

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

DIRECTIONS UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF DEALINGS IN THE SHARES OF SPECTACLE INFOTEK LIMITED (EARLIER KNOWN AS SPECTACLE INDUSTRIES LIMITED), GOLDSTONE TECHNOLOGIES LIMITED, GEMSTONE INVESTMENTS LIMITED, LGS GLOBAL LIMITED AND WELL PACK PAPERS & CONTAINERS LIMITED

1. I find that during preliminary examination SEBI found that certain entities had created substantial volumes by executing synchronized, structured and wash trades. In view of the same, SEBI passed an ad-interim ex-parte order dated February 02, 2011 restraining 39 entities from dealing in securities in any manner whatsoever, till further directions.
2. Further, I observe that out of the 39 entities only 5 entities namely, Vishal Pare, Dipika Dinesh Kanakaria, Avinash Bothra, Narendra Ganatra and Gemstone Investments Ltd. requested for an opportunity of personal hearing. Out of the aforementioned entities, 3 entities submitted that they were asked to lend their demat account by one Sunil Bhandari for monthly consideration ₹ 10000. After hearing the aforementioned entities, SEBI passed an order dated July 08, 2011 confirming the interim ex- parte directions and gave a deadline of December 31, 2011 for completion of investigation. Further, none of the aforementioned 39 entities appealed against the aforesaid Order before Hon'ble SAT.
3. I find that SEBI vide order dated July 08, 2011 has, inter alia, directed that investigation initiated in the captioned matter shall be concluded as expeditiously as possible as but not later than December 31, 2011.
4. Further, I observe that in addition to the scrips mentioned in the ad-interim ex-parte order dated February 02, 2011, the scrips of Shakti Pumps Ltd. and SVC Resources Ltd. were taken up for investigation along with this case as there is overlapping of the investigation period and same kind of manipulation allegedly done by the same group of entities in the aforesaid two scrips.
5. Further, the same group of entities were indulged in manipulation in the scrip of Spectacle Infotek Ltd during the period January 2010 to January 2011. In view of the same, the period of investigation in the scrip of Spectacle Infotek Ltd. has been extended to January 2011.

6. I observe that Investigations in the present matter involves analysis of trade and order log for 7 scrips for a period of about 2 years. The information regarding the trade and order details, off market transaction details and demat statements of more than 100 entities have been collected from BSE, NSE, CDSL and NSDL. The data size of information collected so far is about 4GB and the data is stored in more than 380 softcopy files. Presently the data is being analysed.
7. Further, I find that 35 summonses were issued to various banks asking for providing the bank statements. It may be noted that out of 35 banks, 22 banks have provided the details and the remaining banks are yet to respond to our summonses.
8. Letters were written to 78 brokers for providing certain details regarding their trading clients. Out of 78 brokers 36 brokers have provided the details, 15 asked for extension of time and the remaining 27 brokers are yet to respond to SEBI letters. After receiving their reply the same is required to be analysed.
9. Further, I observe that statements of more than 100 entities to be recorded for the purpose of investigation and summonses to seven listed companies are to be issued.
10. From the above, I observe that while substantial portion of the work of data collection and analysis has been completed, further information collection, analysis and statement recording is to be done to conclude the investigation in this case. Further, I observe that some of the entities to whom summons/ letters have been issued have sought additional time for submission of data. Therefore, it is envisaged that the investigation in this case may not be completed within the deadline of December 31, 2011.
11. In view of the facts and circumstances of the matter, I direct for the extension of time limit till July 31, 2012 for completion of investigation.

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

PLACE: MUMBAI

DATE: JANUARY 25, 2012