earlier to 7 promoter entities of Adani Exports Ltd. viz. Adani Agro Ltd., Adani Impex Ltd., Shahi Property Developers Ltd., Adani Properties Ltd., Advance Exports Ltd., Intercontinental India, Crown International and they replied to the SCN vide letter dated December 19, 2005. An opportunity of personal hearing was granted to 7 promoters entities of Adani Exports Ltd. viz. Adani Agro Pvt. Ltd., Adani Impex Pvt. Ltd., Shahi Property Developers Pvt. Ltd., Adani Properties Pvt. Ltd, Advance Exports, Intercontinental India and Crown International by Whole Time Member of SEBI on March 14, 2006. Vide letter dated March 12, 2006, Shri Rajesh Adani, on behalf of the said entities, requested for an extension of time of at least one month for the personal hearing. Further action is in progress. An opportunity of personal hearing was granted to Abhinav Investments by Whole Time Member of SEBI on March 14, 2006. Abhinav Investment requested for an extension of time.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Common enquiry had been initiated against Hem Securities Ltd. for trading in the scrip of HFCL, Adani Exports Ltd. and Global Tele Ltd. Enquiry officer submitted the report on December 8, 2005, recommending suspension of certificate of registration of the broker for a period of three months. Post enquiry SCN was issued to the broker on December 14, 2005 and reply received on December 27, 2005. Further action is in progress.</p> <p>Himachal Futuristic Communications Ltd. (HFCL)</p> <p>Common enquiry had been initiated against Hem Securities Ltd. for trading in the scrip of HFCL, Adani Exports Ltd and Global Tele Ltd. Enquiry officer submitted the report on December 8, 2005, recommending suspension of certificate of registration of the broker for a period of three months. Post enquiry SCN was issued to the broker on December 14, 2005 and reply received on December 27, 2005. Further action is in progress.</p> <p>An opportunity of personal hearing was granted to the broker Hem Securities Ltd. by Whole Time Member of SEBI on March 17, 2006 for trading in the scrip of HFCL, Adani Exports Ltd. and Global Tele Ltd. The broker requested for a postponement of the personal hearing. Further action is in progress.</p> <p>Hearing was granted to the broker Pravin V Shah Stock Broking Pvt. Ltd. by Whole Time Member of SEBI on January 19, 2006 in the matters of Global Tele Ltd., Adani Exports Ltd. and Himachal Futuristic Communication Ltd. Further action is in progress.</p> <p>Hearing was granted to Chandravadan J Dalal by Whole Time Member of SEBI on February 2, 2006 in the matters of Global Tele Ltd., Adani Exports Ltd. and Himachal Futuristic Communication Ltd. Further action is in progress.</p> <p>Hearing was granted to the broker Vidyut Devendra Kumar by Whole Time Member of SEBI on January 19, 2006 in the matter of Himachal Futuristic Communication Ltd. Further action is in progress.</p> <p>Against Ketan Parekh Group</p> <p>An opportunity of combined personal hearing for all pending cases was granted by Whole Time Member of SEBI to 20</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>persons/entities of the Ketan Parekh (KP) Group on March 7, 2006. The KP Group, vide letters dated March 2, 2006 and March 3, 2006 raised technical and legal issues including asking for copies of documents and cross examination of entities which are being examined. Fresh date of hearing is yet to be given.</p> <p>Cyberspace Ltd.</p> <ol style="list-style-type: none"> 1. Final order was passed in the matter of M/s Mangla Capital Services Ltd. on January 31, 2006 imposing a minor penalty of Censure 2. Warning letters have been issued to 10 broking entities. The same are in the process of being issued in case of other two entities. 3. Show Cause Notice to Ms. Vandana Srivastava u/s 11(4) read with Section 11B of the SEBI Act, 1992 has been served on her. 4. Enquiry proceedings against 7 broking entities and one sub-broker are being initiated. <p>M/s SSI Ltd.</p> <p>Pursuant to the submission of enquiry report by the Enquiry Officer, a post enquiry Show Cause Notice was issued to M/s. Milan Mahendra Securities Pvt. Ltd. on March 06, 2006.</p> <p>Ranbaxy Laboratories Limited</p> <p>Against promoters group entities/ Company</p> <p>i) 11B action against Vidyut Investments.</p> <p>The entity was asked to appear before the Whole Time Member, SEBI for personal hearing on February 14, 2006. During the personal hearing, the Member asked the entity to submit certain documentary evidence by March 10, 2006. Reply received is under examination.</p> <p>Against Stock Brokers</p> <p>KP entities</p> <p>Post enquiry show cause notices were issued (on January 30, 2006) to five KP entities namely Triumph International Finance Ltd., Triumph Securities Ltd., V.N. Parekh Securities Pvt. Ltd., KNP Securities Pvt. Ltd. and N.H. Securities Pvt. Ltd. The replies are awaited.</p>	

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		<p>As reported in December, 2006</p> <p>DSQ Industries Ltd. Vide order dated September 08, 2006, the certificate of registration of M/s. Amratlal Gopalji Thacker, Broker, CSE was suspended for a period of three months.</p> <p>DSQ Software Ltd. SEBI had filed an application to SAT for clarification of SAT's order dated December 08, 2005 against Dinesh Dalmia and DSQ Software Ltd. SAT has clarified certain issues vide order dated March 07, 2006. SEBI has filed an appeal against SAT orders in the Supreme Court.</p> <p>Vider order dated August 10, 2006, the certificate of registration of M/s. Integrated Enterprises (India) Ltd. and M/s IndusInd Bank Ltd., depository participants of NSDL, was suspended for a period of 15 days except for acting on the instructions of existing beneficial owners, so that the interests of the existing beneficiary owners remain unaffected.</p> <p>Vide order dated September 07, 2006, the certificate of registration of M/s. Jayanthilal Khandwala and Sons Pvt. Ltd., member of BSE Ltd., was suspended for a period of one month.</p> <p>Padmini Technologies Ltd. SEBI granted an opportunity for personal hearing to Padmini Tech. Ltd. and its whole time directors on August 25, 2006, which was attended by their lawyer. During the course of hearing, their lawyer sought adjournment on personal grounds, which was granted by SEBI.</p> <p>Another, hearing was granted on September 22, 2006, which was again attended by their lawyer and Shri V.S. Gupta, Director. They declined to submit any thing on merit and sought a ruling from Whole Time Member of SEBI on their request seeking an opportunity for cross examination. Order u/s 11B of SEBI Act is under preparation.</p> <p>SEBI granted an opportunity for personal hearing to various Kolkatta based allottee companies & their directors on April 19, 2006 at SEBI. During the hearing Shri Sudhir Mehta (Advocate), Shri Sunil Kishorepuria, Shri Sanjeev Beriwal and Shri Alok Khetan appeared before Whole Time Member. Draft order against these entities is under preparation.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>SEBI had granted an opportunity for personal hearing to various Delhi based preferential allottees of Padmini (belonging to Goenka group and VB Impex group), their directors and associates including Shri Sanjay Kumar Gupta. Letters were received from representative of Goenka group entities & Shri Sanjay Kumar that their written submissions be considered. They declined opportunity for personal hearing. The other entities failed to attend the personal hearing. Draft order against these entities is under preparation.</p> <p>Shonkh Technologies International Ltd. Hearing to company, promoters and promoter associated entities and other entities: An opportunity of personal hearing was granted to Shonkh Technologies International Ltd., its promoters and promoter associated entities on August 24, 2006. The entities did not attend the hearing. Opportunity of personal hearing was also granted to two more entities namely, M/s Milan Mahendra Securities Pvt. Ltd. and M/s. Shamit Finvest Pvt. Ltd. on August 28, 2006. These entities also did not attend the hearing. M/s. Milan Mahendra Securities Pvt. Ltd. sent a letter stating that they do not want hearing in the matter. Hearing opportunity was again granted to 27 entities including the company Shonkh Technologies International Ltd., its promoters and promoter associated entities on September 22, 2006. Two entities including M/s. Money Growth Investment and Consultants Pvt. Ltd. attended the hearing. Also, opportunity of personal hearing was granted to one entity on September 26, 2006. The entity did not attend hearing and requested for another opportunity to be granted. Further proceedings are under progress.</p> <p>Enquiry proceedings against broker Milan Mahendra Securities Pvt. Ltd. Date of hearing before Whole Time Member had been fixed for the broker on June 15, 2006. The broker did not attend the hearing and sent a letter stating that they did not want hearing in the matter. Further action is under progress.</p> <p>Section 11B actions against M/s. Money Growth Investment and Consultants Pvt. Ltd.</p>	

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		<p>Against the show cause notice dated September 24, 2004 issued to the above entity, the entity gave its final reply which was received on May 08, 2006. Hearing was given to the entity on September 22, 2006. Further course of action is under progress.</p> <p>Action under Section 11B: Show Cause Notices under Section 11 and 11B were issued against M/s. Atromax International and Shri Mukesh Malhotra on June 06, 2006. Opportunity of hearing was granted to these entities on September 22, 2006, but the entities did not attend the hearing. Further course of action is under progress.</p> <p>Adjudication proceedings: Vide order dated March 14, 2005, Adjudicating Officer had imposed a penalty of Rs.15,000 on M/s. Rajkar Electricals & Electronics Pvt. Ltd. The entity paid the penalty in June 2006.</p> <p>Hearing to Ketan Parekh Group: An opportunity of combined personal hearing was granted to the Ketan Parekh (KP) group on August 29, 2006. The entities did not attend the hearing. Personal hearing was again granted to Ketan Parekh entities, on September 27, 2006. Again, the entities did not attend the hearing. Further proceedings are under progress.</p> <p>Hearing to Brokers: Personal hearing was granted to M/s. Hem Securities Ltd. on September 07, 2006. Further proceedings are under progress. Vide order dated 9.10.06, show cause notice dated 7.12.05 issued to DSE was disposed off. A penalty of Rs.1 crore was imposed by adjudicating officer on M/s Iris Infrastructural Pvt. Ltd. SAT reduced the penalty to Rs.1 lac. This penalty was paid by the entity vide letter dated 11.10.06.</p> <p>Global Trust Bank Vide order dated September 14, 2006, the show cause notice issued to M/s. Phulchand Sons Investments Private Limited was disposed off.</p> <p>Aftek Infosys Ltd. An opportunity of personal hearing was granted to Mividha</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Investment on September 28, 2006. Further action is in progress.</p> <p>Against Ketan Parekh Group</p> <p>Vide order dated December 13, 2003, SEBI had debarred Ketan Parekh and entities associated with/controlled by him viz. Kartik K. Parekh, Classic Credit Ltd., Panther Fincap and Management Services Ltd., Luminant Investment Ltd., Chitrakut Computers Pvt. Ltd., Saimangal Investrade Ltd., Classic Infin and Panther Investrade Ltd. from buying, selling or dealing in securities in any manner directly or indirectly and also debarred them from associating with the securities market, for a period of fourteen years. They had filed appeals against the order in the Securities Appellate Tribunal (SAT) and vide order dated July 14, 2006, the Hon'ble Tribunal dismissed the appeals.</p> <p>An opportunity of combined personal hearing for all pending cases was granted to Ketan Parekh group of entities (altogether 21 entities – intermediaries and non-intermediaries) on August 29, 2006. The entities requested for adjournment of the hearing. Another opportunity of personal hearing was granted to them on September 27, 2006. The Ketan Parekh group entities again requested for adjournment of the hearing. Further action is in progress.</p> <p>Zee Telefilms Ltd.</p> <p>An opportunity of personal hearing was granted to Zee Telefilms and 6 promoter entities on August 23, 2006. They sought information under RTI Act, 2005 and requested for adjournment of the hearing till the completion of the proceedings under RTI. Further action is in progress.</p> <p>Adani Exports Ltd.</p> <p>An opportunity of personal hearing was granted to 7 promoter entities of Adani Exports Ltd. on August 7, 2006. The hearing was adjourned to August 29, 2006 on their request. They again requested for adjournment of the hearing and another opportunity of personal hearing was granted to them on September 1, 2006. The hearing was held as per schedule and further action is in progress.</p> <p>An opportunity of personal hearing was granted to Abhinav Investments on August 10, 2006, which was adjourned to</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>September 7, 2006 on the request of the client. Abhinav Investments again requested for adjournment of the hearing. The hearing was held on 12.10.06 and further action is in progress.</p> <p>Himachal Futuristic Communications Ltd. (HFCL) An opportunity of personal hearing was granted to the company HFCL, promoters and directors on August 8, 2006 and August 9, 2006. The hearings were adjourned on their request and another opportunity of hearing was granted to them on September 11, 2006 and September 12, 2006. Further action is in progress. Only one of the promoter entities of HFCL and one of the directors attended the hearings. Personal hearings were also granted to the company HFCL and other promoters and directors on 26.10.06 and 1.11.06 and they again requested for adjournment of hearing. Further action is in progress.</p> <p>M/s. Cyberspace Ltd. Personal hearing was granted to the promoters / directors of M/s. Cyberspace Ltd, who were found to be involved in the manipulation of the scrip on November 09, 2006. They did not attend the hearing. Vide order dated November 23, 2006, the company M/s Cyberspace Ltd was restrained from buying, selling and dealing or accessing the securities market in any manner for a period of two years. In terms of the approved actions pursuant to the investigation in respect of the role of certain brokers in the said case, enquiry proceedings against the following 7 broking entities have been initiated and necessary actions are being taken up:</p> <ul style="list-style-type: none"> (i) M/s Inventure Growth and Securities Ltd., (ii) M/s Shreepati Holdings and Finance Pvt. Ltd., (iii) M/s Macy Securities Pvt. Ltd., (iv) M/s Churiwala Securities Pvt. Ltd., (v) M/s Shrikant G. Mantri, (vi) M/s Claridges Investment and Finance Pvt. Ltd. and (vii) M/s Madhukar Sheth and Shree Krishna Investments, sub broker, 	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>M/s. SSI Ltd. In the matter of M/s. SSI Ltd., pursuant to the submission of enquiry reports by the Enquiry Officer, post-enquiry show cause notices were issued to M/s Triumph Securities Ltd., M/s. Triumph International Finance Ltd. and M/s Classic Share and Stock Brokers Ltd.</p> <p>Ranbaxy Laboratories Ltd. Against promoter group entities/Company: Section 11 B action against Vidyut Investment Ltd. Information sought by the Whole Time Member during the personal hearing held on 14th February, 2006 has been submitted by the entity vide letters dated March 14, 2006, April 21, 2006 and e-mail dated April 26, 2006. Further action is in progress.</p> <p>Enquiry proceedings against broker Milan Mahendra Securities Pvt. Ltd. Date of hearing before the Whole Time Member was fixed for the broker on 15th June, 2006. The broker did not attend the hearing and sent a letter stating that they did not want hearing in the matter. Further action is under progress.</p> <p>Hearing to Ketan Parekh Group: An opportunity of combined personal hearing has been granted to the Ketan Parekh (KP) group on August 29, 2006. The entities did not attend the hearing. Personal hearing was again granted to Ketan Parekh entities on 27th September 2006. The entities did not attend the hearing. Further proceedings are under progress.</p> <p>Hearing to Brokers: Hearings were conducted for two brokers viz. Sureshchand S Jain on 22nd August 2006 and Prashant J Patel on 30th August 2006.</p> <p>Hearing was given to the following 19 broker entities on 13th September 2006 :</p> <ul style="list-style-type: none"> (i) Shruti Mohta, (ii) Dalmia Securities P. Ltd., (iii) Herald Equities Pvt. Ltd., (iv) Sanjay Khemani, (v) Shyam Sundar Dalmia, 	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	(vi)	JVS Securities Pvt. Ltd.,	
	(vii)	Kamal Kumar Dugar & Co.,	
	(viii)	Lalit Co.,	
	(ix)	BLB Limited,	
	(x)	Agbros Securities Pvt. Ltd.,	
	(xi)	Shree Harivansha Securities Pvt. Ltd.,	
	(xii)	Somani Stock Broking Pvt. Ltd.,	
	(xiii)	Rajendra Kumar Chokhany,	
	(xiv)	Naresh Chand Chandak,	
	(xv)	S.P.Rakhecha & Co.,	
	(xvi)	Shankarlal Chokhany,	
	(xvii)	Kanodia Stock Broking Pvt. Ltd.,	
	(xviii)	Salasar Stock Broking Ltd.,	
	(xix)	Tackel Stock Broking Ser. Pvt. Ltd.,	
		Out of above 19 brokers following 8 brokers have attended the hearing:	
	(i)	Shruti Mohta,	
	(ii)	Sanjay Khemani,	
	(iii)	Kamal Kumar Dugar & Co.,	
	(iv)	Lalit Co.,	
	(v)	S.P. Rakhecha & Co.,	
	(vi)	Kanodia Stock Broking Pvt. Ltd.,	
	(vii)	Tackel Stock Broking Services Pvt. Ltd. and	
	(viii)	Salsar Stock Broking Ltd.	
		An opportunity of hearing was granted to the broker First Custodian Fund (I) Ltd on 25 th September 2006, but the entity did not attend the hearing and requested for another opportunity of hearing. An opportunity of hearing was also given to following 9 broker entities on 28 th September 2006:	
	(i)	Agbros Securities Pvt. Ltd.,	
	(ii)	BLB Limited,	
	(iii)	Shyam Sundar Dalmia,	
	(iv)	Dalmia Securities P. Ltd.,	
	(v)	Herald Equities Pvt. Ltd,	
	(vi)	JVS Securities Pvt. Ltd.,	
	(vii)	Naresh Chand Chandak,	
	(viii)	Shree Harivansha Securities Pvt. Ltd.,	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>(ix) Somani Stock Broking Pvt. Ltd. Out of these brokers following five brokers attended the said hearing:</p> <p>(i) Shyam Sundar Dalmia, (ii) Dalmia Securities P. Ltd., (iii) JVS Securities Pvt. Ltd., (iv) Shree Harivansha Securities Pvt. Ltd. and (v) Somani Stock Broking Pvt. Ltd..</p> <p>Further action is in progress.</p> <p>Common enquiry</p> <p>Hearing was granted to Chandravadan J Dalal, broker of BSE Ltd. by Whole Time Member of SEBI on February 2, 2006 with respect to the common enquiry initiated against the broker in the matters of Global Tele Ltd., Adani Exports Ltd. and Himachal Futuristic Communication Ltd. Vide order dated April 17, 2006, the said enquiry proceedings were abated on account of the death of Shri Chandravadan J Dalal, the sole proprietor of the firm.</p> <p>Enquiry proceedings were initiated against Omega Equities Pvt. Ltd., Member broker, BSE Ltd. for trading in the scrips of GTL Ltd., Adani Exports Ltd. and Himachal Futuristic Communications Ltd. and the enquiry officer recommended no penalty against the broker. The recommendation of the enquiry officer has been accepted by the Board and an order in this regard has been passed on May 22, 2006.</p> <p>An opportunity of personal hearing was granted to Milan Mahendra Securities Ltd. on June 15, 2006 pursuant to the recommendation of the enquiry officer for suspension of certificate of registration of the broker for a period of two years for trading in the scrips of Aftak Infosys Ltd. and Lupin Laboratories Ltd. The broker did not attend the hearing. Further action is in progress.</p> <p>Hearing was granted to the broker Latin Manharlal Securities on August 10, 2006 in the matters of GTL Ltd., Adani Exports Ltd. and Himachal Futuristic Communications Ltd. The broker</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>requested for adjournment of the hearing and another opportunity of hearing was granted to the broker on August 14, 2006. Further action is in progress.</p> <p>Combined enquiry was conducted against the broker Hem Securities Ltd. in the matters of GTL Ltd., Adani Exports Ltd. and Himachal Futuristic Communications Ltd. and the enquiry officer recommended suspension of certificate of registration of the broker for a period of three months. Another combined enquiry was conducted against the same broker in the matters of Lupin Laboratories Ltd., Aftek Infosys Ltd., Shonkh Technologies International Ltd. and GTB in which the enquiry officer recommended suspension of certificate of registration of the broker for a period of two years. An opportunity of combined personal hearing was granted to the broker on August 10, 2006 for both the enquiries. The hearing was adjourned on the request of the broker. Another opportunity of combined personal hearing was granted to the broker on September 7, 2006. Further action is in progress.</p> <p>Hearing was granted to the broker Mukesh Babu Securities on September 8, 2006 for the combined enquiry conducted against the broker in the matters of Zee Telefilms Ltd., HFCL and GTL. Further action is in progress.</p> <p>Common enquiry was conducted against the broker Keynote Capitals Ltd. in the matter of Adani Exports Ltd. and HFCL and the enquiry officer had recommended suspension of certificate of registration of the broker for a period of one month. Hearing was granted to broker on 12.10.06. Further action is in progress.</p> <p>Ministry of Company Affairs have intimated that Serious Fraud Investigation Office (SFIO) has carried out investigation of 16 Ketan Parekh Group of companies and submitted the investigation reports to that Ministry during the month of October, 2006. In the reports, SFIO has recommended action against the companies and their officers in default for contravention of Law including the provisions of the Companies Act, 1956, offences under the Indian Penal Code and action by concerned regulatory authorities. The recommendations of SFIO are under examination of the Ministry of Company Affairs.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>As reported in May, 2007 SEBI has reported to the following action taken by them:</p>	
		<p><u>DSQ Industries Ltd.</u></p> <ul style="list-style-type: none"> · Vide order dated February 8, 2007, penalty of suspension of certificate of registration for a period of 4 months (from March 1, 2007 till June 30, 2007) was imposed on M/s Ballabh Das Daga, broker CSE. · Vide order dated February 12, 2007, penalty of suspension of certificate of registration for a period of 6 months (from March 5, 2007 till September 4, 2007) was imposed on M/s Mehta & Ajmera. · Vide order dated February 12, 2007, penalty of suspension of certificate of registration for a period of 6 months (from March 5, 2007 till September 04, 2007) was imposed on the broker Titan Stock Broking Pvt. Ltd.. · Vide order dated February 15, 2007, penalty of suspension of certificate of registration for a period of 6 months (from March 8, 2007 till September 7, 2007) was imposed on SMIFS Securities Ltd.. 	
		<p><u>Padmini Technologies Ltd.</u> Vide order dated January 31, 2007, Padmini Tech. Ltd. and its wholetime directors namely Shri Vivek Nagpal, Shri V.S. Gupta and Shri Parveen Kumar Jain were prohibited from associating with capital market related activities including buying, selling and dealing in securities directly or indirectly and also from accessing the capital market in any capacity and associating with any of the intermediaries in securities market for 5 years.</p>	
		<p>Enquiry proceedings were conducted and order was passed against A & A Finvest, the sub-broker of IKM Investor Services Ltd., on December 7, 2006. The order inter alia states that since the sub-broker's registration has already lapsed, no action can be taken against the entity.</p>	
		<p>Adjudication orders were passed against Classic Credit and Panther Fincap for violation of SEBI Takeover Regulations and they appealed to SAT against the adjudication orders. Vide order</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress												
		<p>dated November 15, 2006, SAT has remanded these matters back to the Adjudication Officer for conducting further enquiries in the matter.</p> <p>Vide order dated 5.1.2007, Shri Kailash Chandra Agrawal, partner of M/s Ashok Amar & Associates, Chartered Accountant, the statutory auditors of Padmini Technologies Ltd. was prohibited from issuing any certificate with respect to compliance of obligations of listed companies and requirements or those made under securities laws {Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the provisions of the Companies Act, 1956 which are administered by SEBI under section 55A thereof, the Rules, Regulations, Guidelines etc. made under these Acts (which are administered by SEBI) and the Listing Agreement} for a period of 5 years. Shri Kailash Chandra Agrawal was also prohibited from associating with the securities market related activities or associating with any of the intermediaries in the securities market for a period of 5 years.</p> <p>Vide order dated March 31, 2007, the following entities and their directors/partners have been prohibited from associating with the capital market related activities including buying and selling and dealing in securities directly or indirectly and also from accessing the capital market in any capacity whatsoever and associating with any of the intermediary in the capital market for a period of five years:-</p> <table border="1"> <thead> <tr> <th data-bbox="857 1082 882 1106">S. No.</th> <th data-bbox="936 1082 1115 1106">Name of entity</th> <th data-bbox="1227 1082 1547 1106">Name of directors/partners</th> </tr> </thead> <tbody> <tr> <td data-bbox="857 1145 875 1169">1</td> <td data-bbox="936 1145 1055 1201">VB Impex Pvt. Ltd.</td> <td data-bbox="1227 1145 1480 1201">Shri Vinod Kumar and Shri Vinay Bansal</td> </tr> <tr> <td data-bbox="857 1209 875 1233">2</td> <td data-bbox="936 1209 1137 1265">M/s JP Promoters Pvt. Ltd.</td> <td data-bbox="1227 1209 1435 1297">Shri Anurag Gupta and Shri Pradeep Kumar Gupta</td> </tr> <tr> <td data-bbox="857 1305 875 1329">3</td> <td data-bbox="936 1305 1137 1361">M/s Churuwala Exports Pvt. Ltd.</td> <td data-bbox="1227 1305 1413 1425">Smt. Kiran Devi Agarwal and Shri Sandeep Kumar Gupta</td> </tr> </tbody> </table>	S. No.	Name of entity	Name of directors/partners	1	VB Impex Pvt. Ltd.	Shri Vinod Kumar and Shri Vinay Bansal	2	M/s JP Promoters Pvt. Ltd.	Shri Anurag Gupta and Shri Pradeep Kumar Gupta	3	M/s Churuwala Exports Pvt. Ltd.	Smt. Kiran Devi Agarwal and Shri Sandeep Kumar Gupta	
S. No.	Name of entity	Name of directors/partners													
1	VB Impex Pvt. Ltd.	Shri Vinod Kumar and Shri Vinay Bansal													
2	M/s JP Promoters Pvt. Ltd.	Shri Anurag Gupta and Shri Pradeep Kumar Gupta													
3	M/s Churuwala Exports Pvt. Ltd.	Smt. Kiran Devi Agarwal and Shri Sandeep Kumar Gupta													

SI.No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	4	M/s DKG Buildcon Pvt. Ltd.	Shri DK Gupta, Shri Navneet Kumar and Ms. Indu Gupta	
	5	M/s Mikona Impex Traders Pvt. Ltd.	Shri Vinod Kumar and Shri Sandeep Kumar	
	6	M/s Iris Infrastructural Pvt. Ltd.	Shri Navneet Kumar and Shri Vinod Kumar	
	7	Shri Sanjay Kumar Gupta, Chartered Accountant		
	8	M/s Cama Enterprises Pvt. Ltd.	Shri Arun Goenka, Shri Umesh Goenka and Shri Ashok Sood	
	9	M/s Hermonite Consultants Pvt. Ltd.	Shri Arun Goenka, Shri Umesh Goenka and Shri Himangshu Bhadra	
	10	M/s Zinga Chemicals Pvt. Ltd.	Shri Arun Goenka and Shri Umesh Goenka and Shri P. Ratna Rao	
	11	M/s Cherry Marketing Pvt. Ltd.	Shri Arun Goenka, Shri Umesh Goenka and Shri Ashok Sood	
	12	M/s Hermonite Surgical Pvt.Ltd.	Shri Arun Goenka, Shri Umesh Goenka and Shri Shiv Prasad Agarwal	
	13	M/s H T Ferro Pvt. Ltd.	Shri Arun Goenka, Shri Umesh Goenka	
	14	Shri Kishen Goenka		
	15	Shri Prakash Kumar Damani		

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
16	M/s Prakash Kumar Damani (HUF)		
17	Shri Sanjeev Beriwal		
18	M/s Royal Bengal Exports Pvt. Ltd.	Shri Jitendra Agarwal, Shri S. Chaterjee	
19	M/s Savara Tie-Up Pvt.Ltd.	Shri Jitendra Agarwal	
20	Shri Alok Khetan		
21	Shri Pramod Kumar Kishorepuria		
22	Shri Raj Kumar Kishorepuria		
23	M/s Bhagwandas Sagarmal	Shri Sajjan Kumar Kishorepuria, Shri Anil Kishorepuria	
24	M/s Jiwansagar Promoters Pvt. Ltd.	Shri Sajjan Kumar Kishorepuria, Shri Anil Kishorepuria	
25	M/s Bllumenfield Ltd.	Shri Anil Kishorepuria, Shri Sunil Kishorepuria	
26	M/s Contessa Commercial Co. Pvt. Ltd.	Shri Sajjan Kumar Kishorepuria, Shri Bijay Kumar Kishorepuria	
27	Shri Sunil Kumar Kishorepuria		
28	M/s All Seasons Hotels Pvt. Ltd.		
29	M/s RN Dye Chem Pvt. Ltd.		
30	M/s Cross Country Export Pvt. Ltd.		
31	M/s Mudra Capital Services Pvt. Ltd.		

Shonkh Technologies International Ltd.

- Adjudication proceedings were initiated against M/s DKG

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		<p>Buildcon Pvt. Ltd. and M/s Spectrum.com Pvt. Ltd. and adjudicating officer had imposed a penalty of Rs. 1 crore each on the two entities. The entities appealed to SAT against the adjudication orders and vide orders dated 1.09.2006 in the case of DKG Buildcon Pvt. Ltd. and 20.10.2006 in the case of Spectrum.com Pvt. Ltd., SAT dismissed applications of the entities. Both the entities appealed to Supreme Court against SAT order and the Hon'ble Supreme Court admitted their appeal.</p>	
		<p>- Adjudication proceedings were initiated against M/s Noted Infotech Pvt. Ltd. and adjudicating officer imposed a penalty of Rs. 1 crore. The entity appealed before SAT against the adjudication order and SAT dismissed the appeal. The entity appealed to Supreme Court against SAT order and vide order dated 24.11.2006, Hon'ble Supreme Court directed SEBI not to enforce the adjudication order till further hearing.</p>	
		<p>- Opportunity of personal hearing was granted to 27 entities including the company Shonkh Technologies International Ltd., its promoters and promoter associated entities on March 30, 2007. Three entities viz. Shri Vivek Nagpal, Padmini Technologies Ltd. and Money Growth Investments and Consultants Pvt. Ltd. attended the personal hearing. Further action is in progress.</p>	
		<p>- Show cause notices were issued to three brokers viz. Nitin Capital, Delhi Securities and Agbros Securities, asking them to show cause why higher penalty as considered appropriate by the competent authority should not be imposed on them by SEBI. Replies were received from two brokers . Further action is in progress.</p>	
		<p>- Adjudication proceedings were conducted against entities related to Shri Ketan Parekh for violation of SEBI Takeover Regulations and vide adjudication order dated April 22, 2003, the Adjudication officer imposed penalties of Rs. 6,50,000 each on 6 entities viz. M/s Classic Credit Ltd., M/s Panther Fincap and Management Services Ltd., M/s Panther Investrade Ltd., M/s Triumph Securities Ltd., M/s Luminant Investments Private</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Ltd. & M/s Triumph International Finance India Limited (TIFIL) and imposed penalties of Rs.1,50,000 each on 4 entities viz. M/s Chitrakut Computers Private Ltd., M/s Goldfish Computers Private Ltd., M/s Nakshatra Software Private Ltd., M/s NH Securities Ltd. All the aforesaid entities except TIFIL appealed to SAT against the adjudication order and the Hon'ble Tribunal vide order dated January 9, 2007, upheld the adjudication order.</p>	
		<p>Global Trust Bank</p>	
		<p>- Vide order dated November 7, 2006, the show cause notice issued to M/s Niskalp Investments & Trading Company Ltd. was disposed off.</p>	
		<p>- Vide order dated December 21, 2006, the show cause notice dated June 16, 2004 issued to Shri Ashok Mittal, Ashok Mittal & Co. and Claridges Investment and Finance Pvt. Ltd. was disposed off.</p>	
		<p>- Vide order dated December 21, 2006, the show cause notice dated June 16, 2004 issued to European Investments Ltd. and Far East Investments Ltd. was disposed off.</p>	
		<p>Aftek Infosys Ltd.</p>	
		<p>- Adjudication proceedings were conducted against M/s Classic Credit Ltd. for the violation of Regulation 7 of SEBI Takeover Regulations and vide Adjudication Order dated July 1, 2003, a penalty of Rs.6,50,000 was imposed on them. Classic Credit appealed against the said order to the SAT and SAT vide order dated November 11, 2006 modified the order by reducing the penalty to Rs.50,000. Classic Credit paid the penalty amount vide letter dated December 22, 2006.</p>	
		<p>- Adjudication proceedings were conducted against M/s Classic Credit Ltd. and six other KP entities for violation of Regulation 7 of SEBI Takeover Regulations and a penalty of Rs.1,50,000 each was imposed on them. They appealed against the said order to the SAT and SAT vide order dated December 8, 2006 upheld the said penalty.</p>	
		<p>- Adjudication proceedings were conducted against six Ketan</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>Parekh group (KP group) entities viz. M/s Classic Credit Ltd., Kartik Parekh, NH Securities Ltd., Saimangal Investrade Ltd., Panther Fincap & Management Services Ltd. and Triumph Securities Ltd. for violation of Regulation 7 of SEBI Takeover Regulations and a penalty of Rs. 1,50,000 each was imposed on them. They appealed against the said order to the Securities Appellate Tribunal (SAT) and (SAT) vide order dated December 8, 2006 upheld the said penalty. Vide letters dated February 9, 2007, the aforesaid six KP group entities forwarded part payment of Rs. 30,000/- each towards the said adjudication penalty. They were advised to pay the balance amount immediately vide letter dated February 12, 2007. The entities, vide letters dated February 21, 2007, expressed their inability to pay the balance amount immediately as their bank accounts are attached under the Income Tax Act, 1961 and debt recovery tribunal passed orders prohibiting them from disposing off assets. Further action is in progress.</p>	
		<p>Zee Telefilms Ltd. An opportunity of personal hearing was granted to Zee Telefilms and 6 promoter entities on February 20, 2007. They requested for adjournment of the hearing till the completion of the proceedings under RTI Act, 2005. Another opportunity of personal hearing was granted to them on March 21, 2007. They did not attend the hearing and again requested for adjournment of the hearing till the completion of the proceedings under RTI Act, 2005. Further action is in progress.</p>	
		<p>Himachal Futuristic Communications Ltd. (HFCL) -An opportunity of personal hearing was granted to the company HFCL, promoters and directors, altogether 14 entities, on November 27, 2006. They attended the hearing and raised jurisdictional issues during the hearing pertaining to applicability of provisions of the SEBI Act, 1992 and Regulations. A suitable reply was sent to them vide letter dated November 30, 2006 on the issues raised by them. Further action is in progress.</p>	
		<p>-An opportunity of hearing was granted to the company HFCL, promoters and directors, altogether 43 entities on December</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>14, 2006. They attended the hearing and raised jurisdictional issues again. Further action is in progress.</p> <p>- HFCL filed a writ Petition before the Hon'ble High Court of Delhi for a stay on the proceedings initiated against the company and its Promoters/Directors under Section 11 of SEBI Act, 1992. The Hon'ble High Court dismissed the appeal on January 3, 2007.</p> <p>- Enquiry was conducted against the broker Vidyut Devendra Kumar for its trading in the scrip of HFCL and the enquiry officer recommended suspension of certificate of registration of the broker for a period of 1 month. Vide order dated February 2, 2007, penalty of suspension of certificate of registration for a period of one month was imposed on the broker.</p> <p>Cyberspace Ltd. Hearings were granted to M/s Cyberspace Ltd. and M/s Century Consultants Ltd. (on October 18, 2006) and their promoters viz. Shri Arvind Johari, Shri A M Johari (on November 09, 2006). The parties did not attend the hearing despite the fact that several opportunities of personal hearing were granted to them.</p> <p>Vide order dated November 23, 2006, the company M/s Cyberspace Ltd was restrained from buying, selling and dealing or accessing the securities market in any manner for a period of two years. Further action is in progress for other entities.</p> <p>Vide order dated December 15, 2006, the certificate of registration of the broker Century Consultants Ltd. was suspended for a further period of two years from the date of order.</p> <p>Ranbaxy Laboratories Ltd. - Vide order dated December 7, 2006, penalty of suspension of certificate of registration for a period of 7 days was imposed on the broker M/s Prashant J Patel. The order has been challenged in SAT.</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		- Vide order dated December 11, 2006, minor penalty of censure was imposed on the broker M/s Wallfort Financial Services Ltd.	
		- Vide order dated December 15, 2006, the show cause notice issued to the broker M/s Herald Equities Pvt. Ltd. was disposed off and no penalty was imposed.	
		- Vide order dated December 20, 2006, the show cause notice issued to the broker M/s Tackel Stock Broking Services Pvt. Ltd. was disposed off and no penalty was imposed.	
		- Vide order dated January 4, 2007, the show cause notice issued to the broker M/s Sureshchand S Jain was disposed off and no penalty was imposed.	
		- Vide order dated January 10, 2007, minor penalty of censure was imposed on the broker M/s Kanodia Stock Broking.	
		- Vide order dated January 11, 2007, the show cause notice issued to the broker M/s Dalmia Securities Pvt. Ltd. was disposed off and no penalty was imposed.	
		- Vide order dated January 11, 2007, the show cause notice issued to the broker M/s BLB Ltd. was disposed off and no penalty was imposed.	
		- Vide order dated January 19, 2007, the show cause notice issued to the broker M/s Syam Sundar Dalmia was disposed off and no penalty was imposed.	
		- Vide order dated January 19, 2007, the show cause notice issued to the broker M/s Salasar Stock Broking was disposed off and no penalty was imposed.	
		- Vide order dated February 2, 2007, the show cause notice issued to M/s Kamal Kumar Dugar, broker, CSE was disposed off and no penalty was imposed.	
		- Vide order dated February 6, 2007, the show cause notice	

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		<p>issued to M/s Somani Stock Broking Pvt. Ltd., member broker, CSE was disposed off and no penalty was imposed.</p> <p>- Vide order dated February 12, 2007, the show cause notice issued to M/s Rajendra Kumar Chokhany member broker, CSE was disposed off and no penalty was imposed.</p> <p>- Vide order dated February 13, 2007, minor penalty of censure was imposed on M/s Lalit Co. (Kishanlal Pugalia), member broker, CSE.</p> <p>- Vide order dated March 6, 2007, minor penalty of censure was imposed on M/s SP Rakhecha, member broker, CSE.</p> <p>- Vide order dated March 15, 2007, the enquiry proceedings against M/s MP Vora Share & Stock Brokers Pvt. Ltd., member broker, BSE, were disposed off and no penalty was imposed.</p> <p>- Vide order dated March 15, 2007, penalty of suspension of certificate of registration for a period of 7 days was imposed on M/s JVS Securities Pvt. Ltd., member broker, NSE and CSE.</p> <p>- Vide order dated March 15, 2007, the enquiry proceedings against M/s Bakliwal Securities Pvt. Ltd. member broker, BSE were disposed off and no penalty was imposed.</p> <p>- Vide order dated March 15, 2007, penalty of suspension of certificate of registration for a period of 7 days was imposed on M/s Harivansha Securities Pvt. Ltd., member broker, CSE.</p> <p>- Vide order dated March 15, 2007, penalty of suspension of certificate of registration for a period of 7 days was imposed on M/s Shankarlal Chokhany, member broker, CSE.</p> <p>- Vide order dated March 16, 2007, the enquiry proceedings against M/s Mukesh Babu Securities Ltd., member broker, BSE</p>	

SI.No.	Para No.Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>were disposed off and no penalty was imposed.</p> <ul style="list-style-type: none"> - Vide order dated March 16, 2007, the enquiry proceedings against M/s Active Finstock Pvt. Ltd., member broker, BSE were disposed off and no penalty was imposed. - Vide order dated March 16, 2007, the enquiry proceedings against M/s Khandwala Integrated Financial Services Pvt. Ltd., member broker, NSE were disposed off and no penalty was imposed. - Vide order dated March 29, 2007, penalty of suspension of certificate of registration for a period of 7 days was imposed on M/s Shruti Mohta, member broker, CSE. - Vide order dated March 29, 2007, penalty of suspension of certificate of registration for a period of 15 days was imposed on M/s Sanjay Khemani, member broker, CSE. - Vide order dated March 29, 2007, penalty of suspension of certificate of registration for a period of 7 days was imposed on M/s Agbros Securities Pvt. Ltd., member broker, CSE. - Vide order dated March 29, 2007, penalty of suspension of certificate of registration for a period of 15 days was imposed on M/s First Custodian Fund India Ltd., member broker, NSE. - Vide order dated March 30, 2007, penalty of suspension of certificate of registration for a period of 7 days was imposed on M/s Naresh Chand Chandak, member broker, CSE. <p>Common Enquiry</p> <p>Enquiry was conducted against the broker Pravin V Shah Stock Broking Pvt. Ltd. For trading in the scrips of GTL Ltd., Adani Exports Ltd. and Himachal Futuristic Communications Ltd. and the enquiry officer recommended penalty of censure against the broker. As directed by the competent authority, vide show cause notice dated February 8, 2007, the broker was asked to show cause why higher penalty as considered appropriate should</p>	

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		<p>not be imposed on it by SEBI. Reply was received from the broker on February 23, 2007. Further action is in progress.</p> <p>Common order against Vidyut Investments Ltd. Show cause notices were issued to Vidyut Investments Ltd. for its dealings in various scrips. Vide order dated January 24, 2007, SEBI prohibited Vidyut Investments from buying, selling or dealing in securities for a period of two years, excepting for the shares pledged with it in its capacity as Non Banking Finance Company (other than the shares pledged by Shri Ketan Parekh and his entities) till the date of this order.</p> <p>The recommendation pertain to investigation into nexus between Ketan Parekh, banks, companies and their promoters and brokers. Investigations carried out by SEBI in various scrips reveal that there was evidence of nexus between Shri Ketan Parekh and companies, banks and brokers. Action has already been initiated against all the entities who were involved. A number of quasi judicial proceedings have been completed and SEBI has already taken action against the entities involved. In remaining cases, quasi judicial proceedings have already been initiated and are in progress. Some of these entities have filed cases in the courts against SEBI or have filed applications under the RTI Act and thus these proceedings have been delayed. These proceedings would be completed in due course of time after following the principles of natural justice. In view of this, the action on the part of SEBI on this recommendation may be treated as complete.</p> <p>Regarding action taken by Ministry of Company Affairs (MCA) on the recommendation of SFIO in respect of investigation of 16 companies carried out by them, there is no change in the status.</p> <p>As reported in December, 2007</p> <p>No change in the Status</p>	

Sl. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
2.	4.44	<p>The various acts of omission and commission having been clearly established, the Committee urge that the Government should take all necessary steps to finalize proceedings against Ketan Parekh entities and to ensure that suitable action is taken against them without delay. The Committee also urge that expeditious action should be taken to ascertain the facts regarding the Swiss bank account of Shri Ketan Parekh and to follow up the matter.</p>	<p>As reported in May, 2003</p> <p>SEBI has indicated that the action taken by SEBI against Ketan Parekh entities for involvement in price manipulation of certain scrips, inter-alia, include debarring Ketan Parekh and all entities connected with him from undertaking any fresh business as stock broker/merchant banker and cancellation of the certificate of registration of Triumph International Finance (I) Ltd., one of the broking entities of Ketan Parekh.</p> <p>Prosecution proceedings against Ketan Parekh entities are being initiated for the violation of securities laws.</p> <p>CBI have intimated that the chargesheet in the case relating to Bank of India has already been filed in the competent court. Regarding Madhavpura Mercantile Cooperative bank, investigation is at an advanced stage and is likely to be finalized shortly. Regarding Swiss Bank accounts of Ketan Parekh, the Swiss authorities had intimated in December, 2002 that the Letter Rogatory sent in this matter cannot be executed because of the directions of the High Court at Zurich.</p> <p>Enforcement Directorate have intimated that certain OCB's which SEBI has designated as KP entities, have already been charged for offences under FERA/FEMA through issue of SCN, as, has been pointed out in the JPC report. The Adjudicating Authority has been advised to expedite the proceedings.</p> <p>As reported in December 2003</p> <p>Enforcement Directorate has issued Show Cause Notices for contraventions of the provisions of FERA/FEMA to the following OCB's designated by SEBI as KP entities: -</p> <ol style="list-style-type: none"> 1. Global Trust Bank, the custodian in all the cases. 2. Brentfield Holdings Ltd (BHL) 3. European Investments Ltd., (EIL) 4. Wakefield Holdings Ltd. (WHL) 5. Far East Investment Corp. Ltd (FIL) 6. Kensington Investments Ltd. (KIL) <p>In all these cases, the matter is now at the adjudication stage. The Adjudicating Authority has been advised to expedite the proceedings.</p> <p>In additions, a fresh reference was received by the Enforcement Directorate from the RBI dated 9.01.03 regarding the affairs of U.K. subsidiary of Triumph International Finance India Ltd.</p>	No change in the status.

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	<p>designated by SEBI as a KP entity. Investigation by the Directorate of Enforcement has so far revealed that the company and its Directors Shri Jatian Sarviya and Shri Ketan Parekh appear to have violated the provisions of Section 3(a) r/w Section 2(v)(iv) of FEMA r/w Regulation 3 of Foreign Exchange Mangement (Transfer or Issue of any Foreign Security Regulations 2000) by divesting the holding of their Mauritius Subsidiary International Holdings (Triumph) Ltd. in the UK subsidiary, for a total consideration of US\$ 7,25,000/- without the approval of the RBI. The investigation is being pursued.</p> <p>With regard to completion of the investigation by Income Tax Department in Ketan Parekh Group of cases in which a search was conducted by the Department in March 2001, investigation/ assessment proceedings have been completed in October 2003 and undisclosed income has been assessed at Rs.1,993.26 crore raising the tax demand of Rs.1365.37 crore.</p> <p>As regards Madhavpura Mercantile Cooperative Bank Ltd. case, investigation in India has been completed and order of Head Office of CBI on the investigation report since been communicated to the branch. Charge sheet in the case would be filed shortly.</p> <p>As reported in June, 2004</p> <p>The chargesheet in the case relating to complaint of Bank of India has already been filed in the competent court. As regards Madhavpura Mercantile Cooperative Bank Ltd. case, investigation in India has been completed and Charge sheet in the case has been filed in the court of Chief Metropolitan Magistrate, Ahmedabad on 1.12.2003.</p> <p>Enforcement Directorate has informed that out of 6 Show Cause Notices (SCNs) issued to these companies, two SCNs have been adjudicated. As a result of Adjudication penalty has been imposed in one SCN. In the other case, charge was not established.</p> <p>As regards finalisation of proceedings by the Income Tax Department against Ketan Parekh, the position has been explained in reply to para No.4.42.</p> <p>As reported in December, 2004</p> <p>The omissions and commissions which have been established are mainly relating to banking regulation and share market regulations. The tax implications of the transactions were examined during the block assessments and the regular assessments.</p>	

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	<p>After making investigations, block assessments have since been finalized. Assessments have been finalized on discrepancies found in the accounts wherein substantial additions of undisclosed income have been made after getting the accounts audited u/s 142 (2A). The Appellate Authority has also upheld substantial addition of undisclosed income computed by the Assessing Officer.</p> <p>In addition, other scrutiny assessments were also completed in September, 2003 after getting the accounts audited u/s 142 (2A). Further, some assessments were also completed in March, 2004. First appeals for the cases completed in September, 2003 have been disposed off in March, 2004.</p> <p>The details of Swiss Bank Account of Sh. Ketan Parekh were called for from the CBI. The Additional Director, CBI, New Delhi informed Member (Inv.), CBDT, New Delhi vide his D.O. No.1420/4/39/2001-BSFC/LO dated 21.5.2003 as under:</p> <p><i>"Office of the District Public Prosecutor-IV of Canton Zurich vide letter dated 29.10.2002 through Embassy of India intimated that the High Court of Zurich had granted appeal against the order dated 24.4.2002 of District Public Prosecutor-IV of Zurich, in pursuance of which they could not transfer the details of the account of Firm Elista Ltd., Nassau, Bahamas to India. The office of the Public Prosecutor-IV of Canton Zurich was also directed by the High Court to intimate the Indian authorities that no money of MMCB derived from the illegal accounts of the ten firms in which Mr. K. Parekh has been holding shares has been transferred to the Accounts in question for which the Indian request for legal assistance dated 25.9.2001 was forwarded. It has also been intimated that from the documents examined by the High Court, it has been found that all transfers have been done as certificates before 4.7.2000. Therefore, they have concluded that documents of Elista cannot prove any over due credit gone to MMCB."</i></p> <p>In view of this position, the Income Tax Department is not in possession of any material relating to the Swiss account and no addition could be made on this account.</p> <p>Enforcement Directorate has informed that on completion of investigation a Show Cause Notice has been issued on 03.9.2004 to M/s Triumph International Finance (India) Ltd. and others.</p> <p>As reported in July, 2005</p> <p>CBDT have informed that the CCIT(Central-I), Mumbai had been</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>requested to expedite the ten cases which are pending before CIT(A) in which an amount of Rs. 938.29 lakhs is disputed. The Income Tax Department has also requested the ITAT to take up the pending cases on priority. It has also been reported that there has not been any significant progress in the collection of outstanding tax arrears due to following reasons:</p> <ul style="list-style-type: none"> · Shri Ketan Parekh is a notified person under Section 3(1) of the Special Court Act, 1992. Recovery of taxes from him can only be through the Special Court. · Ketan Parekh and his eight concerns have been barred by SEBI from trading for 14 years. Besides, the SEBI has cancelled the registration of his main concerns. · The Debt Recovery Tribunal has initiated proceedings in respect of some of the individuals and 6 major concerns of the group. Recovery of taxes from such concerns is subject to proceedings before the Debt Recovery Tribunal. · The claim of the Department has been rejected by the DRT. On the recommendations of Ministry of Law & Justice, the Department is considering filing Writ Petition against the order the DRAT. · Shri Ketan Parekh & Shri Navinchandra Parekh are both notified persons. Even though only these two persons have been notified under the Special Court (TORTS) Act, 1992, the Custodian, however, is objecting to recovery from other entities wherein Shri Ketan Parekh or Navinchandra Parekh have any interest or connection. · Some of the sundry debtors have been summoned and examined. As per the details filed before the Tax Recovery Officer (TRO), the accounts were settled long back. Therefore, there is no possibility of recovery from these sundry debtors. However, summons have been issued in some more cases for further examination. · An amount of Rs. 938.29 lakh is disputed before the CIT (A) and an amount of Rs. 75394.42 lakh is disputed before the ITAT. Cash collection of Rs. 1447 lakh is on account of refund adjustment. The Hon'ble ITAT and CIT (A) have been requested to take up hearings of the pending appeals on priority basis. <p>Regarding Swiss Bank Account of Shri Ketan Parekh, the CBDT have now informed that they have no further records or information about the same; hence they are not in possession of</p>	

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	<p>any adverse evidence to warrant making addition in the computation of income.</p> <p>In view of above, action from the CBDT on this para may be treated as complete.</p> <p>Enforcement Directorate have informed that the investigation in this matter has already been completed and Show Cause Notices have been issued. Their position is as under:</p> <ol style="list-style-type: none"> 1. SCN issued 06 2. Total Adjudicated 02 3. Cases pending adjudication 04 <p>As regards the remaining 4 cases pending adjudications, the adjudicating officers have been advised to expedite the adjudication proceedings.</p>	
	<p>As reported in December, 2005</p> <p>Out of 6 Show Cause Notices, 2 Show Cause Notices under Foreign Exchange Management Act have been adjudicated. In one of the Show Cause Notices, charges were dropped and in other Show Cause Notice total penalties of Rs.1.60 crores were imposed.</p> <p>In addition to above, 2 more Show Cause Notices under FEMA were issued. Show Cause Notices issued to TIFL and its Directors including Ketan Parekh have been adjudicated imposing total penalty of Rs.1.40 crores. The other Show Cause Notice issued to M/s Greenfield Investment Ltd. is pending adjudication.</p>	
	<p>As reported in May, 2006</p> <p>Out of pending 4 Show Cause Notices issued under FERA to OCBs and power of attorney holders, 2 Show Cause Notices issued to M/s Brentfield Holdings Ltd.; Wakefield Holdings Ltd., Global Trust Bank Ltd. and others have been adjudicated imposing a total penalty of Rs. 30 lacs in one case and in other case charges were dropped. Adjudication proceedings in remaining 2 Show Cause Notices issued under FERA to OCBs and power of attorney holders are at an advance stage.</p>	
	<p>Besides, case against M/s Greenfiled Investment Ltd. and others has also been adjudicated and total penalty of Rs. 327 crores has been imposed.</p>	

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Enforcement Directorate had issued 8 Show Cause Notices (SCN) under FERA/FEMA to OCBs (Overseas Corporate Bodies) and others. Details of all the 8 adjudicated cases are given below:-

Sl.No.	Name of the Party	Penalty imposed (in Rs.)
1	A. (i) Greenfield Investment Ltd., (ii) Pravin Guwalewala (iii) A.K. Sen	1 SCN 75 crore 60 crore 20 crore
	B. Classic Credit Ltd.,	40 crore
	C. (i) Panther Fincap Ltd., (ii) Ketan Parekh (iii) Kartik Parekh	40 crore 80 crore <u>12 crore</u>
	Total :	327 crore
2&3	Brentfield Holdings Ltd. & others 2 SCNs	Rs. 30 lacs in one SCN. Chages dropped in second SCN.(adjudication order under review)
4	Kensington Investments Ltd Wakefield Holdings Ltd., Brentfield Holdings Ltd. Total :	1 SCN 1.15 crore 0.35 crore <u>0.10 crore</u> 1.60 crore
5	Global Trust Bank & others	1 SCN Charges dropped & (adjudication order accepted by the competent authority)
6&7	European Investment Ltd. & others	2 SCNs Rs. 11 Lac in one SCN. Charges dropped in 2nd SCN. (adjudication order accepted by competent authority)
8	Triumph International Finance (I) Ltd.,	1 SCN The Appellate Tribunal for Foreign Exchange (ATFE) remanded the matter for re - adjudication and the matter is in progress (Overseas enquiry report is awaited)

As reported in May, 2007

No change in the status.

As reported in December, 2007

No change in the status.

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3.	4.117 SEBI has not so far provided conclusive evidence to substantiate its conclusions in regard to the brokers/groups mentioned in Section 3 above. Accordingly, the Committee recommend further investigations in this regard.	<p>As reported in May, 2003 SEBI have informed the following action taken by it.</p> <p>A. First Global Group Based on investigation findings in the case of First Global Group, an enquiry was conducted against First Global Stock Broking Pvt. Ltd. (FGSB) and Vruddi Confinvest India Pvt. Ltd. (VCIP). The Enquiry Officer, vide report dated January 09, 2002, recommended cancellation of registration as Stock Broker and Portfolio Manager and cancellation of registration as Sub-broker, granted earlier to FGSB and VCIP. The Board, in pursuance of the directions of the Hon'ble High Court of Bombay and in exercise of the powers conferred by section 4(2) of SEBI Act, 1992 read with Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair trade practices relating to securities market) Regulations, 1995 read with Regulation 29(3) of SEBI (Stock Brokers and sub-brokers) Regulations, 1992, and Regulation 35 (3) of SEBI (Portfolio Managers) Regulations, 1993, cancelled the certificate of Registration granted to FGSB as Stock broker (SEBI Reg. No. INB230722136 and INB010722152) and Portfolio Manager (SEBI Reg. No. INP000000381) and VCIP (SEBI Reg. No. INS010647738/01-07221) as a Sub-broker. Pursuant to Board's order, Prosecution has been filed on January 15, 2003 (vide C. C. no 23/S/ 2003) against FGSB, VCIP, Shri. Shankar Sharma and Ms. Devina Mehra, for violating SEBI (Prohibition of Fraudulent and Unfair trade practices relating to securities market) Regulations, 1995. Further, SEBI has filed for Prosecution against FGSB, VCIP, Virta Trade Agencies Pvt. Ltd., First Global Finance Pvt. Ltd., Shri. Shankar Sharma and Ms. Devina Mehra on January 15, 2003 (vide C. C. no 23 A/S/ 2003), for non-compliance to SEBI Summons.</p> <p>B. CSFB Securities: Credit Suisse First Boston (I) Securities Pvt. Ltd. (CSFB Securities) had transacted in a big way on behalf of entities connected associated with Ketan Parekh, certain OCBs namely Wakefield, Brentfield, Kensington, FII sub-account-Kallar Kahar Investment Ltd., Mackertich Consultancy Services Pvt. Ltd. and also on its own account. SEBI's investigation have concluded that CSFB Securities and CSFB proprietary account aided and abetted Ketan Parekh entities in putting fictitious and non-genuine trades with a view to create</p>	SEBI has informed that the only action pending is against Shri Shankar Sharma and Smt. Devina Mehra of First Global Group. They have replied to the show cause notice issued by SEBI. Supplementary show cause notice has also been issued to them and they have been granted hearing before the Whole Time Member.

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	<p>misleading appearance of trading. Credit Suisse First Boston also aided, assisted and abetted Ketan Parekh entities in creating artificial volumes and market in certain scrips through circular trades. Shares were being rotated from one entity belonging to Ketan Parekh to other entities belonging to him. There was no change in beneficial ownership. These transactions were put with a view to induce others to purchase and sell the securities.</p> <p>Based on the findings of investigations, SEBI had issued orders against CSFB asking it not to undertake fresh business as a broker and enquiry proceedings were initiated against the broker. Enquiry proceedings have been completed against the broker and SEBI has suspended the certificate of registration of Credit Suisse First Boston (I) Securities Pvt Ltd (CSFB Securities) to act as a stock broker for the period of two years w.e.f. April 18,2001 for aiding, abeting and assisting Ketan Parekh entities in market manipulations.</p> <p>C.DKB Securities: SEBI's investigation have concluded that Dresdner Kleinwort Benson Securities (India) Ltd., (DKB Securities), a foreign brokerage registered with SEBI aided and abetted Ketan Parekh entities in putting fictitious and non-genuine trades with a view to create misleading appearance of trading and in creating artificial volumes and market in certain scrips through circular trades. Shares were being rotated from one entity belonging to Ketan Parekh to other entities belonging to him. There was no change in beneficial ownership. The transactions were put with a view to induce others to purchase and sell the securities. SEBI conducted enquiry against DKB Securities and Enquiry Officer has recommended suspension of certificate of registration of DKB Securities to act as a stock broker for the period of two years. Show cause notice has been issued.</p> <p>E. Khemani Group</p> <p>The investigation of Khemani Group has revealed the violation of the following provisions by Sanjay Khemani and N Khemani:</p> <ul style="list-style-type: none"> ● Section 19 of Securities Contracts (Regulation) Act, 1956 ● Regulation 4 (b) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 ● Rule 4 (b) of SEBI (Stock brokers and Sub-brokers) Rules, 1992 ● Regulation 7 of SEBI (Stock brokers and Sub-brokers) 	

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	<p>Regulations, 1992</p> <p>For the above violations, SEBI vide its Order dated January 21, 2003 issued under Section 11 & 11B SEBI Act, 1992 has debarred Sanjay Khemani and N. Khemani from associating with securities market activities and dealing in securities till the completion of enquiry proceedings against them and the completion of investigation proceedings against Shri Ketan Parekh and some entities associated with him. During the period they are directed not to buy, sell or deal in the securities market directly or indirectly.</p> <p>H. Bang Group of Entities</p> <p>In the light of the findings of investigation and after considering the findings of the enquiry officer, in exercise of powers conferred upon under Section 4(3) of SEBI Act, 1992 read with Regulation 29 (3) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 read with Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 SEBI passed an order dated July 30, 2002 cancelling the registration of M/s Nirmal Bang Securities Ltd. (NBS), M/s Bang Equity Broking Pvt. Ltd. (BEB), Bama Securities Ltd. (BSL) - all stock brokers registered with SEBI and Bang Securities Pvt. Ltd. (BS), sub brokers registered with SEBI.</p> <p>As reported in December 2003</p> <p>Pursuant to enquiry proceedings initiated against DKB Securities (DKB), an opportunity of hearing before Whole time Member of SEBI was granted to DKB Securities on 28th July, 2003. Final order is being issued.</p> <p>The enquiry has been completed against Sanjay Khemani and N. Khemani. The brokers through their counsel appeared before the Chairman, SEBI for a personal hearing on October 20, 2003. During the personal hearing, Chairman granted permission to Khemani group's counsel to make further written submissions. Accordingly, the written submission from the Khemani Group's counsel has been received and Chairman's final order in the matter is being issued.</p> <p>SEBI investigation into the activities of the R.S. Damani Group have been completed. Pursuant to the findings of investigation, enquiry proceedings were initiated against 3 broking entities of M/s R.S. Damani group, namely, Damani Shares & Stock Brokers Pvt. Ltd., Maheshwari Equity Brokers Pvt. Ltd. and Avenue Stock</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>Brokers (I) Pvt. Ltd. for alleged violations of the provisions of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. The enquiry officer has submitted his report and the same is under consideration.</p> <p>SEBI investigation into the activities of the Shailesh Shah Group have been completed. Pursuant to the findings of investigation, enquiry proceedings were initiated against 4 broking entities of M/s Shailesh Shah group, namely, Shailesh Shah Securities Ltd., Dolat Capital Markets Ltd., Pankaj D Shah and Nirpan Securities Ltd. for alleged violations of the provisions of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. Also, adjudication proceedings were initiated against M/s Shailesh Shah Group of companies for alleged contravention of Section 15A of the SEBI Act read with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. The Enquiry and Adjudication officer has submitted his report and the same is under consideration.</p> <p>Regarding Nirmal Bang Group, the entities filed an appeal before the SAT against SEBI's order. SAT, vide order dated October 31, 2003 modified SEBI's order dated July 30, 2002, by reducing the penalty of cancellation to suspension of registration of M/s Nirmal Bang Securities Ltd. for two years and in case of Bang Equity Broking Pvt. Ltd. (BEB) and Bama Securities Ltd. (BSL) for three years. The order in case of Bang Securities Pvt. Ltd. (BS) has been set aside. SEBI is considering filing of appeal in Supreme Court against SAT order.</p> <p>As reported in June, 2004</p> <p>The matter of issuing directions against the promoter-directors of FGSB and Vriddhi Confinvest India Pvt. Ltd, namely, Shri Shankar Sharma & Smt. Devina Mehra under the provisions of the SEBI Act and the Rules and Regulations made there under has been approved by the Board and is under progress.</p> <p>C. DKB Securities:</p> <p>Show cause notice has been issued and hearing has been granted before Whole-Time Member, SEBI. Final Order is being issued.</p> <p>E. Khemani Group</p>	

SI. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress																																																																					
	<p>Enquiry against Sanjay Khemani and N. Khemani, members Calcutta Stock Exchange was completed. Based on the Enquiry Officer's recommendations, Chairman vide Order dated February 26, 2004, suspended the registration of Shri Sanjay Khemani for two years and N. Khemani, for 14 months.</p> <p>Action against the following 22 brokers has been taken who have done large scale off-market transaction with three defaulter brokers and with the Khemani group:</p>																																																																						
	<table border="1"> <thead> <tr> <th data-bbox="882 453 1279 507">Name of the broker</th> <th data-bbox="1285 453 1435 507">Suspension period</th> <th data-bbox="1442 453 1590 507">SEBI Order Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="857 523 1279 577">1. MEHTA & AJMERA & Himanshu Ajmera</td> <td data-bbox="1285 523 1435 550">One year</td> <td data-bbox="1442 523 1590 550">04/03/2004</td> </tr> <tr> <td data-bbox="857 582 1279 609">2. VIKASH SOMANI SEC P LTD</td> <td data-bbox="1285 582 1435 609">6 Months</td> <td data-bbox="1442 582 1590 609">03/03/2004</td> </tr> <tr> <td data-bbox="857 614 1279 668">3. DEEPAK JHUNJHUNWALA & CO</td> <td data-bbox="1285 614 1435 641">6 Months</td> <td data-bbox="1442 614 1590 641">09/02/2004</td> </tr> <tr> <td data-bbox="857 673 1279 700">4. MKM SHARE BROKING (S) P LTD</td> <td data-bbox="1285 673 1435 700">6 Months</td> <td data-bbox="1442 673 1590 700">09/02/2004</td> </tr> <tr> <td data-bbox="857 705 1279 732">5. 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	<p>A. First Global Group STATUS OF APPEAL NO. 90/2002 - FIRST GLOBAL STOCK BROKING PVT. LTD. Vs. SEBI - PENDING BEFORE HON'BLE SECURITIES APPELLATE TRIBUNAL, MUMBAI.</p> <p>The order of SEBI dated 12.09.02 was challenged before the Hon'ble Securities Appellate Tribunal and the Hon'ble Tribunal vide its ad-interim order dated 29.10.02 stayed the operation of the said impugned order subject to the condition that the appellants shall not carry on any business as stock brokers, portfolio manager and sub broker and the same was extended till the final disposal of the appeal by the Tribunal vide its order dated 06.03.03. The appellant had filed a detailed compilation of documents on 31.08.04. The said appeal was taken up for hearing on 02.09.04 and the counsel for the respondent sought a short adjournment for the purpose of perusing the compilation of documents filed by the appellant, which was opposed by the counsel for the appellant. Finally, the Hon'ble Tribunal was pleased to grant a short adjournment and posted the matter on 09.09.04 for hearing. On 09.09.04, Shri Justice Kumar Rajaratnam, Presiding Officer and Shri B. Samal, Member were only present and the other member Shri N.L Lakhnupal was not present. In view of the above, the Hon'ble Tribunal observed that the matter be heard by the full bench. Accordingly, the matter was adjourned to 11.10.04 for hearing. The matter was heard on 11.10.04. During the hearing, the appellant had raised a preliminary issue viz. that the impugned order was not passed within the specified time limit. In view of this, SAT desired to hear and decide the preliminary issue and thereafter proceed to hear the matter on merits. On account of this, the matter was adjourned to 19.10.04, when the preliminary issues were argued and as it remained part heard then, the matter was fixed for further hearing on 21.10.04. The matter remained part heard on 21.10.04. The oral hearing on the preliminary issue of limitation was concluded on 11.11.2004 and the SAT asked both the parties to file written submissions, which was done by SEBI on 22.11.2004. SAT has reserved its orders in the case.</p> <p>STATUS OF W.P. (LODG) No.845 OF 2004 - SHANKAR SHARMA AND ANOTHER Vs. SEBI - PENDING BEFORE THE</p>	

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A Show Cause Notice dated 09.03.2004 u/s 11B of the SEBI Act, 1992 was issued to individuals Shri Shankar Sharma and Smt. Devina Mehra. A writ petition was filed challenging the said Show Cause Notice in the Hon'ble High Court of Bombay. The Hon'ble Court vide its order dated 27.04.2004 held that SEBI's -Counsel viz Shri Goolam Vhanavati's (the Learned Advocate General) statement that SEBI would not proceed further till the matter is decided by the court would continue till further orders and adjourned the matter to 23.08.2004. However, the matter came up before Hon'ble High Court on 31.08.2004 and the advocate appearing on behalf of the petitioners sought for an adjournment as their appeal before the Hon'ble Securities Appellate Tribunal is fixed for final hearing on 02.09.2004. The matter now stands adjourned to 26.11.2004.

E. Khemani Group

Action against the following brokers has been taken who had done large scale off-market transaction with three defaulter brokers and with Khemani Group

Name of Broker	SEBI Order Date	Suspension period
Amitabh Sonthalia	21.07.2004	4 Months

As reported in July, 2005**A. First Global Group****STATUS OF APPEAL NO. 90/2002 – FIRST GLOBAL STOCK BROKING PVT LTD VS. SEBI – PENDING BEFORE HON'BLE SECURITIES APPELLATE TRIBUNAL, MUMBAI.**

The final order of SAT in this matter was pronounced on 03.12.04. By this order, SAT has set aside the order of SEBI dated 12.09.02 cancelling the appellants certificate of registration, on the ground that the order was not passed within a period of 30 days of receiving the reply to the show cause notice issued by SEBI as required under the then Regulation 29 (3) of SEBI (Stock Broker and sub-broker) Regulations, 1992.

SEBI has decided not to file an appeal before the Supreme Court against the order of the SAT.

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	<p>STATUS OF W.P (LODG) NO. 845 OF 2004 – SHANKAR SHARMA AND ANOTHER VS. SEBI – PENDING BEFORE THE HON'BLE HIGH COURT OF BOMBAY</p> <p>The matter was heard by Hon'ble Securities Appellate Tribunal on 11.10.04. During the hearing, the appellant had raised a preliminary issue viz. that the impugned order was not passed within the specified time limit. In view of this, SAT desired to hear and decide the preliminary issue and thereafter proceed to hear the matter on merits. SAT has passed its final order on 3.12.04 setting aside the order of SEBI dated 12.09.02 cancelling the appellant's certificate of registration, on the ground that the order was not passed within a period of 30 days of receiving the reply of the show cause notice issued by SEBI as required under the then Regulation 29(3) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992.</p> <p>The matter came up before the Hon'ble High Court of Bombay on 06.05.05 and has been posted for hearing once the Hon'ble High Court reconvenes after vacation.</p> <p>As reported in December, 2005 No change in the status.</p> <p>As reported in May, 2006 There is no further development.</p> <p>As reported in December, 2006</p> <p>STATUS OF W.P (LODG) NO. 2031 OF 2004 – SHANKAR SHARMA AND ANOTHER VS. SEBI – PENDING BEFORE THE HON'BLE HIGH COURT OF BOMBAY</p> <p>Chamber summons were filed before the High Court on 12.05.06 to list the matter for hearing and vacating the stay on the operation of show cause notice dated 09.03.2004 issued by SEBI, to enable SEBI to proceed with further course of action under the show cause notice. The chamber summons have been filed praying that the appeal filed before the Hon'ble SAT was allowed only on the preliminary issue that the impugned order passed by SEBI was beyond the period of 30 days prescribed under the then existing Regulation 29(3) of the SEBI (Stock Broker and Sub-broker) regulations, 1992. Therefore, SEBI should be allowed to proceed and decide the matter on merits. The High Court had in the course of its proceedings listed the matter for hearing on 29.06.06. But the petition was not taken</p>	

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		<p>up for hearing on 29.06.06 due to the non-availability of the Coram in the Bench hearing the petition.</p> <p>The matter was listed for hearing before the Bench comprising Hon'ble Mr. Justice F I Rebello and Hon'ble Ms. Justice V K Tahilramani on 06.07.06. The matter was heard and the Court directed the petitioner to appear before SEBI and urge all points as raised in the petition and all other points which he may be entitled to take and raise them before the competent officer. The Court also directed that if the order of the competent officer is adverse to the petitioner, that will not be acted upon for a period of four weeks from the date of communication of the order to the petitioner. With this the petition was dismissed by the Court.</p> <p>As reported in May, 2007</p> <p>Action against all the concerned brokers has been completed. In case of one of the entities, Shri Shankar Sharma, SEBI had issued him a show cause notice. However, he filed the case in the court. The court has now directed him to appear before SEBI and SEBI would pass order in due course.</p> <p>As reported in December, 2007</p> <p>No change in the status.</p>		
4.	5.64	<p>The Committee were informed that a criminal complaint was lodged by the RBI in the court of Chief Metropolitan Magistrate, Ahmedabad against the MNCB, its Chairman and Managing Director on 14.3.2001 under section 46 of the Banking Regulation Act 1949, read with section 58(B) of the Reserve Bank of India Act, 1934, for having made false statements to RBI with respect to call money borrowing and also failing to meet its assurance for submitting the required information. A criminal complaint had also been lodged by the Administrator of MNCB Ltd. with Madhavpura Police Station, Ahmedabad on 21.4.2001. Later, in terms of the order of the High Court of Gujarat, Ahmedabad dated 2.5.2001, CBI has been directed to investigate the</p>	<p>As reported in May, 2003</p> <p>The criminal complaint lodged by the Administrator of MNCB on 21.4.2001 with Madhavpura Police Station, Ahmedabad, was registered as CR No.67 of 2001 and the same has since been transferred to the CBI, BS&FC, Mumbai in its RC.4(E)/2001-CBI-BS&FC Mumbai on 18.5.2001 vide orders dated 2.5.2001 of the High Court of Gujarat, Ahmedabad. The chargesheet filed on 1.6.2001 against Sh. Ketan Parekh and Others relates to RC.3/E/2001-BSFC/MUM registered on 30.3.2001 by CBI BSFC Mumbai and the same is pending trial in the Hon'ble Court of CMM Mumbai as CC No.60/P/2001. The draft charges have been submitted by the prosecution to the court. The CBI has appointed an exclusive special counsel to conduct the trial of this case and all efforts are being made by it with the court to expedite the trial.</p> <p>As reported in December 2003</p> <p>As against para 5.59</p> <p>As reported in June, 2004</p> <p>In RC.4/E/2001-BSFC/MUM i.e. the MNCB case charge sheet has been filed in the court of CMM Ahmedabad on 1.12.2003.</p>	No change in the status.

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<p>deeds/misdeeds of the ex-Chairman and Managing Director and other officials involved in the mismanagement of the Bank. In pursuance of court orders, the case was transferred to CBI, Mumbai, and an FIR has been registered with Special Police Establishment, Mumbai Branch on 18.5.2001. On 1.6.2001, charge sheet in the case has been filed against Ketan.V.Parekh, Kartik.K. Parekh, Ramesh Parekh, Chairman, MNCB, Devendra B. Pandya, Managing Director, MNCB and Jagdish.B.Pandya, Branch Manager u/s 120-B,420,467,468 and 471 of IPC. The case is stated to be pending in the Court of the Chief Metropolitan Megistrate, Mumbai. The Committee desire that these cases be decided expeditiously.</p>	<p>With the permission of the Govt. of India, LRs to Mauritius and UK issued by the Court have been forwarded to the Legal Cell MHA on 17.12.2003 for onwards transmission to Competent Authorities in these countries. In the light of outcome thereof follow up action in the matter would be taken. In RC.3/E/2001-BSFC/MUM i.e. Bank of India case charge-sheet was filed in the court of CMM Mumbai on 1.6.2001, and the case is still at the stage of framing of charges.</p> <p>As reported in December, 2004</p> <p>In RC.4/E/2001-BSFC/MUM i.e. the MNCB case, the CBI has informed that the Assistant Director Interpol has reminded PRO (EXT), MEA, New Delhi on 5.10.2004 to ascertain the present position from concerned authorities of Mauritius. As regards the queries raised by the UK Serious Fraud Office vide their fax dated 16.4.2004 and 31.4.2004 regarding the Letter Rogatory sent to UK, the matter has been examined in CBI. As per the information available with the CBI, the defrauded amounts connected with this case have been received in the account of M/s Almel Investment Ltd., account being maintained with the Nat-West Bank, PLC, London. Interpol Wing of CBI was requested to inform the authorities at UK accordingly and to collect the documents and examine the witnesses as requested vide Letter Rogatory since the Hon'ble CMM, Ahmedabad has already given his authorization.</p> <p>In RC.3/E/2001-BSFC/MUM i.e. Bank of India case, charge-sheet was filed in the court of CMM Mumbai on 1.6.2001.</p> <p>As reported in July, 2005</p> <p>CBI has informed that Letter Rogatory (LR) to Mauritius the examination of witnesses was to take place on 7.6.2005 at Port Louis before His Honour the Master and Registrar of Supreme Court, Port Louis, Mauritius. Subsequently, the Mauritius Authorities through the Indian High Commission, vide their communication dated 2.6.05 have intimated that the examination has now been postponed to 21.10.2005. It is proposed to depute Supdt. of Police, CBI, BS&FC, Branch Mumbai to be present at the time of examination of witnesses.</p> <p>As regards the Letter Rogatory to the UK, there is no change in the status.</p>	

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	<p>As reported in December, 2005 The High Commission of India, Port Louis, Mauritius vide fax message No. OR/438/2/99-92 dt. 14.10.2005 informed that the date of examination of witness scheduled for 21st October, 2005 before their Master and Registrar, Supreme Court has now been fixed to 17th Feb., 2006 upon the request of the counsel of the witness. As regards the Letter Rogatory to the UK, the UK Serious Fraud Office had raised certain queries which have been replied by CBI. Further, the Interpol, India has issued a reminder to Ministry of External Affairs on 6.9.2005 to intimate the present status of LR.</p> <p>As reported in May, 2006 No change in the status.</p> <p>As reported in December, 2006 No change in the status.</p> <p>As reported in May, 2007 No change in the status.</p> <p>As reported in December, 2007 No change in the status.</p>	
<p>5. 5.109 The Committee regret to note that the City Cooperative Bank flouted all prudential norms of the RBI. This became clear during the investigation conducted by the RBI. The Bank had no investment policy, loan disbursement policy and credit appraisal system. Carrying out a concurrent audit was also missing. The Bank had opened deposit accounts in respect of four front companies of the promoter of M/s Century Consultants Group viz. Shri Anand Krishna Johari who was also a Director on the Board of the Bank. The accounts were opened without observing the usual safeguards such as introduction, obtaining of Memorandum and Articles of Association etc. The Board had vested full powers of investment on Shri Anand Krishna Johari and all investment decisions were taken by him.</p>	<p>As reported in May, 2003 RBI has reported as follows:- The City Co-operative Bank, a non-scheduled bank based in Lucknow was inspected with reference to its position as on March 31, 1999, during May-June, 1999. The statutory inspection did not reveal any serious irregularities: the irregularities revealed were of rectifiable in nature, such as, absence of any loan policy, deficiency in credit appraisal system, laxity in post-disbursement supervision, unsatisfactory functioning of management and loan committees, lack of effective internal control system and control over branches. These irregularities did not warrant any immediate drastic action against the bank. As per the normal procedure followed, these deficiencies were discussed by the inspecting officers with the Chairman and the board on the concluding day of the inspection and the board was asked to take expeditious action to rectify the deficiencies and submit specific compliance to RBI. Inspection report pointed inter-alia, that the bank had violated the Reserve Bank of India guidelines on credit exposure of individual exposure norm of 20% of its capital funds and group exposure norm of 50% of its capital funds in several cases and the bank had</p>	No change in the status.

Sl. No.	Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>The result was that between 5th and 15th March, 2001, the Bank's funds to the extent of Rs. 6.50 crore were utilized for investments in bonds of Cyber Space Infosys-a concern of Shri Johari, contrary to RBI instructions prohibiting equity investment in such companies. There was also a total absence of any loan policy/ committee and all credit decisions too were taken only by Shri Anand Johari. The Bank had invested funds to the extent of Rs. 15.68 crore in term deposits and receipts aggregating to Rs. 2.62 crore could not be produced to RBI for verification during the investigations. It was noticed that these were however encashed but not accounted for and the proceeds had simply been siphoned off. Similarly, the Bank did not have any documentary evidence in respect of a large amount of investment amounting to Rs. 21.40 crore indicating that the money had been misutilised by Shri Anand Krishna Johari. The advances were disbursed on the orders of the Secretary cum CEO. In addition, advances against shares in physical form were granted in excess of the ceiling of Rs. 10 lakh per individual as prescribed by the RBI which resulted in turning the entire portfolio to the tune of Rs. 1.53 crore into NPAs. Furthermore, the Bank had violated RBI directives on unsecured advances by sanctioning limits in excess of Rs. 50,000 in a number of cases, in blatant violation of the RBI directive on maximum limit in relation to unsecured advances. During the period January-March, 2001, the Bank had sanctioned large advances to the</p>	<p>defaulted in maintenance of Cash Reserve Ratio (CRR). The irregularities observed in the bank's functioning were perpetrated after the statutory inspection of the bank conducted by the RBI during May-June 1999 and indicates a clear case of nexus of the board with firm/s connected with the directors.</p> <p>2. In the light of the findings of the scrutiny, RBI has taken the following measures:</p> <p>(i) With a view to prevent preferential payment to depositors and to contain the run, a Directive by RBI under Section 35A of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies), was imposed on March 22, 2001 directing the bank not to accept fresh deposits or give fresh loans and not to repay more than one thousand rupees to any single depositor.</p> <p>(ii) The Registrar of Cooperative Societies, Uttar Pradesh had been requested on April 03, 2001 to supersede the Board of Management of the captioned bank and to appoint an Administrator for securing proper management by invoking the provisions of Sub-section (iii) of Section 90 B of the U.P. Co-operative Societies Act, 1965. Accordingly, the Registrar of Cooperative Societies issued an order on April 09, 2001 superseding the Board and appointing the District Magistrate, Lucknow as the Administrator of the bank.</p> <p>(iii) In view of the serious irregularities in the functioning of the bank as revealed in the interim report on scrutiny of books of account of the bank, a criminal complaint was filed by the Reserve Bank against the Chairman, Directors and Chief Executive Officer of the bank in the Court of Judicial Magistrate, Lucknow on April 03, 2001.</p> <p>(iv) The City Co-operative Bank Ltd., Lucknow, has filed two Criminal cases with Police Authorities against Shri Gorakh Nath Srivastava, the ex-Secretary of the bank and Shri Anand Krishna Johari, then Director of the bank, for siphoning of bank's funds to the tune of Rs.3230.22 lakh (approximately) in the form of fictitious investments and benami loans.</p> <p>3. The City Co-operative Bank Ltd. was allotted four centres for opening of branches (no licence was issued for opening these branches) on February 27, 2001. This was based on the bank's</p>	

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	<p>tune of Rs. 5.88 crore to 15 borrowers without the backing of any tangible security in blatant violation of RBI directives. Astonishingly loans were sanctioned even against blank applications and without obtaining signatures on the necessary documents. Advances and funds were released by way of demand draft without ensuring their end use.</p>	<p>financial position as on March 31, 2000 and the then prescribed eligibility norms for allotment of centres to UCBs. A scrutiny was later carried out in March 2001 on media reports concerning a run on the bank. Certain irregularities were detected and the centres allotted were cancelled on May 09, 2001 well before issue of licences for opening the branches at the allotted centres.</p> <p>4. A scheme of revival of the bank is under consideration of the Government of Uttar Pradesh.</p> <p>5. The CBI had registered two cases pertaining to defrauding of City Cooperative Bank to the tune of Rs.28.97 crores and Rs. 1.71 crores respectively. The investigation in the first case has revealed that out of the total amount of Rs.28.97 crores, an amount of Rs.17.16 crores was transferred to Mumbai and utilised for meeting the pay-in obligations of M/s. Century Consultants Ltd. and its associate companies and persons with Bombay Stock Exchange and National Stock Exchange. The funds were also used for trading in shares of Cyberspace Infosys Ltd. which was done by the promoters themselves for artificially hiking up the price of its shares in the market. Ultimately, when the share price of Cyberspace Infosys Ltd. fell down drastically the money was lost. An amount of Rs 11.81 crores was transferred to the accounts of Century Consultants Ltd. and associate companies and were utilised for meeting various obligations. Funds defrauded from City Cooperative Bank and investors of Century Consultants Ltd. and its group companies are mixed up and were used as one entity as and when required to meet the pay-in obligations to Bombay Stock Exchange and National Stock Exchange. In order to safeguard the interest of City Cooperative Bank and investors of Century Consultants Ltd. the CBI had requested Securities and Exchange Board of India for freezing the pay outs of 21 parties/persons which was the only means to ensure that the funds are not floundered further. The operation of current accounts and depository accounts of Century Consultants Ltd. and associate companies were also stopped. The field investigation has been completed and is under scrutiny in the CBI for taking a final decision in the matter. The CBI has completed investigation in the case pertaining to defrauding of City Cooperative Bank, Lucknow to the tune of Rs.1.71 crores and chargesheet has been submitted</p>	

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	<p>in the Court of Special Magistrate, CBI, Lucknow. The trial is at the stage of admission. In this case the CBI had recommended regular departmental action under major penalty against one Shri K. Srinivasan, officer State Bank of Hyderabad. Accordingly the bank has initiated major penalty proceedings against him in consultation with the Central Vigilance Commission.</p> <p>6. RBI has issued instructions making concurrent audit compulsory for all urban cooperative banks. Instructions have also been issued requiring urban cooperative banks to designate a compliance officer to ensure compliance with and apprise the progress of compliance of the inspections reports of the RBI to the Audit Committee/Board of Directors. The Audit Committee of urban cooperative banks are also now required to monitor implementation of RBI guidelines. A summary of important findings of inspection of urban cooperative banks is sent to the concerned State Government for further action. RBI has also issued instructions to urban cooperative banks that deficiencies/irregularities observed during the inspection should be fully rectified by the banks and a certificate submitted. False certificate would invite penalties. The Banking Regulation Act is being amended to give greater powers to Reserve Bank of India for taking action against Cooperative Banks for non-compliance of its directives.</p> <p>7. Government of Uttar Pradesh has vide orders dated 24.02.2003 set up a high level enquiry by Member, Board of Revenue to look into the laxity of Registrar of Cooperative Societies and his officers in discharging their duties regarding inspection of a bank. Law Department of Uttar Pradesh has sent a request to the Hon'ble Allahabad High Court for constitution of special court for expeditious disposal of these cases. The matter is under consideration of Hon'ble High Court.</p> <p>As reported in December 2003</p> <p>Chargesheet in RC.19/2001-LKO has been filed by CBI in the Court on 30.8.2003.</p> <p>A Bill to amend the Banking Regulation Act, 1949 has been introduced in the Lok Sabha on 13.8.2003. The Bill has been referred to the Standing Committee on Finance.</p> <p>Government of Uttar Pradesh has reported that the enquiry report has since been received and action against concerned officers</p>	

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	<p>has already been initiated by obtaining their explanation. The matter regarding constitution of Special Court for expeditious disposal of cases is still under consideration of Hon'ble Allahabad High Court.</p> <p>As reported in June, 2004 Reply from Govt. of Uttar Pradesh is awaited. The last reminder was sent on 1/6/2004.</p> <p>As reported in December, 2004 Govt. of Uttar Pradesh has informed that on the basis of enquiry report submitted by Shri V.K. Mittal, the then Member, Board of Revenue who was appointed as Investigation Officer to look into the laxity of Registrar of Cooperative Societies and his officers in discharging their duties regarding inspection of a bank, adverse entries have been made against Chief Audit Officer, Cooperative Committees and Panchayats, 3 auditors and disciplinary proceedings have been started against two Dy. Chief Audit Officers and two District Audit Officers of City Co-op. Bank Ltd. for not carrying out their duties efficiently. No action can be taken against remaining auditors/officers as they have retired from the service and stipulated period of four years for action has already lapsed. Orders to get the investigation done by Economic Offences Wing (EOW) against the officials found guilty for dereliction of duty and periodical inspection have been issued on 23.7.2004. Progress report from EOW is awaited.</p> <p>Regarding constitution of Special Courts, Government of Uttar Pradesh have informed that CBI has filed a charge sheet in the Special Court designated for dealing CBI cases, there is no need of constituting Special Courts.</p> <p>As reported in July, 2005 Shri V.K. Mittal, the then Member, Board of Revenue, who was appointed as Investigation Officer to look into the laxity of Registrar of Cooperative Societies and his officers in discharging their duties, has pointed out serious irregularities on the part of officers of Finance Department and Cooperative Department. Besides, CBI had also recommended action against certain Government officials.</p> <p>Two Senior Auditors and two Distt. Audit Officer (since retired) have been suspended and charge sheets have been served. Besides, charge sheet have also been served to Chief Audit Officer and two Dy. Chief Audit Officers. Enquiry Officer(s) have been appointed in all the above cases.</p> <p>Government of UP have further informed that action against the</p>	

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officers of the Cooperative Department would be taken on the basis of the findings of the enquiry being conducted by Economic Offences Wing (EOW) of Criminal Investigation Department (CID) of UP Police and it is expected that the enquiry will be completed within a month.

As reported in December, 2005

Govt. of Uttar Pradesh have reported that the enquiry being conducted by Economic Offences Wing (EOW) of Crime Investigation Department (CID) of UP Police against the officers of Cooperative Department is in progress. They have been requested to take up the matter with EOW of CID of UP Police for expediting completion of the same.

As reported in May, 2006

As per Government of Uttar Pradesh, the latest position regarding action taken against officers under administrative control of Finance Department is as under:-

S. No	Name S/Shri	Post	Action Taken
1	H.N. Awasthi	Senior Auditor	Has been suspended, charge sheet served & enquiry officer appointed. Enquiry Report submitted
2	B.K. Tandon	Senior Auditor	Has been suspended, charge sheet served & enquiry officer appointed. Enquiry Report submitted and termination order issued.
3	Brijraj Singh	District Audit Officer (since retired)	Has been suspended, charge sheet served & enquiry officer appointed. Enquiry Report submitted.
4	Lallan Singh	District Audit Office (since retired)	Was suspended, charge sheet served & enquiry officer appointed. Enquiry Report submitted
5	Kamla Kant Goswami	Deputy Chief Audit Officer	Has been served charge sheet and Special Secretary (Finance) was

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6	Padam Jang	Deputy Chief Audit Officer	appointed enquiry officer . Enquiry Report submitted.	
7	Avadhesh Dubey	Chief Audit Officer	Charge sheet has been served and Principal Secretary (Finance) is the enquiry officer.	

Government of UP have informed that it has been communicated to them by DIG, EOW (CID) vide letter dated 15.12.2005 that EOW has completed investigation and the matter is being examined at the higher level. Action against the officers of the Co-operative Department would be taken on the basis of the findings of the enquiry conducted by Economic Offences Wing (EOW) of Criminal Investigation Department of UP Police.

As reported in December, 2006

Government of UP has not reported any change in status except that the termination order was issued in respect of Shri B.K. Tandon, Senior Auditor under the administrative control of Finance Deptt, after departmental enquiry but the order has been stayed by Hon'ble High Court on 23.5.2006.

As reported in May, 2007

Govt. of UP has informed the latest position regarding action against the officers under administrative control of Finance Department as under:-

S. No	Name S/Shri	Post	Action Taken
1	H.N Awasthi.	Senior Auditor	After departmental enquiry, his two increments have been withheld with cumulative effect

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				which shall continue through out his service period. He has been given a censure also.
2	B.K Tandon.	Senior Auditor	Termination order was issued after departmental enquiry but stayed by Hon'ble High Court on 23.5.2006. In compliance of the order of Hon'ble High Court, Shri Tandon has been reinstated subject to final orders in the writ petition. Government of UP has already filed its counter affidavit in this petition.	
3	Brijraj Singh	District Audit Officer (since retired)	Enquiry Officer has submitted the changed report. The reply of the charged officer on the report has been received and is being examined.	
4	Lallan Singh	District Audit Officer	Enquiry Officer has submitted the	

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			(since retired)	report. Shri Lallan Singh has been asked to submit his reply on the Enquiry Officer's report but that letter could not be served due to change of his address. Efforts are being made to serve him the letter through the Regional Audit Officer.
	5	Kamla Kant Goswami	Deputy Chief Audit Officer	Enquiry Officer has submitted the report. The reply of the charged officer on the report has been received and is being examined.
	6	Padam Jang	Deputy Chief Audit Officer	Enquiry Officer has submitted the report. The reply of the charged officer on the report has been received and is being examined.
	7	Avadhesh Dubey	Chief Audit Officer	No change in the status.

Regarding action against the officers of the Co-operative department, there is no change in the status.

As reported in December, 2007

No Change in the status

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6.	5.110	<p>The Bank had reportedly violated RBI guidelines on credit exposure in respect of the individual exposure norms of 20% of its capital fund and group exposure norm of 50% of its capital fund in several cases. The liquidity position of the Bank was extremely unsatisfactory as the deposit liability of the Bank as on the date of scrutiny i.e. 22.3.2001 stood at Rs. 65.90 crore against the liquid assets of Rs. 8.14 crore. The Bank had also circumvented the CRR guideline as laid down under Section 18 of the Banking Regulation Act, 1949. It had adopted a novel way of inflating its balances with notified/eligible Banks in its books of accounts by booking fictitious debit entries. The Committee also note that there was no system of concurrent audit and the Bank had also violated RBI guidelines on income recognition, asset classification and provisioning. This ultimately resulted in systematically siphoning off the Bank's funds to the tune of Rs. 32.30 crore through the companies of Shri Anand Krishna Johari and turning negative the net worth of the Bank.</p>	<p>As reported in May, 2003 As against para 5.109</p> <p>As reported in December, 2003 As against para 5.109</p> <p>As reported in June, 2004 Reply from Govt. of Uttar Pradesh is awaited. The last reminder was sent on 1/6/2004.</p> <p>As reported in December, 2004 RBI has issued instructions making concurrent audit compulsory for all urban cooperative banks. Instructions have also been issued requiring urban cooperative banks to designate a compliance officer to ensure compliance with and apprise the progress of compliance of the inspections reports of the RBI to the Audit Committee/ Board of Directors. The Audit Committee of urban cooperative banks are also now required to monitor implementation of RBI guidelines.</p> <p>Govt. of Uttar Pradesh has informed that on the basis of enquiry report submitted by Shri V.K. Mittal, the then Member, Board of Revenue who was appointed as Investigation Officer to look into the laxity of Registrar of Cooperative Societies and his officers in discharging their duties regarding inspection of a bank, adverse entries have been made against Chief Audit Officer, Cooperative Committees and Panchayats, three auditors and disciplinary proceedings have been started against two Dy. Chief Audit Officers and two District Audit Officers of City Co-op. Bank Ltd. for not carrying out their duties efficiently. No action can be taken against remaining auditors/officers as they have retired from the service and stipulated period of +four years for action has already lapsed. Orders to get the investigation done by Economic Offences Wing (EOW) against the officials found guilty for dereliction of duty and periodical inspection have been issued on 23.7.2004. Progress report from EOW is awaited.</p> <p>As reported in July, 2005 As against para 5.109</p> <p>As reported in December, 2005 As against Para 5.109.</p> <p>As reported in May, 2006 As against para 5.109</p> <p>As reported in December, 2006 As against para 5.109</p> <p>As reported in May, 2007 As against para No.5.109.</p>	As against para 5.109.

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			As reported in December, 2007 As against para No.5.109.	
7.	5.111	Neither the State Registrar under whose direct control the Bank functions nor the RBI which is an apex regulator in the case of urban cooperative Banks came to know of the misuse of powers and flagrant violation of regulations/directives of the RBI until a public outcry and news in the press. Though under the UP Cooperative Societies Act, 1965 wide powers of conducting inspections, enquiry and audit are vested with the Registrar of the Cooperative Societies, these powers were not exercised to check the functioning of the Bank. RBI too surprisingly issued licences as late as February, 2001 for opening four more branches of the Bank, thereby giving an impression that the Bank was functioning well. In fact even when in the annual inspection report of 1999, the RBI had clearly indicated some glaring irregularities and the auditors of the State Cooperative Department for the period 1997-2000 had pointed out serious irregularities, immediate steps were not taken for rectifying the irregularities. This leaves the Committee with the impression that both the RCS as well as RBI showed laxity in discharging their duties even prior to March, 2001 when the run on the Bank surfaced.	As reported in May, 2003 As against para 5.109 As reported in December, 2003 As against para 5.109 As reported in June, 2004 Reply from Govt. of Uttar Pradesh is awaited. The last reminder was sent on 1/6/2004. As reported in December, 2004 As against para 5.109. As reported in July, 2005 As against para 5.109. As reported in December, 2005 As against Para 5.109. As reported in May, 2006 As against para 5.109 As reported in December, 2006 As against Para 5.109. As reported in May, 2007 As against Para 5.109. As reported in December, 2007 As against Para 5.109.	As against para 5.109.
8.	5.113	In view of the foregoing observations, the Committee recommend the following specific action:- (i) In order to expedite action on the criminal complaints which are presently pending adjudication in the Court of the	As reported in May, 2003 As against para 5.109 As reported in December, 2003 As against para 5.109 As reported in June, 2004 Reply from Govt. of Uttar Pradesh is awaited. The last reminder	As against para 5.109.

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<p>Metropolitan Magistrate, Lucknow, it is recommended that such case be tried by a Special Court.</p> <p>(ii) UP Government may be asked to initiate further enquiry against the concerned State Registrars for not being vigilant and exercising supervision on the working of the Bank even when the UP Cooperative Societies Act, 1965 empowers the Registrar to hold an enquiry into the working of the co-operative society, carry out inspection on his own and even supersede the Committee of Management in case it is found that any act is committed which is prejudicial to the interest of the society or its members or otherwise if the society is not functioning properly. This should be done expeditiously.</p> <p>(iii) CBI must complete the investigations expeditiously in the case wherein FIR has been filed for siphoning off funds in the form of cheque purchase for Rs. 1.71 crore.</p> <p>(iv) RBI must introduce a system whereby the irregularities pointed out in the annual inspection Reports are removed by the Banks and compliance report is submitted within a period of six months from the date of inspection.</p> <p>(v) Strict penal provisions be incorporated in the Banking Regulation Act, 1949 for non-compliance of the directives/guidelines issued by the RBI from time to time and in case of default, strict disciplinary action should be initiated against the erring officials.</p> <p>(vi) As an apex body, though it is not possible for RBI to monitor each and every</p>	<p>was sent on 1/6/2004.</p> <p>As reported in December, 2004 As against para 5.109.</p> <p>As reported in July, 2005 Regarding constitution of Special Courts, Govt. of UP have informed that CBI has filed a charge sheet in the Special Court designated for dealing CBI cases, there is no need of constituting Special Courts. A departmental enquiry was also conducted under section 65 of UP Co-operative Society Act 1965 for the irregularities in bank. And after the enquiry, a surcharge order for the value of Rs. 30,14,45,235.00 was passed against Shri Anand Krishan Johri vide Distt. Assistant Registrar, Lucknow's order No. 2873/co-op. dated 29.1.05 under section 68(2) of the Act. Out of the total 283 debtor members of the bank, a sum of Rs. 3.86 crore has been recovered, from 45 members. Information relating to enquiry against the concerned State Registrar has been given in reply to para No.5.109.</p> <p>As reported in December, 2005 In the case of recovery from 283 debtors of the City Cooperative Bank Ltd., a sum of Rs.3.94 crore has been recovered from 45 defaulters. Regarding action against the officers of Cooperative Department, the Govt. of Uttar Pradesh have reported that the enquiry being conducted by Economic Offences Wing (EOW) of Crime Investigation Department (CID) of UP Police is in progress. Govt. of UP have been requested to take up the matter with EOW of CID of UP Police for expediting completion of the same.</p> <p>As reported in May, 2006 As against para 5.109</p> <p>As reported in December, 2006 Shri Anand Krishan Johri, (one of the promoters and accused in the charge sheet filed by the CBI) against whom an order under Section 68(2) of UP Co-operative Societies Act, 1965 has been passed for a surcharge of an amount of Rs. 30.14 crore has filed an appeal (No.94/05) against the same before Hon'ble Cooperative Tribunal UP. Out of 490 defaulters total recoveries worth Rs. 3.95 crore have been made from 112 defaulters of the banks dues.</p>	

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		transaction, it is essential that concurrent audit is conducted in the Banks on a regular basis. The Reserve Bank of India may consider making this mandatory.	As reported in May, 2007 As against Para 5.109.	
		(vii) Investigation must be conducted to unearth where the siphoned money (Rs. 32.30 Crore) has been deployed. Expeditious action is needed to recover the money.	As reported in December, 2007 As against Para 5.109.	
9.	5.159	In view of the foregoing the Committee recommend the following:- (i) Action for recovery of the outstanding advances which have been diverted and the other advances which have now been categorized as NPAs be expedited. (ii) In case there is any dereliction of duty on the part of the Bank Auditors, the same may be referred to the Institute of Chartered Accountants of India for further enquiry and appropriate action. (iii) Even though there were no breach of regulations, it was observed that certain loans were sanctioned without comprehensive evaluation and therefore, the bank must ensure that proper credit appraisal and monitoring system is in place. (iv) The procedural working of the banks must be strengthened and the RBI must ensure that the rectification, if any, takes place in a time-bound manner. (v) In the immediate aftermath of the Stock Market crash, RBI focused on one new private bank although other private banks also had large exposure to the capital market including some	As reported in May, 2003 (i) Global Trust Bank (GTB) has reported that they are initiating legal action in respect of all Ketan Parekh related NPA accounts. As regards recovery in other NPA accounts, the bank has reported recovery of Rs.5.98 crores and Rs.9 crores during January 2003 and February 2003, respectively. (ii) As regards any dereliction of duty on the part of the Bank Auditors, the matter has already been brought to the notice of Institute of Chartered Accountants of India (ICAI) by RBI. (iii) The bank has been directed by RBI to take corrective action. (iv) RBI has issued Instructions to its regional offices on 29.05.2002 to streamline and strengthen the system of follow-up action on the findings of Annual Financial Inspection of banks in a time bound manner. Details have given in reply to Para No.10.8. (v) In order to review the capital market exposure of banks in a uniform and consistent manner, the Reserve Bank of India is obtaining monthly reports on capital market exposure from all banks. As reported in December 2003 Follow up action is in progress. As reported in June, 2004 RBI is following up the recovery of the amounts on a continuous basis. As reported in December, 2004 Bank of India - Recovered Rs. 17.62 lakh during the period and the balance outstanding was Rs. 121.43 crore as on June 30, 2004. The bank is going ahead with compromise settlement in respect of Ketan Parekh group entities with the approval of the	ICAI have informed that in the meeting held on 13.12.07, the Reserve Bank of India, which was cited as one of the witnesses in these matters had sought adjournment on the grounds that they needed time to send the documents, the Disciplinary Committee adjourned these matters to 22 nd and 23 rd April, 2008. During the hearing on 22nd April 2008, the respondents requested the Committee that they require 30 to 45 days time for submitting their working papers which are quite voluminous in number. After considering the request of the respondents, the Committee, on grounds of natural justice gave the last opportunity to the respondents to present their defence and consequently adjourned the hearing.

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<p>who had exceeded RBI limits. Now that substantial information is available about all the banks concerned, the Committee recommend RBI undertake a thorough review and process matters relating to all concerned in a uniform and consistent manner.</p>	<p>Government of India. Global Trust Bank Ltd. - Classified the accounts as NPAs has made 100% provision for the total exposure and filed criminal cases as well as cases with DRTs against parties. ICICI Bank Ltd. - Recalled the loan in one account and suit is being filed. Centurion Bank Ltd. - Has fully written off the outstanding balance in accounts relating to Ketan Parekh entities and has also initiated legal proceedings in DRT-II. Bank of Punjab Ltd. - Has filed recovery suits in DRT and issued notice under SARFAESI Act, 2002 for taking possession of property mortgaged. Ratnakar Bank Ltd. - Loan against fixed deposit has since been fully adjusted. The above banks have been advised by RBI to take effective steps to recover the entire amount from the Ketan Parekh entities expeditiously. As reported in July, 2005 (i) All the concerned banks have filed cases in DRT, Mumbai against the companies concerned and their guarantors etc. As the number of cases pending against companies of Ketan Parekh Group is numerous, the proceedings in the DRT are slow. The process of recovery will take its own legal course. (ii) ICAI have informed that they have called the comments/ explanations of the auditors concerned on 25.2.2005. The concerned statutory auditors for the years 2001-02 and 2002-03 have sent in their respective responses dated 20th May, 2005 which have been received by ICAI on 24th May, 2005. The auditors have categorically stated in their aforesaid responses that since the RBI has neither provided the relevant Annual Financial Inspection(s) and the basis/parameters adopted by the special auditors and has also restrained the ICAI from parting with the Special Audit Report for perusal/ examination by the statutory auditors for the year 2001-02, they are not in a position to offer any view/explanation thereon. They had expressed their inability to offer their comments/explanation, in the absence of the relevant data/information/details. They have, however, added that they have conducted the respective audits in accordance with the generally accepted accounting and auditing practices (GAAP) and the various pronouncements</p>	

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	<p>and accordingly requested the Institute to close the matter. Further examination of the matter is in process at ICAI.</p> <p>As reported in December, 2005 The documents/details sought by the respective respondent-firms for submission of their respective explanation were received by ICAI from the RBI on 4th August, 2005 and the same were forwarded on 5th August, 2005 to the respondent firms with stipulation that their explanation/comments should reach them by 31st August, 2005.</p> <p>The respective respondent-firms have furnished their explanation /comments vide their letter dated 15.9.05 & 19.9.2005 respectively and the same is being examined and processed by the ICAI in terms of the provisions of Chartered Accountants Act, 1949 and the Regulations framed thereunder.</p> <p>As reported in May, 2006 ICAI have informed that they are hopeful to complete the exercise shortly.</p> <p>As reported in December, 2006 ICAI have informed that based on the examination of latest inputs received from the Oriental Bank of Commerce along with the earlier papers received from the RBI, Special Auditors, clarifications of the Statutory Auditors and other documents, a finality has been reached on treating certain allegations as "information" under Section 21 of the Chartered Accountants Act, 1949. Accordingly, the "information" letter(s) i.e., Show Cause notice(s) have been issued to the concerned Statutory Auditors viz. M/s Lovelock & Lewes, Chartered Accountants, Kolkatta (for the year 2000-01) and M/s Price Waterhouse & Co., Chartered Accountants, Kolkatta (for the year 2002-03) on 1.12.06 & 5.12.06 respectively.</p> <p>As reported in May, 2007 ICAI have informed that written statement(s) from the member(s) answerable have been received and the matter would be placed before the Council in its next meeting scheduled to be held in the month of June 2007.</p> <p>As reported in December, 2007 ICAI have informed that the matters relating to all the three years i.e. 2000-01, 2001-02 and 2002-03 have been considered by the Council at its meeting held between 16th and 18th August, 2007 for its prima facie opinion and the Council has referred all these matters to the Disciplinary Committee for inquiry. The matters have been fixed for hearing by the Disciplinary Committee scheduled to be held between 13th and 15th December, 2007.</p>	

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10.	6.104	<p>The Committee are concerned to learn that the deficiencies in the working of CSE were not of recent origin. SEBI's report a decade ago had found numerous deficiencies including absence of a mechanism for monitoring margins. On the basis of an enquiry into the affairs of CSE in April, 1994, it was recommended that the Board of the Exchange should be suspended. The problems of CSE as seen by this Committee appear to flow from the culture of non-compliance with rules, regulations and transparent practices. This appears to have developed over a period of time. In 1994 it was recommended that the Board of the Exchange should be suspended because of gross malpractices. After reviewing the position, however, the SEBI did not suspend the Exchange or take any severe measures as to shake up work culture of the exchange. The Committee's examination has, however, shown that nothing changed in CSE. Instead, things went from bad to worse. It is clear that despite knowing the track record of CSE, SEBI did not take timely corrective action. The Committee are of the view that SEBI should have played a more proactive role in the affairs of CSE and curbed malpractices well in time. The SEBI failed to do so. Officials of Surveillance Department of SEBI dealing with CSE are also similarly responsible. SEBI's lapses should be investigated and accountability be fixed.</p>	<p>As reported in May, 2003 Matter is under consideration of SEBI.</p> <p>As reported in December, 2003 Explanation has been sought from Executive Director (Secondary Market Department) and the officers concerned. They have submitted their explanation. These are under consideration. Executive Director (Surveillance) has been repatriated to parent Department and relevant material has been sent to Central Board of Direct Taxes (CBDT) for seeking explanation from the officer.</p> <p>As reported in June, 2004 Explanations have been sought from the then ED and all concerned officials in SEBI who were involved in the task of inspection of CSE during 1999 and 2000. Replies received from them are being examined. As regards the then ED, Surveillance who was on deputation from CBDT, CBDT was requested to take further appropriate action. A reminder has been sent on May 21, 2004 to intimate progress in the matter.</p> <p>As reported in December, 2004 The matter relating to the action against SEBI officials is in the final stage and action shall be completed shortly. As regards, action against the then Executive Director (Surveillance), SEBI is in touch with CBDT.</p> <p>As reported in July, 2005 SEBI have informed that on examination of the replies furnished by the concerned SEBI officials, the Competent Authority has indicated that no further action need be taken. The matter is under review. As regards, action against the then Executive Director (Surveillance), SEBI who was on deputation from CBDT, CBDT have informed that the explanation of Shri L.K. Singhvi has been called vide Department of Revenue's OM dated 26.3.05 and the reply furnished by Shri Singhvi has been forwarded to Chairman, SEBI vide their DO letter dtd 18/20.5.2005 requesting them to examine and intimate whether the facts stated by the officer in his reply are correct and whether the surveillance department of SEBI have no role in the inspections as stated by Shri Singhvi.</p>	<p>CSE has informed SEBI that despite extensive search SEBI's Surveillance Report on Inspection for 1999 & 2000 could not be readily traceable. SEBI has been advised to search for the same from their own records.</p>

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11.	7.4	The failure in investigating into the role of promoters and corporate entities while share prices of particular scrips were being artificially manipulated has been attributed by SEBI to the absence of authority to investigate into their role under the Securities and Exchange Board of India Act, 1992. Under Section 11(2)(i), SEBI is charged with responsibility of calling for information, undertaking inspections, conducting enquiries and audit of the stock exchanges, mutual	<p>As reported in December, 2005 The matter relating to action taken by SEBI against their officials is under review with them.</p> <p>As reported in May, 2006 The case of Shri L.K. Singhvi was placed before the disciplinary authority for his decision regarding initiation of disciplinary proceedings against the officer. In his note dated 26.11.05, the disciplinary authority had observed that on the basis of the material on record, there was no basis to proceed against Shri L.K. Singhvi. Further, the disciplinary authority had also observed that the inability to make available Surveillance Inspection Records on the part of SEBI was a critical deficiency disabling the disciplinary authority from taking a comprehensive view of the matter. This was a matter of concern, which needed to be taken up separately with SEBI. The matter relating to action taken by SEBI against their officials is under review with them.</p> <p>As reported in December, 2006 Matter is under review.</p> <p>As reported in May, 2007 No change in the status.</p> <p>As reported in December, 2007 SEBI has been advised to obtain the surveillance reports for the year 1999 & 2000 from CSE. Accordingly, on 8.11.07, SEBI has requested CSE to send the surveillance reports for the above period.</p> <p>As reported in May, 2003 Department of Company Affairs have informed that some corporate houses misused the liberalisation introduced by insertion of section 372A to transfer large sums of money to the KP group. It is proposed to tighten the loopholes by carrying out several changes in section 372A. As a result of the lessons drawn from the stock market scams and as a consequence of the recommendations of the JPC, it is proposed to amend Section 372A to close the loopholes noticed and to prescribe a more severe punishment for its violation. Proposals have been formulated as part of the amendments to the Companies Act under consideration.</p>	The position regarding investigation by Serious Fraud Investigation Office has been indicated against para no.2.15. Regarding proposals for revision of the Companies Act, 1956 through a revised Companies Bill, there is no change in the status.

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		<p>funds, other persons associated with the stock market, intermediaries and self-regulatory organizations in the stock market. Though it may be possible to contend that SEBI did not enjoy the authority to directly investigate corporate entities, which might have, through various channels, provided funding in the stock market. That the promoters and corporate entities were, at the relevant time, playing a significant role cannot be denied. The Department of Company Affairs, one of the entities having regulatory authority could have, had it informed itself of this or been alerted to the role of promoters and corporate entities, taken timely action in the matter. Diversion of funds allocated to specific projects for use in the stock market for the purchase of specific scrips, investment companies operating in the stock market through brokers, nexus between brokers and corporate entities in the context of the interests of brokers in specific corporate entities, which facts have now come to light, establish the nexus between brokers and corporate entities. The proximity of promoters and brokers is also established by the frequency with which both acted in collusion by the use of circular trading in respect of shares of certain companies, with the sole objective of creating an impression that the scrip in which circular trading is effected was heavily traded; consequently enticing innocent participants in the stock market to purchase the scrip of that company. These and other factors contributed largely to the</p>	<p>Action taken by SEBI is reflected in reply to Para 2.15.</p> <p>As reported in December, 2003</p> <p>The Department of Company Affairs has introduced the Companies Amendment Bill, 2003 in the Rajya Sabha on 7th May, 2003. The Cabinet has now advised the Department that instead of moving a number of official amendments to the Bill, DCA should bring a new legislation for consideration of the Cabinet.</p> <p>SEBI has taken following further action:</p> <p>a) against DSQ Software Ltd. and promoters : A personal hearing has been granted to the DSQ Software Ltd., and its promoter Shri Dinesh Dalmia on 22/11/2003 before Chairman, SEBI issues final order in the matter.</p> <p>b) against Padmini Technologies Ltd: Prosecutions lodged against the company and its whole-time directors in the Court of Addl. Chief Metropolitan Magistrate, Tis Hazari, Delhi vide case no. 252 of 2003 on March 26, 2003.</p> <p>c) against Zee Telefilms Ltd: Found violated the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Penalty of Rs. 60,000 was imposed and paid.</p> <p>d) against Global Tele-Systems Ltd (GTL Ltd): Found violated the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Penalty of Rs.1,20,000 was imposed and paid.</p> <p>e) against Pentamedia Graphics Ltd: Found violated the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Penalty of Rs. 90,000 was imposed and paid.</p> <p>f) against entities of Ranbaxy Laboratories Ltd: Adjudication proceedings for alleged contravention of section 15A(a) of the SEBI Act read with Regulation 3(4) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 have been initiated against 12 promoter group entities of Ranbaxy Laboratories Ltd. The adjudication proceedings are in progress.</p> <p>As reported in June, 2004</p> <p>DCA had introduced Companies (Amendment) Bill 2003 in the Rajya Sabha on 07.05.2003. The previous Cabinet had directed</p>	

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		<p>artificial inflation of share prices in specific scrips, particular known as the "K-10 stocks" which, in turn, contributed in large measure to a sentiment being created in the market which enthused others to invest solely in these specific scrips and the stock market in general.</p>	<p>the Department that instead of moving a number of official amendments to the Bill, DCA may bring a new legislation for consideration of the Cabinet. The new comprehensive Bill is under preparation.</p> <p>As regards action taken by SEBI, the position is given in reply to para No. 2.15.</p> <p>As reported in December, 2004</p> <p>Companies Bill was introduced. It was decided to take up comprehensive review and revamp of the law. Decision endorsed by the new Govt. on assumption of office after Lok Sabha Election 2004. Concept Paper was placed in Website on 04-08-2004. Time allowed for comments 3 months. Consultation with various organisations, Experts Professional bodies in progress.</p> <p>As regards action by SEBI, the position is given in reply to para No.2.15.</p> <p>As reported in July, 2005</p> <p>As regards action by SEBI, the position is given in reply to para No.2.15.</p> <p>The concept paper has been referred to J.J. Irani Committee for examination. The said committee has submitted its report to the Government on 31.5.2005. The same is under examination.</p> <p>As reported in December, 2005</p> <p>Action taken by SEBI is reflected in reply to Para 2.15. The Report of J.J. Irani Committee is under examination.</p> <p>As reported in May, 2006</p> <p>Proposals for revision of the Companies Act, 1956 through a revised Companies Bill are at an advanced stage of preparation. Action taken by SEBI is reflected in reply to Para 2.15.</p> <p>As reported in December, 2006</p> <p>Regarding investigation by SEBI/Ministry of Company Affairs, the position is same as in reply to para 2.15.</p> <p>Proposals for revision of the Companies Act, 1956 through a revised Companies Bill are at an advanced stage of consideration.</p> <p>As reported in May, 2007</p> <p>Regarding investigation of SEBI/Ministry of Company Affairs, the position is same as in reply to para No.2.15.</p>	

Sl. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
			Regarding proposal for revision in the Companies Act, 1956 through a revised Companies Bill, there is no change in the status. As reported in December, 2007 As against para 2.15	
12.	7.51	SEBI furnished four sets of interim reports inclusive of its investigation regarding scrips of certain corporate bodies. The Committee's insistence for SEBI's final findings regarding the role of promoters/corporate bodies in the price manipulation of the scrips yielded yet another set of reports most of which were again of interim nature and were received as late as in November 2002. Due to non-availability of Final Report from SEBI, the Committee could not have the opportunity to take oral evidence of these corporate bodies. The Committee urge SEBI, the Department of Company Affairs and other investigative agencies to expedite and complete their investigations into involvement of promoters/corporate houses in manipulation of prices of scrips which were found to have undergone unusual volatility. The Government should take appropriate action under the provisions of the relevant laws on the basis of outcome of their findings. Expeditious action should be taken against those involved wherever the involvement of promoter/corporate house is established.	As reported in May, 2003 Enforcement Directorate has informed that JPC has commented on the suspect roles of 15 promoters and Corporate entities. Files in respect of 15 promoters / companies stated to be close to Ketan Parekh were opened by them to determine the nexus with brokers through OCB's and FII's and to trace violation of RBI/SIA norms while transferring equity to OCB's and FII's. The promoter companies can be divided into two parts:- 1. Out of the 15 companies mentioned in the JPC report, there are companies, where certain enquiries which might have a FEMA angle were still pending. These comprise the a) DSQ group, b)Zee Telefilms Ltd., c)HFCL, d)Global Telesystems, e)Global Trust Bank, f)Silverline Technologies, g)SSI Ltd. 2. With regard to the second group, the Enforcement Directorate's inquiries have been directed against these promoter companies where certain details have been called for. This group comprises a)Adani Exports, b)Padmini Technologies c)Atef Infosys, d)Satyam Computers e) Ranbaxy Ltd. f) Lupin Labs g) Pentamedia Graphics h) Shonkh Technologies. In addition to the 15 promoters and corporate entities mentioned in JPC report, on the basis of SEBI report suggesting the specific involvement in market manipulation and their proximity to Ketan Parekh, the Enforcement Directorate has initiated investigation in respect of the following companies: a)Maars Technologies, b) Mascon Global, c) Mukta Arts, d) Tips Industries, e) Balaji Telefilms , f) Koprana Group, g) Nirma Group, h) Cadilla group. Investigations by the Enforcement Directorate in respect of these 23 promoters/companies are in progress. Action taken by SEBI is covered in Para 2.15. As reported in December, 2003 The Enforcement Directorate had also initiated investigation in respect of 8 more companies. Thus, the total number of	Enforcement Directorate have informed that : (i) Show Cause Notice (SCN) dated 31.1.2008 was issued to M/s Balaji Telefilms Ltd., its Chairman Shri Jitendra Kapoor and its MD Smt. Shobha Kapoor for contravention of the provisions of Sec. 6(3)(b) of FEMA 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, involving an amount of Rs. 10,46,50,000 being market value of 8,05,000 shares @ Rs. 130/- per share. (ii) Show Cause Notice dated 19.6.2006 was issued to M/s Tips Industries Ltd. and its CMD Shri. Kumar S. Taurani for contravention of the provisions of Sec. 6(3)(a) of FEMA 1999 read with Regulations 5,6 & 13 of Foreign Exchange Management (Transfer of Issue of any Foreign Security) Regulations 2000, involving an amount of US\$7,54,100. The above SCN was adjudicated on 27.11.2006, imposing penalty of Rs.70 lakhs on M/s Tips Industries Ltd.and Rs.20 lakhs on Shri Kumar S. Taurani, CMD. (iii) Show Cause Notice issued to M/s Maars Software Ltd. on 11.6.2003 for non-

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			<p>companies, which were under investigation by Enforcement Directorate, was 23.</p> <p>Out of these 23 companies, in respect of one company i.e. DSQ Group, the investigation has been completed and Show Cause Notices have been issued under both FERA & FEMA. In respect of M/s Maars Technologies and Silverline Technologies Ltd., investigation on one aspect i.e. non-realisation of export proceeds have since been completed and Show Cause Notices have been issued under FEMA on 11.6.2003 and 8.10.2003 respectively. Investigations in respect of the remaining 20 companies are at a very advanced stage.</p> <p>As reported in June, 2004 Investigations by Enforcement Directorate are in progress.</p> <p>As reported in December, 2004 Out of 23 companies, Show Cause Notice (SCN) to one more company i.e. M/s Lupin Ltd. (apart from 04 companies against whom SCNs have already been issued) has been issued on 2/9/2004 leaving 18 companies against whom investigations are at a very advanced stage.</p> <p>Besides, part investigations have been completed against one more company viz. M/s Shonkh Tech. Ltd. and a show cause notice for non-realisation of export proceeds has been issued. However, further investigations in this case are also being carried out on the basis of documents received from the CBI.</p> <p>In another company of M/s Ketan Parekh, a show cause notice has been issued to M/s Classic Credit Ltd. and M/s Panther Fin Cap Ltd. (both Ketan Parekh entities in India) alongwith Shri Ketan Parekh. However, some more investigations are being carried out.</p> <p>Further, a show cause notice issued to M/s DSQ Software Ltd. has been adjudicated by imposing a penalty of Rs.2 crore on the company and Rs.2 crore on Shri Dinesh Dalmia.</p> <p>As reported in July, 2005 Enforcement Directorate has informed that out of 23 companies, Show Cause Notices against seven companies have been issued. Investigation against remaining 16 companies is at an advance stage.</p> <p>As reported in December, 2005 No change in the status.</p>	<p>realisation of export proceeds has been adjudicated on 13.3.2008, imposing penalty of Rs. 4 crores on M/s Maars Software Ltd. and Rs. 1 crore on Shri T. Varadharajan, MD.</p>

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			<p>As reported in May, 2006 No change in the status.</p> <p>As reported in December, 2006 Out of remaining 16 companies, investigation against one more company i.e. M/s Mascon Global has been finalised, which ended in closure of the case. Investigations against remaining 15 companies are at final stage.</p> <p>As reported in May, 2007 No change in the status.</p> <p>As reported in December, 2007 No change in the status.</p>	
13.	7.53	<p>Having learnt about the ingenious ways of transferring funds by certain companies to manipulate the market, SEBI has now made certain suggestions to prevent proliferation of shell companies. In order that the scope of registering shell companies with fictitious details about their initial subscribers/promoters, their addresses etc., appropriate revisions in the rules as well as in the forms prescribed under the respective rules also need be effected by Registrar of Companies and other statutory authorities in the existing ones and introduce adequate verification of the details furnished in applications for registration of companies, without delay. The SEBI suggestions include yearly declaration by companies about floating of subsidiary/associate companies, etc., disclosure on quarterly basis about change in investments by the subsidiaries/ associate companies, restriction on floating investment companies by a parent company and verification of the antecedents of the persons behind the investment companies. SEBI has also suggested regulation of reverse merger</p>	<p>As reported in May, 2003 DCA has informed that regarding multiple investment companies, a proposal has been formulated as part of the amendments to the Companies Act presently under consideration of the Department. Regarding preferential allotment, DCA will shortly be making rules on the basis of the recommendations of the Verma Committee. SEBI has informed that regarding preferential allotment of shares, SEBI has already amended SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997 thereby withdrawing the automatic exemption (from open offer requirements) available to shares acquired on preferential basis beyond the specified limits. This amendment will prevent misuse of preferential allotment to acquire control or substantial stake in a listed company. As regards the private placement of debt, the Secondary Market Advisory Committee of SEBI has inter-alia recommended that the same standards of disclosures as are applicable for public issue of debt, should be made applicable to private placement of debt instruments, which are proposed to be listed. The matter is being pursued. In addition, SEBI has also laid down certain guidelines for preferential issues to be made by listed companies. The compliance with SEBI (preferential offer guidelines) is a pre condition for listing of the shares allotted on preferential basis, by listed companies. The guidelines inter-alia deal with disclosures to be given in the notice for shareholders meeting, minimum price to be based on average market prices and other</p>	No change in this status.

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		<p>where an unlisted company merges with a listed company on non-transparent manner. The Committee are of the view that these suggestions merit urgent examination and follow up action by the Government. The Committee also feel that the issues concerning preferential allotment and private placement also need to be looked into afresh by DCA and SEBI in the light of the SEBI's findings in this regard with a view to take suitable corrective measures.</p>	<p>requirements. Listed companies are required to comply with the guidelines. Additionally Stock Exchanges are required to ensure compliance of the guidelines before listing these shares.</p> <p>As reported in December, 2003 The Department of Company Affairs has introduced the Companies Amendment Bill, 2003 in the Rajya Sabha on 7th May 2003. The Cabinet has now advised the Department that instead of moving a number of official amendments to the Bill, DCA should bring a new legislation for consideration of the Cabinet.</p> <p>In regard to recommendations of Prof. Verma Committee regarding preferential allotment, the Department is going to issue "Unlisted Public Companies (Preference Allotment) Rules". Circular on private placement of debt securities by listed companies has been issued by SEBI on September 30, 2003.</p> <p>As reported in June, 2004 DCA had introduced Companies (Amendment) Bill 2003 in the Rajya Sabha on 7.5.2003. The previous Cabinet had directed the Department that instead of moving a number of official amendments to the Bill, DCA may bring a new legislation for consideration of the Cabinet. The new comprehensive Bill is under preparation.</p> <p>In regard to recommendations of Prof. Verma Committee, DCA has notified the "Unlisted Public Companies (Preference Allotment) Rules" on 04.12.2003.</p> <p>As reported in December, 2004 As against para 7.4.</p> <p>As reported in July, 2005 As against para No.7.4.</p> <p>As reported in December, 2005 The Report of J.J. Irani Committee is under examination.</p> <p>As reported in May, 2006 As against para 7.4.</p> <p>As reported in December, 2006 As against para 7.4</p> <p>As reported in May, 2007 Regarding proposal for revision in the Companies Act, 1956 through a revised Companies Bill, there is no change in the status.</p> <p>As reported in December, 2007 No change in the status.</p>	

Sl. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
14.	7.54	This Committee hold that even as there are valid reasons to believe that the corporate house-broker-bank-FIIs nexus played havoc in the Indian capital market quite sometime now through fraudulent manipulations of prices at the cost of the small investors, this Committee were severely handicapped in the matter of making any purposeful recommendations because of non-availability of required support from concerned regulatory and other bodies with necessary material. The issue acquires added importance in view of the recommendations of the 1992 JPC regarding the urgent need to go into this unhealthy nexus of corporate entities-brokers-banks and others.	<p>As reported in May, 2003 SEBI is looking into the matter.</p> <p>As reported in December, 2003 No change in the status.</p> <p>As reported in June, 2004 The position has been explained in reply to para No. 2.15.</p> <p>As reported in December, 2004 The position has been explained in reply to para No.2.15.</p> <p>As reported in July, 2005 The position has been explained in reply to para No.2.15</p> <p>As reported in December, 2005 The position has been explained in reply to para No. 2.15</p> <p>As reported in May, 2006 As against para 2.15.</p> <p>As reported in December, 2006 The position has been explained in reply to para No.2.15.</p> <p>As reported in May, 2007 As against para 2.15.</p> <p>As reported in December, 2007 As against para 2.15.</p>	As against para 2.15. Action completed.
15.	8.76	SEBI's investigations have brought out several instances of violations by OCBs such as non-delivery of shares, purchase of shares on adjustment basis, booking purchase orders without sufficient balances in their accounts, exceeding the prescribed ceiling of 5 per cent for individual OCBs and violations of 10 per cent aggregate ceiling, etc. Certain OCBs and sub-accounts of FIIs also violated the SEBI (Substantial Acquisition of Shares and Take Over) Regulations. SEBI has mentioned five OCBs and two sub-accounts of FIIs which have aided, assisted and abetted in creation of artificial market and volumes, circular trading and building up concentrated positions in a few scrips. SEBI is reportedly taking action	<p>As reported in May, 2003 SEBI has informed that Adjudication orders were passed by it against OCBs, viz. Kensington Investments Ltd, Brentfield Holdings Ltd, European Investments Ltd and Far East Investments Ltd and sub-account viz. Kallar Kahar Investments Ltd for their dealings in the scrips viz. Mascon Global Ltd, Shonkh Technologies Ltd, DSQ Biotech Ltd, Aftak Infosys and Global Trust Bank (GTB). Enforcement Directorate has informed that adjudication proceedings in relation to four Show Cause Notices under FERA and two under FEMA comprising ten charges against custodian Bank and OCB have already been and are being expedited.</p> <p>As reported in December, 2003 The adjudication proceedings in relation to four SCNs under FERA and two complaints under FEMA comprising 10 charges against Custodian Bank and the OCB's have already begun. The Adjudicating Authority has been advised to expedite the proceedings.</p>	No change in the status.

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		<p>against four OCBs and one sub-account for violation of its regulations regarding substantial acquisition of shares. As regards market manipulations by OCBs, SEBI is stated to be examining the matter legally. The Committee urge that SEBI's remaining investigations as well as its legal examination should be completed expeditiously and appropriate action taken against offenders. The Committee note that the Directorate of Enforcement has also since issued show cause notices to the custodian bank and certain OCBs for FERA violations. The Committee hope that final action in this regard would be completed early.</p>	<p>As reported in June, 2004 Adjudication proceedings in relation to four SCNs under FERA and two complaints under FEMA comprising 10 charges against Custodian Bank and the OCB's are in progress.</p> <p>As reported in December, 2004 Adjudication proceedings are in progress.</p> <p>As reported in July, 2005 Out of 6 SCNs issued under FERA/FEMA, adjudication proceedings into two SCNs issued under FEMA have been completed. As a result of adjudication, penalty has been imposed in one case. In another case, charge was not established. The Adjudicating Officers have been requested to expedite completion of adjudication proceedings in the remaining 4 cases under FERA.</p> <p>As reported in December, 2005 As mentioned in paragraph 4.44, out of 6 Show Cause Notices under Foreign Exchange Regulation Act/Foreign Exchange Management Act, 2 Show Cause Notices issued under Foreign Exchange Management Act have been adjudicated, out of which in one Show Cause Notice charges were dropped and in other Show Cause Notice total penalties of Rs.1.60 crores were imposed.</p> <p>In addition, during the course of investigation of an FII i.e. J. Henry Schrodders Bank (JHSB), a Show Cause Notice under Foreign Exchange Management Act was issued to JHSB and its Custodian Bank (Deutch Bank).</p> <p>As reported in May, 2006 No change in the status.</p> <p>As reported in December, 2006 Position regarding adjudication proceedings in 8 Show Cause Notices issued by Enforcement Directorate to OCBs has been given against para No.4.44.</p> <p>Adjudication proceedings in the matter of M/s J.Henry Schrodders Bank (JHSB) and its custodian bank are still in progress.</p> <p>As reported in May, 2007 No change in the status.</p> <p>As reported in December, 2007 No change in the status</p>	

Sl. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
16.	9.31	<p>The Committee recommend the following:-</p> <p>(i) The role of Executive Directors in charge of the Secondary Market Division and the Surveillance Division in SEBI during 1999 and 2000 needs to be critically looked into for not ensuring compliance with various actions recommended in the inspection reports of 1999 and 2000.</p> <p>(ii) Explanation be called for immediately from all concerned officials in SEBI who were involved in the task of inspection of CSE during 1999 and 2000 regarding their failure to detect non-inclusion of crystallised long position in the outstanding position of the brokers and action be taken for dereliction of duty.</p> <p>(iii) The poor attendance of SEBI nominee directors in the Board meetings of Stock Exchanges in the past puts a question mark on the efficacy of the system of nominee directors. Although SEBI has since discontinued the system, the Committee desire that the Ministry of Finance should undertake a fresh review of the system of nominee directors keeping in view the proposed demutualisation and corporatisation of stock exchanges.</p>	<p>As reported in May, 2003 SEBI has informed that explanation has been already sought from Executive Director (Secondary Market Department) and other officers concerned in this matter. SEBI is also obtaining the explanation of the then Executive Director in charge of Surveillance Division in 1999-2000 through his parent department.</p> <p>Besides, it is envisaged that upon demutualisation and corporatisation of the exchanges, there will be a majority of independent directors on the boards of each of the stock exchange.</p> <p>As reported in December, 2003 As against para 6.104.</p> <p>As reported in June, 2004 Explanations have been sought from the then ED and all concerned officials in SEBI who were involved in the task of inspection of CSE during 1999 and 2000. Replies received from them are being examined. As regards the then ED, Surveillance who was on deputation from CBDT, CBDT has been requested to take further appropriate action. A reminder has been sent on May 21, 2004 to intimate progress in the matter.</p> <p>As reported in December, 2004 As against para 6.104.</p> <p>As reported in July, 2005 As against para 6.104.</p> <p>As reported in December, 2005 As against para 6.104.</p> <p>As reported in May, 2006 As against para 6.104.</p> <p>As reported in December, 2006 Matter is under review. However, Mr. Pratip Kar, Executive Director, SEBI has since resigned on 31/8/2006.</p> <p>As reported in May, 2007 No change in the status.</p> <p>As reported in December, 2007 As against para 6.104</p>	As against para 6.104.

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17.	11.33	<p>The Committee note that 45 out of 58 prosecutions for major offenses launched/ ordered by the Department of Company Affairs (DCA) against Companies involved in the present scam relate to diversion of funds. The major reason for huge transfers of money from companies to Shri Ketan Parekh is stated to be removal of restriction on inter-corporate deposits two years ago. In order to check violations in this regard, certain suggestions are under consideration by the DCA viz., putting a cap on the number of investment companies that any individual can float, prohibiting a person from being a director in more than the prescribed number of investment companies, prescribing a limit on lending/ borrowing by companies, etc. The Committee hope that DCA will arrive at expeditious decisions on these suggestions and bring forth suitable amendments in the Companies Act.</p>	<p>As reported in May, 2003 Proposals are under finalization, it is hoped that soon the amending Bill will be introduced in the Parliament.</p> <p>As reported in December , 2003 The Department of Company Affairs has introduced the Companies Amendment Bill, 2003 in the Rajya Sabha on 7th May 2003. The Cabinet has now advised the Department that instead of moving a number of official amendments to the Bill, DCA should bring a new legislation for consideration of the Cabinet.</p> <p>As reported in June, 2004 DCA have introduced Companies (Amendment) Bill 2003 in the Rajya Sabha on 07.05.2003. The previous Cabinet has directed the Department that instead of moving a number of official amendments to the Bill, DCA may bring a new legislation for consideration of the Cabinet. The new Comprehensive Bill is under preparation.</p> <p>As reported in December, 2004 As against para 7.4.</p> <p>As reported in July, 2005 As against para 7.4.</p> <p>As reported in December, 2005 As against para 7.4.</p> <p>As reported in May, 2006 As against para 7.4.</p> <p>As reported in December, 2006 As against para 7.4</p> <p>As reported in May, 2007 As against para 7.53.</p> <p>As reported in December, 2007 As against para 7.53.</p>	As against para 7.53.
18.	11.37	<p>The Committee note that penalties prescribed in the Companies Act are nominal and the offenses are easily compoundable. For instance, violation of restriction on purchase of its own shares by a company under Section 77 of the Act attracts a maximum fine of Rs.10,000</p>	<p>As reported in May, 2003 The recommendations of the Shroff Committee with regard to rationalisation of penalties is still awaited. The Department of Company Affairs hopes to introduce amendments to CA, 1956 soon in the Parliament.</p> <p>As reported in December, 2003 As against para 11.33</p>	As against para 7.53.

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	<p>even if funds involved are in crores of rupees. The penalties, therefore, need to be rationalised and prescribed as a percentage or multiple of the money involved in the offence. The Committee hope that the Shardul Shroff Committee which has been set up to look into the question of rationalising the penalties will give its recommendations soon and early action will be taken thereon.</p>	<p>As reported in June, 2004 The position has been explained against para No.11.33. As reported in December, 2004 As against para 7.4. As reported in July, 2005 As against para 7.4. As reported in December, 2005 As against para 7.4. As reported in May, 2006 As against para 7.4. As reported in December, 2006 As against para 7.4 As reported in May, 2007 As against para 7.53. As reported in December, 2007 As against para 7.53.</p>	
19.	<p>11.41 The Committee feel that the issue of auditor-management relationship needs to be addressed with a view to ensuring a healthy professional relationship between them. This could be achieved through rotation of auditors, restriction on non-audit fee, etc. The DCA has since appointed Naresh Chandra Committee to examine the entire gamut of issues pertaining to auditor-company relationship. The Committee urge that the Naresh Chandra Committee should complete its work within a time frame and enable expeditious action by the Government on its recommendations. The Committee feel that the desirability of having an arrangement in DCA for scrutiny of auditors' reports of all companies on regular basis needs to be examined with a view to taking suitable action on the qualifications made by auditors in their reports.</p>	<p>As reported in May, 2003 The Naresh Chandra Committee has since submitted its report covering inter alia issues such as rotation of audit partners, restriction on non-audit work and random scrutiny of audited accounts. These recommendations have been under examination in the Department of Company Affairs. Proposals have been formulated as part of the amendments to the Companies Act under consideration. As reported in December , 2003 As against para 11.33. As reported in June, 2004 Report of Naresh Chandra Committee is under examination of the Department of Company Affairs. As reported in December, 2004 As against para 7.4. As reported in July, 2005 As against para 7.4. As reported in December, 2005 As against para 7.4. As reported in May, 2006 As against para 7.4. As reported in December, 2006</p>	As against para 7.53.

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		<p>As against para 7.4 As reported in May, 2007 As against para 7.53. As reported in December, 2007 As against para 7.53.</p>	
20.	12.76 The Committee find that in case No. RC.3(E)/2001, which pertains to causing a wrongful loss to the tune of Rs. 137 crore to the Bank of India, CBI has filed a charge sheet in the Court of Special Judge, Mumbai on 1.6.2001 against Shri Ketan Parekh, Shri Kartik Parekh, Shri Kirti Parekh, Shri Ramesh Parekh (the then Chairman, MMCB, Ahmedabad), Shri Davendera Pandya (MD, MMCB Ahmedabad), Shri J.B. Pandya (then Branch Manager, MMCB, Mumbai). Another case No. RC 4(E)/2001 has also been registered on the orders (dated 2.5.2001), of the Hon'ble High Court of Gujarat by CBI against Shri Ramesh Parekh, Ex-Chairman, MMCB, Shri Devendera B. Pandya, MD, MMCB and Shri Jagdish Pandya, Branch Manager, MMCB Ahmedabad U/S 120-405,406,408,409,420 IPC & U/S 35(A) of the Banking Regulation Act, 1949 for conspiring together and making illegal advances to the tune of Rs. 1030.04 crores against the overall limit of Rs. 475 crores by committing breach of law and various circulars/directives/rules and regulations of RBI. The charge sheet in this case has not been filed so far. The Committee have also been informed that the Interpol reference has also been sent to Abu Dhabi for freezing the accounts of	<p>As reported in May, 2003 CBI has informed that the case relating to MMCB is at an advance stage of investigation and likely to be completed shortly. Though an Interpol reference dt. 3.7.2001 had been sent to Interpol, Abu Dhabi for freezing the accounts of Ketan Parekh at Merrill Lynch Bank, Abu Dhabi but the CBI had not received any response in the matter from Interpol, Abu Dhabi. The matter is being pursued with Interpol, Abu Dhabi further. Position regarding Special Courts has been explained in reply to Para 12.74. As reported in December, 2003 In the case relating to MMCB, field investigations in India have been completed, order of Head Office of CBI on the investigation report since been communicated to the Branch. Charge sheet would be filed shortly in the case. Though an Interpol reference dt. 3.7.2001 had been sent to Interpol, Abu Dhabi, for freezing the accounts of Ketan Parekh at Merrill Lynch Bank, Abu Dhabi, but the CBI had not received any response in the matter from Interpol, Abu Dhabi. The matter is being pursued with Interpol, Abu Dhabi, further. As reported in June, 2004 In the case relating to MMCB field investigations in India have been completed and charge sheet has been filed on 1.12.2003. Interpol reference dated 3.7.2001 had been sent to Interpol, Abu Dhabi for freezing the accounts of Ketan Parekh at Merrill Lynch Bank, Abu Dhabi but the CBI had not received any response in the matter from Interpol, Abu Dhabi. The matter is being pursued with Interpol, Abu Dhabi further. For appointment of 2 additional Judges in the Special Court, Mumbai, two more reminders were sent to Registrar General, Supreme Court of India by Secretary on 23.03.2004 and 12.05.2004.</p>	<p>As regards Letter Rogatory (LR) to Mauritius, the Hon'ble Judge delivered his ruling on 2.8.2007 that the Mauritius Authority will not be able to execute the LR. The Mauritius authorities have filed an appeal in the Supreme Court of Mauritius against the order dated 2.8.2007.</p> <p>In the matter of ordering proclamation u/s 82 Cr. PC of Sh. Dharmesh Doshi, CBI has filed SLP in the Supreme Court on 14.12.2007 against the order dated 20.7.2007 of the High Court of Gujarat at Ahmedabad. Sh. Dharmesh Doshi has filed his counter affidavit. The matter was heard by the Registrar of the Supreme Court on April 1, 2008 and the acknowledged notice served on the State of Gujarat was filed by the CBI. The Registrar has directed the matter to come up in the Court for regular hearing.</p> <p>The extradition papers of Sh. Dharmesh Doshi have been received by the UK authorities and they are processing it.</p> <p>As regards the Letter Rogatory to the UK, a reply has been received from the UK Home Office seeking Supplementary LR.</p>

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	<p>Shri Ketan Parekh maintained at Merrill Lynch Bank and his alleged Swiss account is also being investigated. It has also been established that Shri Ketan Parekh had opened several accounts with the Fort Branch of GTB and carried out huge transactions with some of the OCBs having a meagre paid up capital of US \$550 to US \$5000, for pumping substantial amount of money into the stock market. The exact amount of money which has been used in India after having repatriated some amount to the OCBs accounts maintained outside India, particularly at Mauritius, is still being ascertained. Detailed investigation to connect funds of MNCB to the tune of Rs. 1030 crores alleged to have been defrauded is also reported to be in progress. The Committee desire that the investigations in this regard should be completed expeditiously. Since the judicial process is a long drawn process, the Committee desire that the cases which have already been filed or likely to be filed in the Courts by the CBI, should be tried by the Special Courts, so that the guilty are brought to book expeditiously. The Committee hope that the issue of setting up adequate number of Special Courts will be taken with due seriousness and with a sense of urgency by the Government, and will not meet the old fate at least this time.</p>	<p>As reported in December, 2004 In the case relating to MNCB field investigations in India has been completed and charge sheet has been filed on 1.12.2003. Interpol reference dt. 3.7.2001 had been sent to Interpol, Abu Dhabi for freezing the accounts of Ketan Parekh at Merrill Lynch Bank, Abu Dhabi. Reply from Interpol Abu Dhabi has been received vide ref. No. 2/22/IP/33-217/7946 dated 13.9.2004. The authorities concerned have informed that Sh. Ketan Parekh has not maintained any accounts or deposits with Merrill Lynch Bank nor have any investment in their country. Regarding Swiss Bank accounts of Ketan Parekh, the Swiss authorities have since intimated in December, 2002 that the Letter Rogatory sent in this matter cannot be executed because of the direction of the High Court at Zurich.</p> <p>As reported in July, 2005 No change in the status.</p> <p>As reported in December, 2005 CBI have informed that the draft charges were prepared and submitted before the Hon'ble Magistrate, Mumbai on 27.9.2005. The Hon'ble Magistrate showed inclination to frame the charges.</p> <p>As reported in May, 2006 The High Commission of India, Port Louis, Mauritius vide Fax Message No. OR/438/2/99-92 dt. 14.10.2005 informed that the date of examination of witnesses scheduled for 21st October, 2005 before their Master and Registrar, Supreme Court had been fixed for 17th Feb. 2006 upon the request of the counsel of the witnesses. The date of examination of witnesses scheduled for 17th Feb. 2006 before the Master and Registrar Supreme Court, at Port Louis, has now been adjourned. This is the third consecutive adjournment taken by the witnesses at Mauritius though CBI had made arrangements for deputing D.I.G. of Police to attend the hearings.</p> <p>On 7.2.06 an application was filed in the court of Hon'ble CJM, Ahmedabad praying for issuing proclamation of Sh. Darmesh Doshi as an absconder u/s 82 Cr.PC. The matter was posted to 17.2.06. The advocate of Sh. Darmesh Doshi filed an application requesting for allowing arguments by a Senior Advocate of Mumbai High Court against the application filed by CBI. On 17.2.06, an application was filed by the I.O. praying to the court</p>	<p>The Supplementary LR dated 2nd February, 2007 issued by the Trial Court, Ahmedabad which is in continuation to the first LR issued on 20th November, 2003 to the UK authorities has been forwarded for U.K. Home Office on 13.2.2007 by the High Commission of India, London. On the Supplementary LR, MEA vide their letter dated 20.6.2007 has sent a copy of letter dated 12.7.2007 received from the High Commission of India, London alongwith evidence received from Serious Fraud Office, London for further necessary action by the CBI. The documents received from Serious Fraud Office, London pertaining to beneficiary accounts which received the funds from Mauritius are being examined and a detail scrutiny report is under preparation. There is no need for supplementary LRs and therefore the supplementary LRs to London is not being sent.</p> <p>In the bail matter of Sh. Ketan Parekh, he has so far paid an amount of Rs. 370 crores against the bail amount of Rs. 396.41 crores. On 27.2.2008, the Supreme Court, without expressing any opinion on return of passport application filed by Sh. Ketan Parekh, adjourned the entire matter.</p>

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		<p>to reject the request of the defence. However, the court allowed the arguments and posted the hearing on 18.3.06 for issuing proclamation. On 18.3.06 the defence advocate argued on behalf of the accused Dharmesh Doshi on the application made by the IO u/s 82 Cr.PC on 7.2.06 to declare Shri Darmesh Doshi as an absconder. Though the arguments were concluded the defence lawyer wanted to quote certain case laws on the issue. The Hon'ble Court posted the matter to 1.4.06. On 01.04.2006, the matter was adjourned to 15.04.2006.</p> <p>In response to the RCN, the Interpol London had located Shri Dharmesh Doshi at London and also account containing funds in excess of 5 million pounds pertaining to him were temporarily restrained by them in a/c No. 131039 of M/s Elliot Group Holdings Ltd. at Credit Suisse (UK) Ltd., Five Cabot Square, London, E14 4QR, London, for which the broker/agent is Shri Dharmesh Doshi in his capacity as Director M/s Jermyn Capital Partners, Plc. . A Letter Rogatory was got issued on 24.3.06 addressed to the UK authorities by the CJM Ahmedabad for freezing the said account. Information was received that on 27.3.06, the Court at London ordered freezing of the said account based on the LR issued by the Court at Ahmedabad. The pointers in the LR are required to be attended by the competent authorities in UK. It has also been confirmed by the UK authorities that the said account has been frozen for operations.</p> <p>Shri Ketan Parekh (A-4) has so far paid an amount of Rs. 210.5 crore to MNCB.</p> <p>As reported in December, 2006</p> <p>Central Bureau of Investigation has informed that in the matter relating to Letter Rogatory (LR) to Mauritius, the High Commission of India Port Louis, Mauritius has intimated that the examination of witness was fixed to 25.7.2006 before the Master and Registrar, Supreme Court of Port Louis, Mauritius. DIG/CBI/BS&FC/Mumbai attended the Hon'ble Supreme Court, Mauritius on 25.7.2006 and filed an affidavit rebutting the averments made by the persons connected with the OCBs. On the next date of hearing i.e. 9.8.2006, two more affidavits were filed by Mr. Nand Kishore Chaturvedi and Mr. Kapil Dev Johri. The Mauritius authorities wanted comments of CBI. Accordingly the comments of CBI were sent to Mauritius Authorities on 5.9.2006.. The matter regarding</p>	

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		<p>3 affidavit sent by CBI were filed by Mauritius authority in the Court when the hearing came up on 28.9.2006. The representatives of the OCBs sought time for filling their say in reply to CBI's affidavit and the matter was posted for hearing on 31.10.2006. It was explained to the Principal State Council of Mauritius that they should confine to the execution of the LR and not to get diverted on the matter of bail application of Shri Ketan V. Parekh which is being projected by the applicant of the OCBs. On 31.10.2006 another Affidavit was filed by an applicant of OCB. The matter was posted for hearing of all the affidavits on 20.11.2006. On 15.4.2006 the advocate of accused Dharmesh Doshi filed two applications in the court viz. i). praying for not taking any steps u/s 82 Cr.P.C as accused was willing to present himself before the court but on condition that he would not be arrested and ii) praying for giving copies of LR and application of I.O. used for freezing his account at London. CBI had filed reply on 29.4.2006 opposing the application. After a number of adjournments/hearings, the Hon'ble Court, on 13.11.2006 adjourned the matter to 17.11.2006 for orders.</p> <p>Regarding extradition of Shri Dharmesh Doshi, extradition papers complete in all respects were sent to MEA by Interpol on 18.5.2006 for onward transmission to the concerned authorities in the UK. The MEA authorities forwarded the extradition papers to the High Commission of India, London on 13.7.2006. After the freezing of the account in question, the Serious Fraud Office, London has sent voluminous records of 'Elliot Group Holding Pvt. Ltd.', which has been frozen pertaining to its account at Credit Suisse. The Scrutiny of this record shows that large amount of money has come from Switzerland. The comments of the CBI on the said documents were sent to SFO on 31.8.2006. The Serious Fraud Office (SFO) in London informed that the hearing of the appeal filed by Mr. Dharmesh Doshi against the order of the Lower Court restraining the funds in his account, which came up on 26.6.2006 was adjourned to the first week of September 2006. It was again adjourned to 2 & 3 October, 2006. The SFO, London reported that the appeal filed by Shri Dharmesh Doshi and others against the Restraint order of the London Court restraining pound sterling 6 million, which came up for hearing on 2 & 3 October 2006 before the Southwark Crown Court,</p>	

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		<p>London was dismissed. So far no appeal has been filed by Sh Darmesh Doshi against the order passed by the Southwark Crown Court, London dismissing his appeal. As such, the Restraint order continues.</p> <p>As per the directions of the Supreme Court. Mr. Ketan V. Parekh has so far paid the total amount of Rs. 245.48 crore against the bail amount of the Rs. 396.41 crore. On 9.11.2006, Shri Ketan V. Parekh submitted an application before the Hon'ble Supreme Court for time upto 3 months ending 31.1.2007 for payment of the default amount. The Supreme Court ordered payment of Rs. 11.25 crore of the default amount by 31.12.2006 and the balance amount of Rs 11.25 crore by 31.1.2007. The next date of hearing would be fixed in February 2007.</p> <p>A new account by name M/s M. D. Doshi has surfaced which was maintained at eGTB, Fort Branch, Mumbai. This is a proprietorship account with Mrs. Mita Doshi, w/o Shri Dharmesh Doshi as the proprietor and in which the latter is the authorised signatory. Out of Rs. 20 crores overdrafts by Mr. Dharmesh Doshi from MNCB, his account in TIFIL (Triumph International and Finance India Ltd.) in 2000, Rs. 4.05 crore had gone to the said account to M/s M.D. Doshi and Rs. 15 crore to Ketan Parekh account of M/s Classic Share & Stock Broking Services Ltd. of eGTB, Fort Branch. Another account in the joint names of Mr. Dharmesh Doshi & Mita Doshi has also surfaced. Both the accounts are frozen. One more account of M/s Elliot Group Holdings Pvt. Ltd. having \$ 400000 has been identified in London. Supplementary LR has been sent to UK for impounding this account also. A communication was received from SFO authorities that the account of Elliot Group was frozen on the basis of the Supplementary LR.</p> <p>As reported in May, 2007</p> <p>The hearing in the matter of LR was heard on 31.01.2007 and the matter adjourned to 13.2.2007, 14.2.2007 for further hearing. On the said hearing the decision is reserved for Judgment.</p> <p>In the matter of ordering Proclamation u/s 82 Cr.P.C of Sh. Dharmesh Doshi, the Trial Court, vide orders dt. 30.11.2006 accepted the application made by the I.O. on 07.02.2006 and ordered issuance of Proclamation. However, the Advocate for accused Sh. Dharmesh Doshi filed an application for stay of the</p>	

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		<p>order, as he wanted to go for revision against the original order. The stay was granted by the Trial Court. The CBI filed a revision application in the Special Court against the order of stay which was posted for hearing on 14.12.2006. The Advocate for accused Sh. Dharmesh Doshi also filed a revision application in the same court against the original order. The matter was heard from 11th to 14th December, 2006 and the Defence submitted their arguments. The Revision Judge, after hearing both the sides, passed orders on 29th December, 2006 upholding the order of the trial court. On an application made by the Prosecution, the Revision Court of Special Judge, Ahmedabad, finally ordered issuance of Proclamation u/s. 82 Cr.P.C and accordingly the Trial Court of Additional CJM, Ahmedabad, issued the Proclamation on 11.01.2007. The Court proclaimed Sh. Dharmesh Doshi as absconder u/s. 82 Cr.P.C. and posted the matter to 20.02.2007 for his appearance. Shri Dharmesh Doshi filed a Revision Application in the High Court of Gujarat, Ahmedabad, against order of the Special Court dated 30.11.2006. The High Court of Gujarat, Ahmedabad posted matter for admission on 17.01.2007. The Advocate for Shri Dharmesh Doshi filed a Special Criminal application u/s 482 & 483 Cr.P.C before the High Court of Gujarat praying for quashing the two orders of the lower courts issuing Proclamation against Shri Dharmesh Doshi. The matter was posted for hearing 09.02.2007. On that day Shri Dharmesh Doshi filed a further application in form of amendments to the main Special Criminal Application for withdrawing the Red Corner Notice and Passport revocation order etc. suitable replies were filed to both the applications by the I.O in the form of affidavit praying for rejecting the two application. On 15.2.2007 CBI has filed an amendment prayer which is coming up on 27.04.2007. The Extradition papers in respect of Shri Dharmesh Doshi complete in all respects were sent to MEA by Interpol on 18.5.2006 for onward transmission to the concerned authorities in the U.K The MEA authorities has forwarded the Extradition papers to the High Commission of India, London on 13.07.2006. The Crown Prosecution Service, UK , London, in pursuance to the Extradition papers, sent an advice seeking clarification/further information in the matter. The advice was received on 5th January, 2007 and reply was accordingly sent on 5th February, 2007. In reply, all the</p>	

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		<p>required clarifications and additional evidence was incorporated evidencing further proof of involvement of Shri Dharmesh Doshi. The High Commission of India, London has been requested to forward the same to the UK authorities. The extradition papers of Shri Dharmesh Doshi have been received by the UK authorities and they are processing it.</p> <p>As regards the letter Rogatory to the UK, a reply has been received from the UK Home Office seeking Supplementary LR. The Supplementary LR dated 2nd February, 2007 issued by the Trial Court, Ahmedabad which is in continuation to the first LR issued on 20th November, 2003 to the UK authorities has been forwarded for U.K. Home Office on 13.02.2007 by the High Commission of India, London. A reminder has also been issued by Interpol to MEA on 23.2.2007.</p> <p>Another account of Shri Dharmesh Doshi containing a balance of Rs. 1,19,758.42 was located at HDFC Bank, Fort branch, and the same was frozen u/s 102 Cr.P.C.</p> <p>The SFO, London reported that the appeal filed by Shri Dharmesh Doshi and others against the restraint order of the London Court restraining £ 6 million, which came up for hearing on 2nd and 3rd October 2006 before the Southwark Crown Court, London was dismissed. The Restraint order continued. The orders were based on the affidavit and reports sent by the CBI to the SFO which in turn filed it in the London Court.</p> <p>Mr. Ketan V Parekh has so far paid an amount of Rs. 281.49 crore against Rs. 396.41 crore ordered by the Supreme Court as a bail condition.</p> <p>As reported in December, 2007</p> <p>The matter came up before the High Court of Gujarat on 27.4.07. Court wanted CBI to file rejoinder to the reply filed by Shri Darmesh Doshi and the CBI complied with the order on 15.6.07. The matter was finally heard on 20.7.07 and the CBI application for amendment in the order dated 19.2.07 was rejected. CBI is in the process of filing an appeal before the Hon'ble Supreme Court against the order dated 20.7.07 of the Hon'ble High Court on the revision application filed by Shri Darmesh Doshi.</p> <p>On 31.05.2007, the main case came up before the trial court. All the accused sought exemption which was granted by the</p>	

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		<p>court. The trial court adjourned the case on the grounds that the matter regarding Shri Dharmesh Doshi is pending in the High Court of Gujarat. The matter is still pending before the trial court.</p> <p>In the meanwhile, the officials of CBI visited London in September 2007 to assist UK authorities in the execution of LR. The officials of Crown Prosecution Service who are looking after the extradition of Shri Darmesh Doshi were apprised of the orders of the High Court of Gujarat, Ahemdabad restraining the execution of the arrest warrant and CBI's decision for filing revision in the Supreme Court in the matter. Till such time, the London authorities will not enforce the local arrest warrant against Shri Darmesh Doshi.</p> <p>On the Supplementary LR, MEA vide their letter dated 20.6.2007 has sent a copy of letter dated 12.7.2007 received from the High Commission of India, London alongwith evidence received from Serious Fraud Office, London for further necessary action by the CBI. The evidence so received is being scrutinized and a report is to be sent shortly.</p> <p>Shri Ketan V. Parekh has so far paid an amount of Rs. 335 crores (approx) against Rs. 396.41 crores (approx) ordered by the Supreme Court as a bail condition.</p>	
21.	<p>12.121 The Committee note that the investigations against ZEE Telefilms have been inconclusive so far, as the Directorate has not yet found any FERA/FEMA violations by the company. The Committee desire that the investigations should be pursued further with a view to ascertaining if at all any violations were committed.</p>	<p>As reported in May, 2003 Enforcement Directorate has informed that investigation with regards to Zee Telefilms shall be completed by 31-5-2003.</p> <p>As reported in December , 2003 The investigation is at a very advanced stage.</p> <p>As reported in June, 2004 Investigations by Enforcement Directorate are in progress.</p> <p>As reported in December, 2004 The investigations against M/s. Zee Telefilms have been finalized and a Show Cause Notice under the following provisions of FEMA, 1999 has been issued on 23.07.2004 to M/s. Zee Telefilms Ltd. and 6 others. Section 6(3) of FEMA, 1999 read with Regulation 4 & 5(1) &</p>	No change in the status.

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		<p>Para 1,2 & 3 of Schedule 1 under Regulation 5(1) of Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulation, 2000 r/w 49(5) & 49(6) of FEMA, 1999 for unauthorisedly transferring 1,94,18,800 equity shares valued at US\$.470,589,000/- to the shareholders of M/s. ZMWL viz. Delgrada Ltd., Mauritius and Wakefield Holdings Ltd., Mauritius for acquiring 100% stake of M/s. ZMWL and also its 16127412 equity shares valued at US\$.148.255 millions and cash remittances of US\$.148.255 millions to the Star Group of companies for acquiring the 100% stake of M/s. Winterheath Company Ltd. BVI, without any proper valid permission from RBI.</p> <p>Section 3(d) of FEMA, 1999 r/w 49(5) & 49(6) of FEMA, 1999 for unauthorisedly transferring its 1,94,18,800 equity shares valued at US\$.470,589,000/- to the shareholders of M/s. ZMWL viz. Delgrada Ltd., Mauritius and Wakefield Holdings Ltd., Mauritius in consideration of acquiring 100% stake of M/s. ZMWL and 16127412 equity shares (of ZTL) valued at US\$.148.255 millions and cash remittance of US\$.148.255 millions to the Star Group of companies in consideration of acquiring the 100% stake of M/s. Winterheath Company Ltd., BVI, without any valid permission from SIA/RBI.</p> <p>In the aforesaid SCN, it is also proposed to issue as provided under Section 13(2) r/w 49(5) & 49(6) of FEMA, 1999 to M/s Zee Telefilms Ltd. to repatriate sale proceeds of the aforesaid shares as well as cash remittance of US\$ 148.255 millions as the same is liable to be confiscated to the Central Govt. A/c.</p> <p>As reported in July, 2005 Enforcement Directorate have informed that the investigation against M/s Zee Telefilm has been completed and Show Cause Notice has been issued. Now it is pending for adjudication.</p> <p>As reported in December, 2005 No change in the status.</p> <p>As reported in May, 2006 No change in the status.</p>	

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		<p>As reported in December, 2006 No change in the status.</p> <p>As reported in May, 2007 No change in the status.</p> <p>As reported in December, 2007 No change in the status.</p>	
22.	<p>12.199 CBDT's role is mainly confined to follow up actions after a scam. If those actions are swift the right message will go to the Stock Market. The Committee note that even after an expiry of almost a decade, the culprits of the 1992 Scam, have not been punished and the cases are still pending adjudication in the Special Courts. The only penalty so far imposed is the monetary one which is reported to be to the tune of Rs.700 crore, and that too has been imposed only on a single Group. Not a single case of Harshad Mehta Group has been finalized and although the assessments in the case of the other group viz. Bhupen Dalal Group have been finalized, no criminal proceedings have been launched against the Group. It is equally serious that against the total outstanding demand of Rs. 11,323 crore, an amount of only Rs. 2203.70 crore, including Rs. 165.70 crore in the case of Fair Growth Financial Services Ltd, has been confirmed, since a large number of cases are reported to be still pending with CIT (Appeals). Only a paltry sum of Rs. 292 crore has so far been recovered. The property worth Rs. 3106.80 crore which stands attached and which includes mostly shares has also not been disposed of despite the fact that a</p>	<p>As reported in May, 2003 The Central Board of Direct Taxes (CBDT) have reviewed the pending cases of assessment of notified persons in a meeting taken by Member (Inv.), CBDT on 4.2.2003 and have decided that all pending cases would be disposed off by the end of May 2003. In the case of Bhupen Dalal Group, the Department has indicated that prosecution has been duly launched. However, the assessee has filed criminal revision petition before the Hon'ble High Court of Mumbai. The Court accepted the assessee's prayer of quashing the criminal proceedings untill the assessee's appeal cases are decided by the Income Tax Appellate Tribunal with the observation that if the Income Tax Appellate Tribunal dismisses the assessee's appeal the criminal prosecution shall proceed. An SLP against the said order of the Mumbai High Court is pending in Supreme Court.</p> <p>The Income Tax Department has made a demand for the tax dues of notified parties for the statutory period (01.04.1991 to 06.06.1992) of Rs.3307.43 crores. So far a sum of Rs.925.84 crores has been released or is in the process of being released to Income Tax Department by the Custodian in accordance with the orders of the Special Court. The value of the property attached is variable depending upon the value of shares which keep fluctuating according to the market trends. After making payment to the Income Tax Department the value of the attached properties get reduced to that extent. Accordingly, the position assessed as on 31.12.2002 the value of attached assets is Rs.2735.32 crores. The progress of disposal of shares was slow on account of backlog and the procedures involved in the certification, registration and dematting of shares etc. and the process has now more or less been streamlined. As on date, an aggregate quantity of 2,59,45,779 shares have been sold or cleared for sale and the value of the same is Rs.464,25,53,333.74.</p>	<p>A. Harshad Mehta and Dalal Group of cases</p> <p>(i) The total outstanding income tax demand for the priority period is Rs. 2426.84 crores. The demand has increased due to completion of set aside assessments in the cases of Harshad S. Mehta group and Dalal group. The interest and penalty for priority period is Rs. 16358.89 crores and Rs. 1635.36 crores respectively over and above the Income Tax demand mentioned above.</p> <p>(ii) The status/progress of the pendency of appeals before the CIT(A) in the cases of Shri A.D. Narottam for assessment year 1992-93 and 1993-94, Shri B.C. Dalal for assessment year 1993-94 and Shri S. Ramaswamy for assessment year 1992-93 and 1993-94 remains the same because the proceedings for distribution of attached assets of the notified persons/entities is pending before the Hon'ble Special Court, Mumbai. However, in the case of Shri B.C. Dalal, fresh assessments have been completed by the assessing officer for the assessment years 1987-88 to 1992-93, which were set aside and restored to his file by I.T.A.T.</p>

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	<p>scheme in this respect stands approved by the Special Court as far back as in September, 2000 and a Disposal Committee headed by the custodian for its proper implementation, was also constituted.</p>	<p>The Chief Justice of India has been requested to consider nominating 2 additional Judges to the Special Court for expediting the cases pending before the Special Court.</p> <p>As reported in December, 2003</p> <p>With regard to matters relating to Securities Scam of 1992, as against 87 appeals pending on 1.1.03, 79 appeals have since been disposed off and only 8 are pending.</p> <p>As reported in June, 2004</p> <p>CBDT has informed that all scam related assessments have been finalized in respect of Harshad Mehta Group of Cases for the assessment year 1992-93 and 1993-94 (priority period/statutory period as held by the Supreme Court in its judgement dated 13th May, 1998). The total recovery made in this case so far comes to Rs. 1227.43 crore, on the basis of decision/order by the Hon'ble Supreme Court and Hon'ble Special Court.</p> <p>With regard to the latest position in the case of M/s Fairgrowth Financial Services, the outstanding demand as on 30th April, 2004 was Rs. 143.44 crore. While Rs. 24.64 crore of this demand relates to A.Y. 1993-94 and earlier, which constituted the notified period, the balance demand relates to post-notification period. During May 2004, a further collection of Rs. 12.5 crore by way of remittance from the office of the custodian was received as per order issued by the Hon'ble Special Court. Hence the net outstanding demand as on 31.5.2004 is Rs.130.94 crore.</p> <p>With the receipt of this final instalment of Rs. 12.5 crore, the entire amount released by the Hon'ble Special Court to the Income Tax Department vide Court's order dated 2.5.2002 has been fully received. Consequent to notification of M/s Fairgrowth Financial Services as a notified party under the Special Court (TORTS) Act, 1992 w.e.f. 2.7.1992, all assets of the assessee company passed into the custody of the custodian of Special Court. Since that time, the custodian has with this specific orders from the Special Court disposed of various assets of the company, the proceeds of which have been applied to discharge the liabilities of the assessee company as per the orders of the Hon'ble Special Court, Mumbai.</p> <p>Out of the eight appeals pending in the cases pertaining to the Securities Scam of 1992, three appeals relating to Shri A.D.</p>	<p>(iii) So far as recovery position is concerned, the Department has lodged its claim with the Custodian appointed under the Special Court (Torts) Act, 1992. The proceedings for final distribution of attached assets of the notified person/entities are pending before the Special Court, Mumbai. The Special Court, Mumbai has vide its order dated 29.9.2007 as corrected vide order dated 19.10.2007 in M.A. No. 210 of 2003, M.A. No. 51 of 2006, M.A. No. 250 of 2003 and M.A. No. 365 of 2003 directed the Department to deposit an amount of Rs. 546.24 crores with the Custodian along with interest at the rate of 9% per annum from the date of receipt of the amount by the Income Tax Department to the date of its deposit. The appeal u/s 10 of the Special Court (Torts) Act, 1992 has been filed and admitted on 3.12.2007 (Civil Appeal No. D 32945 of 2007) by the Supreme Court. The repayment is ordered out of the sum of Rs. 686 crore earlier released on interim basis in the case of late Shri Harshad S. Mehta in seven trenches starting from 24.8.1996 to 3.10.2004. The total amount released on interim basis in the case of HSM group is Rs. 1227 crores. Further, an amount of Rs. 6.29 crore on account of interest was paid to the Custodian in pursuance to Special Court's Order dated 11.10.2007 as modified on 20.11.2007 in M.A. No. 554 of 2005 in the case of Ashwin Mehta.</p>

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Narottam could not be heard by the CIT (A), as the assessee is currently behind bars. As regards four appeals relating to Shri B.C. Dalal, two of these appeals have been disposed of. In the two appeals pending in this case, remand reports have been called for by the CIT (A) from the Assessing Officers. As regards the appeal in the case of Shri S. Ramaswamy, here again remand report has been called for by the CIT (A). Figure of collection/reduction of priority demand in these cases are mentioned below:

		(Amount in crores)
S. No.	Name of assessee	Collection/ Reduction of Priority Demand
1	Jitendra R. Shroff	Nil
2	A.D. Narottam	0.22
3	Bhupen C. Dalal	0.64
4	Hiten P. Dalal	28.51
5	S. Ramaswamy	0.05
6	J.P. Gandhi	Nil
7	T.B. Ruia	Nil
8	M/s Dhanraj Mills	Nil

As reported in December, 2004

The total priority demand as defined by the Hon'ble Supreme Court while interpreting the provisions of special court (TORTS) Act, 1992 is Rs. 2346.55 crore in the case of Harshad Mehta group and Dalal group. The remaining demand is a non-priority demand.

Pursuant to the special court (TORTS) Act, 1992 all the assets of Harshad S. Mehta and other notified parties have been attached by the custodian. The recovery of income tax dues in respect of these notified parties is subject to the release of funds by the special court/custodian.

The special court in its order dated 22.2.1995, inter alia, held that the priority years for distribution of assets to the IT Department are in respect of assessment year 1992-93 and 1993-94 (part). The priority demand u/s 11 (2)(a) of the special court (TORTS) Act 1992 is available to the IT Department only for tax demands raised and would not include interest and penalty even

(iv) So far, a total of 766 appeals relating to security scam cases have been heard by ITAT, Mumbai up to 28.2.2008 and appellate orders have been received in 766 cases. Out of this, 678 appeals pertain to Harshad Mehta group and 88 to Dalal group. In larger number of these cases, ITAT has set aside the matter to the file of CIT(A) for fresh adjudication. Effect to appellate orders are being given.

B. M/s Fairgrowth Financial Services Ltd.

- (i) The appeals for the assessment years 1991-92 to 1994-95 have been decided by the Hon'ble ITAT vide its order dated 23rd July, 2004 in favour of the Department. Consequent to the Miscellaneous petition filed by the assessee against the Tribunal's order dated 23rd July, 2004, the Hon'ble ITAT recalled the order dated 23.7.2004 vide its order dated 11.4.2005. Hence, the appeals for the above assessment years are still pending before the ITAT.
- (ii) An amount of Rs.83.01 crore has been collected out of Rs.91.83 crore granted by the Hon'ble Court vide order dated 23.2.2007, leaving a balance of Rs.8.82 crore.
- (iii) The Income Tax Department is continuously in touch with the Custodian to expedite the proposed sale of shares. A decision was sought from the Hon'ble Special Court as to whether a certain portion of shares should be categorized under 'bulk' or 'routine' shares. The Special Court

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	<p>in respect of assessment year 1992-93 and 1993-94 (part). Assessments for these assessment years have been completed in the cases of all the notified persons. So far as non-priority demands are concerned, it can be recovered out of the attached assets only u/s 11(2)(c) of the special court (TORTS) Act, 1992. There is a total prohibition on the Department to recover the taxes directly from the notified persons. All recovery matters are dependent on the special court adjudicating upon the rights and claims of various parties including the Income Tax Department. The Department has been moving miscellaneous applications before the special court for release of funds towards the recovery of priority demand on interim basis because in the normal course, the recovery even of the priority income tax demand is directly linked with the distribution of assets lying attached with the custodian. Such assets can be distributed only when the special court finally determines the distribution. During the last eight years, the special court has been releasing funds against some of the outstanding demands to the Department. The release of funds involves a lot of efforts by the officers in the field formations. The total recovery made in Harshad Mehta group and Dalal group comes to Rs.1396.30 crore.</p> <p>In respect of the last interim release of Rs. 421.59 crore pursuant to the order dated 3.10.2003 of the Hon'ble special court, the SBI has gone in an appeal before the Hon'ble Supreme Court. The SBI also approached the Committee on Disputes, Cabinet Secretariat. The Committee on Disputes has directed as follows:</p> <p>“(a) SBI and the Department of Revenue would move the Special Court as early as possible to initiate the process of final/part final distribution of the funds under Section 11(2) of the Special Courts (TORT) Act, 1992;</p> <p>(b) During the interim period, i.e., pending the finalization of claims, neither SBI nor Department of Revenue would make or press any application before the Special Court seeking interim payments out of the funds with the Custodian; and</p> <p>(c) SBI would take expeditious steps to seek permission of the Hon'ble Supreme Court of India to withdraw Civil Appeal No. 8228 of 2003.”</p> <p>It may kindly be seen from above, that the CoD has directed that neither SBI, nor Department of Revenue would make or press</p>	<p>heard the issue on 29th September, 2007 but did not give any decision.</p>

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		<p>any application before the special court, seeking interim payments out of the funds with the custodian and have directed the SBI and Department of Revenue to move the special court for speeding up initiation of the process of final distribution of funds u/s 11(2) of the special court (TORTS) Act, 1992. The Department has now to await the final distribution u/s 11(2) of the special court (TORTS) Act, 1992. That process may take a couple of years more.</p> <p>The appeal filed by the SBI before the Hon'ble Supreme Court was last heard on 6.8.2004 by the Hon'ble Chief Justice of India, Mr. Justice Lahoti and Mr. Justice Mathur. The Hon'ble Supreme Court did not entertain the appeals filed by the SBI in view of the directions given by the CoD in the matter. The learned ASG appearing on behalf of the Income Tax Department having submitted that the Revenue Department has made some representations in the matter before CoD which is awaiting consideration, the Hon'ble Supreme Court have recorded the following clarifications in the order:-</p> <p>"We make it clear that the disposal of these appeals would not preclude the consideration of any representation before the CoD and such decision thereon as the CoD may be inclined to take." In view of the decision of the Hon'ble Supreme Court and the CoD's directions, the process of final distribution u/s 11(2) of the special court (TORTS) Act, 1992 is going to take time. The custodian and the court first have to ascertain the total assets and liabilities of the notified parties. The process is in a nascent stage as of now and is likely to take quite a few years.</p> <p>As per the submissions made on behalf of the Income Tax Department before the Law Courts and also before the CoD, the SBI has no locus standi to dispute Income Tax Department's claim before the special court, particularly when it is the matter of ad hoc interim release of funds.</p> <p>In view of the above, necessary steps are being taken to get the CoD's directions modified so that after following the due process of law, Department may be in a position to make further collection/ Recovery.</p> <p>There are five appeals pending before CIT (Appeals) pertaining to the priority period. Due to the substantial revenue involved in the Harshad Mehta group, Bhupen Dalal group and other</p>	

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		<p>connected cases involved in the securities scam of 1992, the Senior Vice-President, ITAT and the President, ITAT were requested to appoint a designated bench to deal with the cases related to the security scam. Pursuant to such request, the ITAT has assigned major high demand cases to a single bench. Moreover, after appreciating the urgency of the matter the ITAT has distributed the other cases relating to security scam to various benches. The Department has also undertaken a number of steps like appointing two standing counsels exclusively for scam related cases, as well as monitoring at the level of CCIT and CIT and utilization of the services of CIT (Appeals) for assisting the standing counsel. Also, personal participation of the Assessing Officer and the Addl. CIT in the hearings before the ITAT has enabled completion of hearing in 125 cases, out of which orders have been received in 48 cases.</p> <p>There are no penalties that are pending for disposal for the priority period in the case of notified persons.</p> <p>M/s Fairgrowth Financial Services Ltd.</p> <p>The pending appeals in the case of M/s Fairgrowth Financial Services Ltd. for assessment year 1991-92 to 1994-95 were disposed of by the ITAT vide its order dated 28.7.2004. All the appeals filed by the assessee have been dismissed by the Tribunal along with the cost of Rs. 4 lakh, @ Rs. 50,000 per appeal. At the same time, the appeals filed by the Revenue have been allowed by the Tribunal. An additional demand of Rs. 97.71 crore has been created after giving appeal effect to ITAT's order for assessment year 1993-94, which allowed the Department's appeal. Due to this additional demand, the net outstanding demand as on 31.10.2004 has increased to Rs. 226.22 crore. The Department has filed miscellaneous petitions before the Hon'ble Special Court praying for further release of money towards tax u/s 11(2)(a) of the Special Court (TORTS) Act 1992 and u/s 11(2)(c) of the Special Court (TORTS) Act, 1992 for release of money towards interest. The said petitions have been admitted as MA No. 79/2004. The matter is likely to be taken up by the Hon'ble Court in the second half of November, 2004.</p> <p>A copy of the bank account mentioned in the custodian's application has been obtained from the bank and action is being taken to withdraw the recognition granted to Fairgrowth Financial</p>	

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		<p>Services Ltd. Employees Provident Fund under the provisions of the IT Act.</p> <p>As reported in July, 2005</p> <p>CBDT have informed that out of the total priority demand, as defined by the Hon'ble Supreme Court, a sum of Rs. 1397.28 crores has been recovered by various releases by the Hon'ble Special Court. Out of this, Rs. 1227.45 crores has been released in Harshad Mehta Group and Rs. 169.83 crores in Dalal Group. The balance outstanding priority demand for the priority period is Rs. 2346.55 crores.</p> <p>Regarding pendency of appeals before the ITAT, a total of 151 cases relating to the scam cases have been disposed off by the ITAT up to 30.4.2005 (Orders have been received in 104 cases so far). Out of this, 82 cases belong to the Harshad Mehta group and 22 cases belong to Dalal Group. There are five appeals pending before CIT (Appeals) pertaining to the priority period. The Committee of Disputes has decided on the reference made by the SBI and has directed as follows: -</p> <p>(a) SBI and the Department of Revenue would move the Special Court as early as possible to initiate the process of final/part final distribution of the funds under Section 11(2) of the Special Courts (TORT) Act, 1992.</p> <p>(b) During the interim period i.e. pending the finalisation of claims, neither SBI nor Department of Revenue would make or press any application before the Special Court seeking interim payments out of the funds with the Custodian and SBI would take expeditious steps to seek permission of the Hon'ble Supreme Court of India to withdraw Civil Appeal No. 8228 of 2003.</p> <p>The CBDT again proposes to move CoD, seeking clearance, in order to press forth its claim for release of interim funds before the Hon'ble Special Court.</p> <p>As regards M/s Fairgrowth Financial Services, it has been stated that the miscellaneous application No. 693 has been adjourned sine die till the decision of the Tribunal is received in the matter of restoration application filed by the assessee. It may be mentioned that the restoration application filed by the assessee has already been heard by the tribunal, and the order of the tribunal is awaited.</p>	

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		<p>Similarly, miscellaneous application No. 79 of 2004, filed by the ex-employees of M/s Fairgrowth Financial services Ltd. has also been adjourned till the Court reopens after the summer vacation. Further, the Custodian has been informed about the latest position as regards the demand outstanding in this case.</p> <p>As reported in December, 2005</p> <p>Out of the total priority demand as defined by the Hon'ble Supreme Court, a sum of Rs. 1397.28 crores had been recovered by various releases by the Hon'ble Special Court. The balance outstanding priority demand for the priority period is Rs. 2,346.55 crores. However, the Hon'ble Special Courts, under (TORTS) Act, 1992 while disposing miscellaneous application has ordered that the Department shall deposit amounts with the Custodians (TORTS) Act, 1992 out of amounts released earlier to the Department. As a result of this order of the Special Court, an amount of Rs. 18,02,80,253/- has been refunded and deposited with the Custodian. In view of this, the demand in respect of the priority period stands increased to this extent. The above amount includes the interest component as well. The CCIT (Central)-II, Mumbai has been directed to seek appropriate legal recourse regarding the rate at which interest has been ordered to be paid by the Income Tax Department.</p> <p>A total of 176 appeals related to the scam cases have been disposed off by the ITAT up to 30.10.2005. Out of the above, orders have been received in 142 cases. There are five appeals pending before CIT (Appeals) pertaining to the priority period. In the case of M/s Fair Growth Financial Services Ltd., the company has filed restoration application for the assessment years 1991-92 to 1994-95. The Hon'ble Tribunal has restored the said appeals through its order dated 11.4.2005. Appeals have been filed before the Hon'ble High Court. Meanwhile, the ITAT has fixed the hearing of the restored appeals.</p> <p>The Miscellaneous Application filed by the Department in MA No. 693 of 2004 had come up for hearing on 5.10.2005. The Department had filed miscellaneous application seeking further payment towards increased tax demand consequent to the ITAT's order. However, the ITAT has recalled its order. Therefore, the demand has become unenforceable at present. The Court directed the Assessing Officer to re-file the M.A. after ITAT decides</p>	

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		<p>the recalled appeal. The Court's detailed order is awaited. The Assessing Officer is closely monitoring the proceedings in the case and all necessary details/documents etc. are being furnished before the Special Court as well as the ITAT, Bangalore.</p> <p>As reported in May, 2006</p> <p>(a) (i) Out of the total priority demand as defined by the Hon'ble Supreme Court, a sum of Rs. 1,397.28 crores has been recovered by various releases by the Hon'ble Special Court. Out of this Rs. 1,225.90 crores has been released in Harshad Mehta group and Rs. 169.83 crores in Dalal Group. The balance outstanding priority demand for the priority period is Rs. 2,348.10 crores. However, it may be pointed out here that Hon'ble Special Court under (TORTS) Act, 1992 while disposing miscellaneous applications has ordered that the department shall deposit amounts with the Custodian (TORTS) Act, 1992 out of amounts released to the Department. In view of this, the balance outstanding demand for the priority period would stand increased by 19.57 crores so brought back to the Court.</p> <p>(ii) A total of 215 appeals related to the scam cases have been disposed off by the ITAT upto 20th Feb. 2006. Out of the above, orders have been received in 181 cases. There are five appeals pending before CIT (Appeals) pertaining to the priority period.</p> <p>(b) (i) In the case of M/s Fairgrowth Financial Services Ltd., the assessee filed restoration application for the AYs 1991-92 to 94-95 which was restored by the ITAT vide its order dated 11.4.2005. Appeal before the High Court has been filed against the said order.</p> <p>(ii) The miscellaneous application filed by the Department in MA No. 693 of 2004 and No. 222 of 1996 has been decided by the Hon'ble Special Court. The Court has permitted to withdraw the Miscellaneous Application No. 693 of 2004 with liberty to take out fresh application for the same relief. As regards MA No. 222 of 1996 the Hon'ble Court has directed the custodian to consider it at the time of distribution u/s 11 (2) (iii) of the Special Court Act.</p> <p>(iii) In response to the Public Notice given in the Economic Times, dated 29.10.2005 calling for claims against persons involved in 1992 securities scam, a claim has been made by the Assessing Officer before the Custodian. The Custodian had filed a Miscellaneous Application before the Special Court</p>	

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		<p>seeking permission to dispose off the assets of the Notified Party. The Assessing Officer is also a Respondent in the said Miscellaneous Application. The Assessing Officer has filed an Affidavit before the Special Court requesting the Special Court to make payment of the outstanding income tax dues in the assessee's case. The Miscellaneous Application was filed for hearing on 27.2.2006. The Assessing Officer went to Mumbai to attend the hearing before the Hon'ble Special Court. However, the matter was adjourned to 6.3.2006. The AO attended the Court on 6.3.2006 also but the matter did not come up for hearing before the Court.</p>	
		<p>(iv) The Assessing Officer is closely monitoring the proceedings in the case and all care is being taken to furnish all necessary details/documents etc. before the Special Court as well as the ITAT, Bangalore.</p>	
		<p>As reported in December, 2006</p>	
		<p>A Harshad Mehta and Dalal Group of Cases</p>	
		<p>(i) The Hon'ble Special Court has released monies in the cases of Harshad Mehta and Dalal Group to be appropriated against the income-tax dues of notified persons/entities for priority period only. Out of total priority demand of Rs. 3743.83 crore, a sum of Rs. 1227.45 crore in Harshad Mehta and Rs. 169.83 crore in Dalal Group of cases (total Rs. 1397.28 crore) have been recovered by way of release by Special Court, Mumbai out of the assets attached by the Custodian. However, out of the monies so released, Rs. 20.94 crore has been brought back to the Special Court as per its orders.</p>	
		<p>(ii) The proceedings for final distribution of assets of notified persons/entities have been put in motion by the Special Court and the next hearing is fixed for 5.12.2006.</p>	
		<p>(iii) 358 appeals relating to the scam cases have been heard by ITAT, Mumbai upto 31.10.2006 out of which orders have been received in 353 cases. Out of this 299 cases pertain to Harshad Mehta group and 54 cases pertain to Dalal Group. Five appeals pertaining to the priority period are still pending before CIT (Appeals).</p>	
		<p>B M/s Fairgrowth Financial Services Ltd.</p>	
		<p>In the case of M/s Fairgrowth Financial Services Ltd., the Special Court had fixed the case for hearing on 12.10.2006 which was adjourned to 17.10.2006. The Assessing Officer had attended</p>	

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		<p>the hearings before the Court. At the request of the Custodian, the Court has adjourned the case for six weeks. All the necessary details and documents have been filed by the Department before the Special Court.</p> <p>The appeal u/s 260A filed before the Hon'ble High Court against the restoration order of the Hon'ble ITAT dated 11.4.2005 for the assessment years 1991-92 to 1994-95 is still pending.</p> <p>As reported in May, 2007</p> <p>A. Harshad Mehta and Dalal Group of cases</p> <p>i) The total outstanding priority demand for the priority period is Rs. 2110.41 crore.</p> <p>ii) The recovery position remains the same because the proceedings for distribution of attached assets of the notified persons/entities is pending before the Hon'ble Special Court, Mumbai, constituted under the Special Court (TORTS Act, 1992). The Department has lodged its claim with the Custodian appointed under the said Act. The proceedings for finding distribution of assets as per provisions of Section 11 of the said Act is in progress.</p> <p>iii) As regards the pendency of appeals before CIT(A) in the case of Shri A.D. Narottam, appellate orders for the assessment year 1992-93 and 1993-94 have been received. Appeal effects have been given. For the assessment year 1992-93 income has been enhanced by Rs. 1,14,23,30,172/- and the appeal for assessment year 1993-94 has been dismissed. In the case of Shri B.C. Dalal for assessment year 1993-94 the remand proceedings are in progress. In the case of Shri S. Ramaswamy for assessment year 1992-93 & 1993-94 the assessee has furnished details. The remand proceeding is in progress.</p> <p>iv) So far, total 403 appeals relating to the security scam cases have been heard by ITAT upto 31.3.2007 and appellate orders have been received in 397 cases.</p> <p>b. M/s Fairgrowth Financial Services Ltd.</p> <p>The appeals for the assessment years 1991-92 to 1994-95 have been decided by the Hon'ble ITAT in the favour of the Department. The Hon'ble ITAT while allowing the restoration filed by the assessee have recalled their order. However, these appeals are still pending before the ITAT. Against the order of ITAT, the</p>	

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		<p>department has filed appeals before the Hon'ble High Court, which are also pending.</p> <p>The Hon'ble Special Court (TORTS) by vide their order dated 12.1.2007 has stated that a sum of Rs. 28 crores earmarked towards income-tax demand is lying with the Custodian. The Custodian has released a sum of Rs. 25,26,92,295/-. The same has been deposited in the Bank on 17.4.2007 for realization.</p> <p>As reported in December, 2007 No change in the status.</p>	
23.	<p>16.37 The lack of a proper risk management system in secondary market operations, the absence of any laid down guidelines for dealer authority and stop-loss limits to liquidate loss making positions, the absence of any documentation of the rationale for secondary market transactions in particular shares, the concentration of power for both fund management as well as dealing room operations in one person and the lack of any security system to preserve the confidentiality of the dealing room's voice recording mechanism lead the Committee to conclude that the absence of laid down procedures for secondary market transactions allowed the UTI management to purchase and sell any quantity of any share in the secondary market without any accountability. The Committee recommend a thorough enquiry of the secondary market transactions in the shares of the 89 companies identified by the Tarapore Committee. This enquiry may be conducted by SEBI for the period 1992-1993 to 2000-2001 by looking at these transactions at the level of UTI's</p>	<p>As reported in May, 2003 The matter is under consideration of the Government.</p> <p>As reported in December, 2003 Cases of Secondary Market transactions of UTI in the shares of 89 companies identified by Tarapore Committee have been referred to SEBI for enquiry.</p> <p>As reported in June, 2004 The position has been explained against Para No.16.29.</p> <p>As reported in December, 2004 The corrective action taken in respect of systems, procedures, delegations of powers, risk management etc. has been reported against para No.15.9 of the first ATR. As regards, accountability action, the position is given as against para No.16.29.</p> <p>As reported in July, 2005 SEBI have intimated that the audit report in respect of 26 companies has been submitted by the auditors. Regarding the inspection on secondary market transactions of the companies, all the auditors have been authorized to approach the stock exchanges/brokers to collect the following information required by them:</p> <p>(a) Price volume data on scrips, annual reports, transactions done by particular brokers etc., counterparties, reasons for certain scrips not being traded etc.</p> <p>(b) Registration and history of brokers, names of proprietors/ partners/directors including the information on blacklisting.</p> <p>A meeting of the auditors was also convened on January 5, 2005 by SEBI to ascertain the progress made and to impress upon the auditors to expedite the inspections</p>	<p>SEBI has informed that the inspection reports in respect of all the 88 companies have been received and they are examining the same.</p>

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	dealing room and at the level of individual brokers and responsibility be fixed for any incidents of broker-UTI dealer nexus, front running, benchmarking, etc. As the lack of any documentation of secondary market transactions will make an audit trail difficult, the Committee desire that SEBI devise suitable mechanisms for identifying wrongdoing. Steps may be taken thereafter by SEBI and UTI to take action against the wrongdoers including referring appropriate matters to an independent investigative agency.	<p>SEBI have also advised certain stock exchanges to furnish the auditors such data and information as may be required by them. They have also written to SUUTI to furnish such information and documents as may be required by auditors.</p> <p>Subsequent to the meetings held by SEBI with the Auditors on 5.1.2005 and 9.2.2005 and with the officials of Specified Undertaking of UTI [SUUTI] on 1.2.2005 and 1.4.2005, respectively, SEBI held a meeting with the Auditors and SUUTI on 19.4.2005 to ascertain the current status of the inspection work. The matter was followed up with auditors. 3 auditors have informed that information is still pending from SUUTI whereas, 10 Auditors have informed that information is yet pending from BSE/ NSE/ other exchanges.</p> <p>As reported in December, 2005 As against para No. 16.29.</p> <p>As reported in May, 2006 As against Para 16.29.</p> <p>As reported in December, 2006 As against para 16.29</p> <p>As reported in May, 2007 As against para 16.29.</p> <p>As reported in December, 2007 Out of 88 companies, inspection reports have been received in respect of 82 companies. SEBI is examining the same.</p>	
24.	16.47 The Committee deplore the imprudent manner in which stocks were purchased and retained, leading to a host of malpractices which require comprehensive audit and pre-investigation by a suitably empowered body before proceeding to the investigative level. The Committee are satisfied with the process adopted by UTI in respect of the investment decisions in the case of 19 companies. The Advisory Board on Bank, Commercial and Financial Frauds should expeditiously take a final decision on these. The	<p>As reported in May, 2003 The matter is under consideration of the Government.</p> <p>As reported in December, 2003 As against para 16.37</p> <p>As reported in June, 2004 The position has been explained against Para No.16.29.</p> <p>As reported in December, 2004 As against para 16.29.</p> <p>As reported in July, 2005 As against para No. 16.37.</p> <p>As reported in December, 2005 As against para No. 16.29.</p> <p>As reported in May, 2006 As against Para 16.29.</p>	As against para 16.37.

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	<p>Committee recommend that the procedure suggested by the Tarapore Committee also be adopted in the case of investment decisions in the remaining 70 cases, as this meets the ends of natural justice. The Committee desire that the entire process should be completed within six months of the presentation of this report to Parliament. There is no cause for further delay in this matter.</p>	<p>As reported in December, 2006 As against para 16.29 As reported in May, 2007 As against para 16.29. As reported in December, 2007 As against para 16.37</p>	
25.	<p>16.53 The Committee highlight this transaction as another serious violation of norms in UTI and accordingly recommend investigation into the entire transaction, including possible extraneous considerations which might have actuated it. Moreover, the Committee deplore the failure of UTI to pursue recovery proceedings against a corporate, which sought investment from UTI on the basis of an undertaking that it would compensate UTI for any loss in the transaction. The Committee recommend that UTI should vigorously pursue all civil and criminal avenues to recoup its investment in Numero Uno International in a time bound manner. UTI should review the role of both Numero Uno International as well as the company that arranged the transaction and take action against them in case there is evidence that they misrepresented the true affairs of the company while seeking investment from UTI. The Committee also recommend that UTI should take immediate steps to hold the concerned officials who processed this transaction accountable and take action against such</p>	<p>As reported in May, 2003 Legal notice has been issued to M/s. Numero Uno by UTIMF for recovery. As regards civil proceedings against the ex-Chairman and officials of the Trust, UTI is seeking legal opinion of an external legal specialist and further action would be considered based on their advice. As reported in December, 2003 UTI AMC (Pvt.) Ltd. and the Administrator, Specified Undertaking of the Unit Trust of India (SUUTI) have filed petition before the Debt Recovery Tribunal, Mumbai against Numero Uno international and others for recovery of amount. Similarly, civil suit has been filed in the High Court of Mumbai against the ex-Chairman Shri P.S. Subramanyam. Both the matters have been filed on July 24, 2003. Based on the initial findings of the vigilance enquiry, further civil action for damages has been approved by the Administrator against other officials viz. ex-official Shri Basudeb Sen, Executive Director, Shri S.K. Basu, Executive Director (under suspension) and ex-official Shri S.K. Saha, Chief General Manager who share responsibility for putting through the transaction. As reported in June, 2004 The vigilance enquiry has been completed and further action is in progress. As reported in December, 2004 SUUTI has informed that vigilance report alongwith the Report of the JPC and Tarapore Committee Reports have been referred to the Board Level Committee on August 24, 2004 for recommending further course of action.</p>	<p>UTI had sanctioned one time settlement (OTS) of Rs. 15 crores with interest of 8% w.e.f. 01.04.2007 against initial investment of Rs. 14.60 crores. The Company has paid Rs. 15.54 crores in terms of OTS and a small amount towards interest for the delayed payment of installment and legal charges is pending, which is being pursued.</p>

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	<p>officials. Besides other actions, law permitting, UTI should initiate civil proceedings of damages against its concerned officials including the then Chairman to recover the losses sustained by its unit holders for a decision which they took without due diligence and in violation of UTI's norms and procedures.</p>	<p>As reported in July, 2005 UTI AMC and the Administrator, Specified Undertaking of the Unit Trust of India filed petition on July 24, 2003 before the Debt Recovery Tribunal, Mumbai against Numero Uno International and others for recovery of amount. Similarly, civil suit has been filed in the High Court of Mumbai against the ex-Chairman Shri P S Subramanyam. Further civil action for damages has been initiated against other officials, viz. ex-official Dr. Basudeb Sen (ED), Shri S K Basu (ED-under suspension) and ex-official Shri S K Saha (CGM), who share responsibility for putting through the transaction.</p> <p>The findings of the internal vigilance enquiry have been examined by the Board Level Committee. The Committee have recommended as under: The Committee have not taken any view on the role played by the then Chairman, Shri P.S. Subramanyam. As regards Shri S.K. Saha, ex-CGM, his retirement benefits are withheld. The Committee have recommended that the Competent Authority may take appropriate action. As regards Shri S.K. Basu, under suspension, the Committee have recommended that the Competent Authority may take appropriate action. As regards, Dr. Basudeb Sen, ex-ED and Smt. Prema Madhu Prasad, GM, the Committee have not recommended any action.</p> <p>As reported in December, 2005 No change in the status.</p> <p>As reported in May, 2006 No change in the status.</p> <p>As reported in December, 2006 Following actions have been taken against the employees concerned:</p> <ul style="list-style-type: none"> (i) Case against Shri P S Subramanyam, ex-Chairman is being looked into by CBI and other agencies and action will be taken consequent upon their recommendations. (ii) Penalty of 'dismissal from service' has been imposed on Shri S K Basu, ED and he stands dismissed from the service of UTI AMC w.e.f the close of office hours on 28.07.2006. (iii) The penalty of recovery of pecuniary loss caused to UTI has been imposed on Shri S K Saha, Ex-CGM and the amount 	

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		<p>of his retirement dues, which was withheld, has been forfeited.</p> <p>SUUTI has informed that the matter was placed before the Board of Advisors of SUUTI on April 26, 2006. The SUUTI Board has noted the matter. However, Administrator, SUUTI has been requested to review the matter.</p> <p>As reported in May, 2007 Erstwhile UTI had made an investment of Rs. 14.60 crores in three lakh equity shares of the Numero Uno International Ltd. (the company) in the year 2000. The Company has agreed to buy back the said shares for Rs. 14.60 crores payable in quarterly installments ending on 31.3.2008, which has been approved by the Board of Advisors of SUUTI and the Board of Directors of UTI AMC. The company has started repaying the amount in terms of the agreement. Post dated cheques have been received from the company for the agreed amount. First installment of Rs. 300 lakh has been received in January, 2007 and second installment of Rs. 240 lakh has been received in April, 2007.</p> <p>As reported in December, 2007 Numero Uno International Ltd. has paid the installment of Rs. 260 lac which was due in June, 2007.</p>		
26.	18.20	<p>The Committee see that all these events point to a close nexus between the corporate promoter, defaulting brokers acting on behalf of the promoter, broker directors on CSE and public officials in SHCIL and UTI. The Committee recommend that the following consequential steps may be taken:</p> <p>(v) Chairman, SEBI should institute an independent enquiry regarding whether there was any improper conduct by any SEBI official deputed by it to handle the payment crisis at CSE, specifically the antecedents of the deputed official, whether he was sent in the normal course of the</p>	<p>As reported in May, 2003 The matter is under consideration of SEBI</p> <p>As reported in December, 2003 The Officer concerned has filed his explanation. Investigation is under progress.</p> <p>As reported in June, 2004 Investigation is under progress.</p> <p>As reported in December, 2004 The report is at the final stage of completion.</p> <p>As reported in July, 2005 The report is at the final stage.</p> <p>As reported in December, 2005 The report is under examination, as CBI also is investigating the matter.</p> <p>As reported in May, 2006 No change in the status.</p>	No change in the status.

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	<p>responsibilities assigned to him, and if he had any role in facilitating UTI's off market purchase from CSE. Chairman, SEBI should take appropriate administrative action on the basis of the report.</p> <p>The Committee hope that swift action as detailed above will send the right signals to the stock markets and other financial institutions.</p>	<p>As reported in December, 2006 Matter is under review.</p> <p>As reported in May, 2007 No change in the status.</p> <p>As reported in December, 2007 No change in the status.</p>	