

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 in the matter of Kamalakshi Finance Corporation Limited (presently known as Gromo Trade & Consultancy Limited).

1. Securities and Exchange Board of India ("**SEBI**") conducted an examination into the dealings in the scrip of Kamalakshi Finance Corporation Ltd (presently known as Gromo Trade & Consultancy Limited; hereinafter referred to as "**KFCL**" or the **Company**) on BSE Limited ("**BSE**") during the period from January 15, 2014 to December 26, 2014 as there was huge rise in the price of the scrip.
2. Upon preliminary inquiry, SEBI *prima facie* observed the following:
 - KFCL made the following preferential issue of equity shares of around Rs.41 crores during the period 2013-14 ;
 - i. 82,90,000 equity shares to 42 entities at the price of Rs.12 per share in November 09, 2013;
 - ii. 1,48,50,000 equity shares to 49 entities at the price of Rs.13 per share on February 17, 2014 and;
 - iii. 52,00,000 equity shares to 46 entities at the price of Rs.25 per share on June 24, 2014.
 - After the first preferential allotment (made on November 09, 2013), a significant increase in the price of the scrip took place which continued during the period of lock-in of the shares allotted to the preferential allottees.
 - During the period from January 15, 2014 to December 26, 2014, the price of the scrip of KFCL rose from Rs.10.20 to Rs.489.00. The sharp rise in the price of the scrip of KFCL during the said period was not supported by fundamentals of KFCL and its financials or any other factor.
 - A group of entities connected amongst each other and also connected to KFCL, along

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with certain suspected entities had contributed to the price rise in the scrip when substantial number of shares, were locked-in and non-transferable/tradable.

- By virtue of the same, it was alleged that KFCL and persons in charge of its affairs created preferential allotment of shares as a mode to provide fictitious long term capital gains ("LTTCG") to its Preferential Allottees so as to convert their unaccounted income into accounted one; In the process, the Kamalakshi Group and the suspected entities artificially increased the price of the scrip and devised a scheme to misuse securities market system for making illegal gains and to convert ill-gotten gains into genuine one to avail LTTCG benefit.

3. As the aforesaid activities of KFCL and its Promoters, Directors, Kamalakshi Group entities and suspected entities were *prima facie* in violation of SEBI Act, 1992 ("**SEBI Act**") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations**") SEBI passed an *Ad interim ex-parte* order dated February 20, 2015 ("**interim order**") and restrained the following 33 entities including KFCL and its Promoters and Directors from accessing the securities market and further prohibited them from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever, till further directions.

Sl. No.	Entity Name	PAN
1	Kamalakshi Finance Corporation Ltd.	AAACK1804B
2	Dheeraj Shah	ARWPS1458D
3	Paresh Shah	AWWPS6699H
4	Sheetal Dheeraj Shah	BPFPS4170G
5	Hetal Kumar J Shah	AIMPS2740R
6	Naresh Suresh Gurav	AOWPG1458E
7	Chandresh Upadhyay	ABKPU3443N
8	Arvindkumar Upadyay	AASPU5859K
9	Suneel Upadhyay Kumar	AAXPU1010F
10	Praful Arvindbhai Solanki	ALJPS3430J
11	Mrs. Sonal Neeraj Virani	AFUPN2004C
12	Jayprakash Dhanraj Bohra	AACPB3214B
13	Chandadevi Agrawal	ABGPA4839A
14	Giridhari Kumar Agarwal	AAGPA5881R
15	Ankit Mahendra Kachhara	BMOPK4328N
16	Vipul Amratlal Doshi	AEEPD3118A

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Sl. No.	Entity Name	PAN
17	Yogesh Vitthal Jadhav	AKHPJ5994R
18	Samskara Sales Agency P. Ltd	AATCS7717A
19	Gulmohar Dealcom P. Ltd	AADCG9091K
20	Wakil Rajbhar	AOSPR9100E
21	Sapna Ramdas Jatwal	APNPJ7211C
22	Girish Rajkumar Goel	BDLPG2634K
23	Vijay Mahavir Tibrewal	ACZPT5384R
24	Kavita Vijay Tibrewal	ADHPT3452F
25	Prem Lata Nahar	AFAPN8764M
26	Hasmukhbhai Dhanabhai Gohil	ARNPG7530M
27	Chandrapalsinh Mohansinh Rathod	AZGPR9023D
28	Jugalkishor Ramchandra Parmar	ASIPP9432F
29	Sabirbhai Sattarbhai Bhathiyara	AUCPB9000F
30	Pankajkumar Jugalkishor Parmar	ATYPP6409M
31	Shirin Sabirbhai Bhatiyara	BGIPB9055R
32	Vipul Rajendrabhai Gandhi	AKZPG3383R
33	Daulat Laxmilal Chandraliya	AAAPC7685H

4. The directions issued against Mr. Praful Arvinbhai Solanki and Mr. Sonal Virani Neeraj were revoked vide SEBI's Order dated August 25, 2016:
5. The directions against the remaining 31 entities were confirmed vide Order dated August 25, 2016.
6. Pursuant to the interim order, SEBI conducted a detailed investigation of the entire scheme employed in the instant matter, connection amongst the debarred entities, funds used for the price manipulation of the scrip of KFCL, etc., so as to ascertain the violation of securities laws.
7. Upon completion of investigation by SEBI, it is noted that investigation did not find any adverse evidence/findings with regard to the role of the following 14 entities in respect of price manipulation in the scrip of KFCL warranting continuation of action under Sections 11B and 11(4) of the SEBI Act for the violation of provisions of SEBI Act and PFUTP Regulations, etc.

Sl. No.	Name of the Entity	PAN
1.	Paresh Shah	AWWPS6699H
2.	Heetal Kumar J Shah	AIMPS2740R
3.	Naresh Suresh Gurav	AOWPG1458E
4.	Chandresh Upadhyay	ABKPU3443N
5.	Arvindkumar Upadyay	AASPU5859K
6.	Suneel Upadhyay Kumar	AAXPU1010F
7.	Ankit Mahendra Kachhara	BMOPK4328N
8.	Yogesh Vitthal Jadhav	AKHPJ5994R
9.	Gulmohar Dealcom P Ltd	AADCG9091K
10.	Prem Lata Nahar	AFAPN8764M
11.	Hasmukhbhai Dhanabhai Gohil	ARNPG7530M
12.	Jugalkishor Ramchandra Parmar	ASIPP9432F
13.	Vipul Rajendrabhai Gandhi	AKZPG3383R
14.	Daulat Laxmilal Chandraliya	AAAPC7685H

8. Considering the fact that there are no adverse findings against the aforementioned entities with respect to their role in the price manipulation in the scrip of KFCL warranting continuation of action under Sections 11B and 11(4) of the SEBI Act, I am of the considered view that the directions issued against them vide interim order dated February 20, 2015 which were confirmed vide Order dated August 25, 2016, are liable to be revoked.
9. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11, 11(4) and 11B of the SEBI Act, hereby revoke the Confirmatory Order dated August 25, 2016 *qua* aforesaid 14 entities (paragraph 7 above) with immediate effect.
10. The revocation of the directions issued vide the abovementioned order (at paragraph 9) is only in respect of the entities mentioned at paragraph 7 of this order in the matter of KFCL pertaining to the period from January 15, 2014 to December 26, 2014. As regards

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remaining 17 entities in the scrip of KFCL, violations under SEBI Act, SCRA, PFUTP Regulations, etc., were observed and SEBI shall continue its proceedings against them. Hence, the directions issued vide Order dated August 25, 2016 against remaining 17 entities shall continue.

11. A copy of this Order shall be served on the Stock Exchanges and Depositories, for necessary action.

DATE: SEPTEMBER 22, 2017

PLACE: MUMBAI

MADHABI PURI BUCH

WHOLE TIME MEMBER

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