

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER**

IN THE MATTER OF P.G. ELECTROPLAST LIMITED

ORDER

Under Sections 11(1), 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992

1. P.G. Electroplast Limited (hereafter referred to as 'PGEL') came out with an Initial Public Offering (hereafter referred to as 'IPO') of 57,45,000 equity shares. The said issue opened on September 07, 2011 and closed on September 12, 2011. The shares of the said PGEL were listed on the Bombay Stock Exchange of India Limited and the National Stock Exchange of India Limited. On noticing fluctuations in the share price of PGEL in the initial days of trading/ listing, the Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation. The preliminary findings of the said investigation, *prima facie inter alia* revealed that the offer document of PGEL had various mis-statements and missing vital pieces of information. Further, it was found that PGEL had siphoned off funds to certain entities for buying shares of the company.
2. Based on the preliminary findings, SEBI, vide an *ad interim ex-parte* order dated December 28, 2011 (hereinafter referred to as the '*interim* order') *inter alia* prohibited PGEL, its directors namely Mr. Pramod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta, Mr. Vikas Gupta, Mr. Pramod Kumar Mitra, Mr. Kaushal Chand Singhal, Mr. Prem Pal Malhotra and Mr. Suresh Chandra Gupta from buying, selling or dealing in the securities market in any manner whatsoever, till further directions. The *interim* order also directed PGEL to call back the ICDs of ₹32 crore invested by it with Saptrishi Suppliers Pvt. Limited, Raw Gold Securities Pvt. Limited and Watkins Commerce Pvt. Limited. It was also directed that these amounts together with all of the IPO proceeds that are still lying unutilized with the company shall be deposited in an interest bearing escrow account with a scheduled commercial bank, till further directions.

In addition to the above, vide the *interim* order, suitable directions were also issued against eighty nine (89) persons who *prima facie* were involved either in siphoning off

of funds and/ or allottees in the IPO of PGEL and/ or indulged in fraudulent trading and/ or acted as conduits in the diversion of funds, etc.

The persons/ entities against whom the *interim* order was issued, were advised to file their objections, if any, within twenty one (21) days from the date of the said order and also avail opportunities of personal hearing, if they so desire.

3. Subsequently, SEBI, confirmed the directions issued against Chin Info Tech Pvt. Limited, Mr. Bharat Bachubhai Merchant (Director of Nimbus Industries Limited), Alfa Fiscal Services Pvt. Limited, Mr. Hardik R. Bagadia vide three separate orders.

SEBI, vide order dated September 05, 2012 had also modified the *interim* directions issued against Mr. Bhavesh Natwarlal Sheth, director, Alfa Fiscal Services Pvt. Limited to the limited extent of allowing him to sell securities, other than the shares of PGEL, held by him, if any, in his demat accounts. Mr. Bhavesh Natwarlal Sheth was also directed to deposit the sale proceeds, in case of any sale, in a bank fixed deposit earning interest and not to withdraw monies from the said account including interest without the prior permission of SEBI.

4. I note that the investigation in the matter has been concluded and SEBI has initiated separate proceedings, in accordance with law, *inter alia* against various entities/ persons concerned in the matter. The instant order deals with certain entities/persons, whose names and PAN numbers are tabulated below:

Table A

S. No.	Name of Entity	PAN
1	P.G. Electroplast Limited	AACCP9321Q
2	Pramod Gupta	AAHPG5646F
3	Anurag Gupta	AAHPG5647E
4	Vishal Gupta	AAHPG5643A
5	Vikas Gupta	AAHPG5644H
6	Pramod Kumar Mitra	ACMPM1421D
7	Kaushal Chand Singhal	AECPS1626L
8	Prem Pal Malhotra	AAEPM8187A
9	Prraneta Industries Limited	AABCP4155F
10	Saptrishi Suppliers Pvt. Limited	AAECS3863Q
11	Raw Gold Securities Pvt. Limited	AAACR9125J
12	Wattkins Commerce Pvt. Limited	AAACW2298K
13	Modi Alloys India Pvt. Limited	AAECM7892F
14	Jainex Securities Pvt. Limited	AABCJ0346E
15	Padamprabhu Project Pvt. Limited	AAFCP1778A
16	Cellworth Mercantile Pvt. Limited	AAECC0376J
17	Jaimini Trading Pvt. Limited	AAC CJ3884G
18	ETL Infrastructure Finance Limited	AAACE5567B
19	Season Multitrade Pvt. Limited	AALCS5917J
20	Wonder Vincom Pvt. Limited	AAACW8578N

21	Adcon Capital Services Limited	AABCA6770D
22	Pasupati Enclave Pvt. Limited	AAECP4278L
23	Satshri Multitrade Pvt. Limited	AAOCS2721F
24	Frank Mercantile Pvt. Limited	AABCF1808P
25	Nihal Mercantile Pvt. Limited	AACCN8730D
26	Virgo Mercantile Pvt. Limited	AACCV6426E
27	Lona Mercantile Pvt. Limited	AABCL5709K
28	Jagdamba Complex Pvt. Limited	AABCI9074F
29	Mili Commodities Pvt. Limited	AAFCM8822N
30	Paradise Tradecom Pvt. Limited	AAECP8118P
31	Jasmine Dealcom Pvt. Limited	AACCCJ0675M
32	Chin Info Tech Pvt. Limited	AADCC6173C
33	M. J. Commodities Pvt. Limited	AAFCM4704R
34	Realnet Infraprojects Pvt. Limited	AAECR9403R
35	Nimbus Industries Limited	AAACN2708B
36	Supreme Communication Limited	AAICS0078D
37	Safeco Projects Pvt. Limited	AAJCS4155N
38	Sunlight Financial Advisory Pvt. Limited	AALCS4533N
39	Amar Nath Singh	AMBPS7345H
40	Amit Agarwal	AGSPA4234C
41	Amit Agarwal	AEXPA2254F
42	Aparna Banerjee	ALBPB0397F
43	Arun Kumar Balakrishnan Chammincheri	AHBPC3244Q
44	Aruna Chudaman Umredkar	AAIPU7781L
45	Avinash Jajoo	ACVPJ4002G
46	Awanish Singh	BYOPS3032F
47	Bablu Shaw	CDUPS3949H
48	Bharat Bachubhai Merchant	AAIPM2574M
49	Chudman Anandrao Umredkar	AAIPU9119L
50	Deepak Patwari	AKHPP3737A
51	Devchand Mulji Shah	AAPPS4210H
52	Devendra Kumar Lakhotia	AAWPL8433G
53	Dilip Kumar Agarwal	ACQPA6162K
54	Dilip Kumar Dhariwal	AHGPD3335E
55	Dilip Zileadar Singh	APFPS6547G
56	Dinesh Singh	BQWPS9380L
57	Dinesh Sunderji Shah	AAFPS3093N
58	Dipankar Sarkar	AZCPS7890M
59	Gopal Sonker	BRDPS0549F
60	Jai Prakash Agarwal	AMMPA3562F
61	Jils Raichand Madan	AGKPM3175A
62	Jyoti Munver	ALSPM2060P
63	Kiran Dilip Thakore	AKWPT5980A
64	Kunal Gupta	AGCPG2079H
65	Manish Bhupendra Thakkar	AABPT0544K
66	Manjit T. Jajoo	AEYJP0106N
67	Manoj Pachlangia	ALKPP3875H
68	Manoj Jokhu Sahani	BKUPS0030H
69	Manju Agarwal (erstwhile director of Cellworth, Jaimini and Satshri)	
70	Mukesh Kumar Jajoo	ACSPJ7433J
71	Nimish Thakore	AHBPT0464B
72	Omprakash Khandelwal	ABGPK4008D
73	Pawan Maru	APXPM4576P
74	Rajeshbhai Bhagat	AQFPB6163N
75	Rakesh Modi	AFKPM1166L
76	Rakesh P. Parik	AGSPP9141M
77	Ram Awtar Sharma	AAIPS6508F
78	Ramendra Kumar Singh	BLIPS6490N
79	Rohit Chintamani Dubey	AFWPD8709C
80	Rohit Modi	ADRPM7626G

81	Ronak Narendra Kotecha	BDDPK9588C
82	Sanjay Minda	AACPM9995Q
83	Sanjay Shaw	AWMPS8452J
84	Sandeep Bakul Sheth	AMWPS5089F
85	Sanjib Kumar Mondal	ANQPM3772J
86	Sawankumar T. Jajoo	ADCPJ2044G
87	Shyam Sundar Sekhsaria	ATXPS6514M
88	Subramanya Kusnur	ABJPK6269R
89	Subrata Banerjee (director of Wattkins)	
90	Sunderji Mulji Shah	AAPPS4209N
91	Tushar Sharma	AWZPS6008B
92	Vijay Kumar Agarwal	ADAPA6420H
93	Vikas Jain	AGUPJ5709M
94	Vivek Jain	AFKJP0712M
95	Alfa Fiscal Services Pvt. Limited	AABCA8192K
96	Bhavesh Natwarlal Sheth	AHGPS8751A
97	Hardik R. Bagadia	AHKPB6972F

5. I note that the submissions made by PGEL and its directors namely Mr. Pramod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta (the entities at serial numbers 1 to 5 in Table A above) have not disproved the charges of suppressing material facts in the offer document of PGEL, utilization of IPO proceeds and ICDs. I also note that PGEL vide the *interim* order was directed to call back ₹32 crores (funds given as ICDs) and deposit the same in a separate escrow account. However, PGEL has not complied with this direction. I am of the considered view that no intervention is called for to either vacate the *interim* directions or modify the *interim* order, with respect to PGEL, Mr. Pramod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta.
6. Considering the fact that the investigation in the matter has been completed and further proceedings have been ordered with respect to the entities at serial numbers 9 to 94 also as mentioned in the Table A above, and the fact that they have already undergone prohibition from dealing in securities for a period of more than nine (9) months vis-à-vis the findings/ allegation with respect to their role in the matter, I am of the considered view that the directions issued against them vide the *interim* order should be vacated at this stage.
7. I note that Mr. Pramod Kumar Mitra, Mr. Kaushal Chand Singhal and Mr. Prem Pal Malhotra the entities at serial numbers 6 to 8 as mentioned in the Table A above were the independent directors of PGEL who have already resigned from the Board of PGEL on January 05, 2012. Further, it is seen from the investigation that Alfa Fiscal Services Pvt. Limited was *prima facie* found to have indulged in manipulation of the price of the

scrip of PGEL. However, no connection between Alfa Fiscal Services Pvt. Limited and PGEL was established during the investigation. I note that Alfa Fiscal Services Pvt. Limited and its directors Mr. Bhavesh Natwarlal Sheth and Mr. Hardik R. Bagadia the entities at serial numbers 95 to 97 as mentioned in the Table A above have undergone the prohibition from dealing in securities for a period of more than nine (9) months. Considering the above in the background of the charges levelled against them, I find it appropriate to revoke the *interim* directions issued against them vide the *interim* order.

8. For the reasons stated above, 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(1), 11(4), 11A and 11B thereof, hereby issue the following directions:
 - a. The *interim* directions issued vide the *ad interim ex-parte* Order dated December 28, 2011 against the persons/ entities mentioned at serial number 1 to 5 in the Table A above shall continue till further directions.
 - b. The *interim* directions issued vide the *ad interim ex-parte* Order dated December 28, 2011 against the persons/ entities mentioned at serial numbers 9 to 94 in Table A above stands revoked, with immediate effect.
 - c. The *interim* directions issued vide the *ad interim ex-parte* Order dated December 28, 2011 against the persons/ entities namely Mr. Pramod Kumar Mitra [PAN: ACMPM 1421D], Mr. Kaushal Chand Singhal [PAN: AECPS 1626L], Mr. Prem Pal Malhotra [PAN: AAEPM 8187A], Alfa Fiscal Services Pvt. Limited [PAN: AABCA 8192K], Mr. Bhavesh Natwarlal Sheth [PAN: AHGPS 8751A] and Mr. Hardik R. Bagadia [PAN: AHKPB 6972F] stands revoked and the action/ proceedings initiated against them in the matter is disposed off, with immediate effect.
 - d. Consequently, the SEBI order dated September 05, 2012 which modified the *interim* directions issued against Mr. Bhavesh Natwarlal Sheth also stands revoked.
9. Copy of this Order shall be served on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited, National Securities Depository Limited and the Central Depository Services (India) Limited, to enable them to take necessary steps for ensuring due compliance with this Order.

PLACE: MUMBAI
DATE: OCTOBER 31, 2012

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA