

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER UNDER SECTION 11 AND 11B OF SEBI ACT AGAINST PROMOTERS OF GLOBAL TRUST BANK AND OTHERS

SEBI is investigating into the affairs relating to buying, selling and dealing in the shares of Global Trust Bank Ltd. and more particularly to ascertain whether any provision of the SEBI Act and Rules & Regulations made there under have been violated.

SEBI investigations have so far revealed that the promoter group of Global Trust Bank Ltd. had acquired 62,50,000 shares of Global Trust Bank Ltd. @ Rs.26.60 on October 18, 1999 from the erstwhile technical collaborator of the company namely, M/s. T A Enterprise Behad, Malaysia and another 71,50,000 shares on December 6, 1999 from the other technical collaborator namely M/s. Hembrecht & Quist Inc., USA. @ Rs.32 per share.

The investigations also revealed that the promoter group entities sold substantial no. of shares i.e. around 1,31,00,000 shares by way of synchronized / structured deals to entities owned by or associated with Shri Ketan Parekh (KP entities) around the same period. It was further brought out by the investigations that KP entities used these shares to create artificial market and to manipulate price later during the period November 1999 to February 2000 prior to preferential allotment in March 2000. It was also brought out that in March 2000, shares were allotted on preferential basis to some of the KP entities namely, Chittarkut Computers Pvt. Ltd. and Nakshatra Software Pvt. Ltd. It was also observed that some of the overseas corporate bodies and sub accounts of FIIs were used by KP entities for parking of shares, building up concentrated position, circular trading and circumvention of SEBI (Substantial Acquisition of shares and Takeover) Regulations, 1997.

SEBI had directed the Stock Exchanges to put in place screen based computerized trading which would enable investors to transact in a fair and transparent manner. This mechanism also ensures matching of the orders through the impersonal screen, on the basis of "best offer price". The sellers also realise true price of their securities within the circuit filters prescribed by SEBI. To reinforce confidence in the bourses, Exchanges under the initiative of SEBI guarantees settlement of the trades and Exchanges also put in place Trade Guarantee Fund to back up this assurance. However, analysis of trades of K P entities revealed that this very purpose of impersonal trading was defeated through inputting of synchronized trades. In the normal impersonal trading sellers and buyers transact without knowing each other by inputting their trades in the computerized trading system of the Exchanges. This mechanism ensures trades at "best price". However, this purpose gets defeated when trades are put with the prior understanding as it appears from the "matched" / structured deals between promoter group entities and Ketan Parekh entities. These trades by promoter group of Global Trust Bank Ltd and Ketan Parekh entities were in gross abuse of trading system of the exchanges.

Investigations also established that price of the shares of Global Trust Bank Ltd. were manipulated during the period October 2000 to February 2001 i.e. prior to announcement of proposed merger of Global Trust Bank Ltd. with UTI Bank. Investigations revealed that certain KP entities, broking entities associated with KP entities, clients of KP entities and certain other broking entities had indulged in price manipulation, creation of artificial market in the scrip of Global Trust Bank Ltd and some of these entities were used to park shares to circumvent SEBI (Substantial Acquisition of shares and Takeover) Regulations, 1997. The names of these entities are given below:

Name of the Entities

Sr. No.	Promoter Group Entities
1	Ramesh Gelli
2	Premkala Gelli
3	Jayant Madhav
4	Girrish Gelli
5	Niraj Gelli
6	Sridhar Subasri
7	Annapurna Sridhar
8	Anjanaya Traders Pvt. Ltd.
9	Chiranjeevi Traders Pvt. Ltd
10	Gajanan Financial Services Pvt. Ltd.
11	Gajmukh Investments Pvt Ltd.
12	Kadrish Finance & Investments Pvt. Ltd.
13	Bombay Mahalakshmi Traders Pvt. Ltd.
	KP entities and other entities
14	20th Century Securities Ltd.
15	Ashok Mittal
16	Ashok Mittal & Co.
17	Brentfield Holdings Ltd.
18	C J Dalal
19	Claridges Investment & Finance Pvt. Ltd.

20	Classic Credit Ltd.
21	Classic Share & Stock Brokers Ltd.
22	Coral Reef Inv. Co. Ltd.
23	Credit Suisse First Boston (I) Securities Pvt. Ltd.
24	Kallar Kahar (a sub account of the FII CSFB)
25	European Investments Ltd.
26	Far East Investments Ltd.
27	Hem Securities Ltd.
28	Indsec Securities & Finance Ltd.
29	Kensington Investments Ltd.
30	KNP Securities Ltd.
31	Latin Manharlal Sec. Ltd.
32	Luminant Investments Pvt. Ltd.
33	Milan Mahendra Sec. Ltd.
34	Millenium Equities Ltd.
35	Nairutya Finstock Pvt. Ltd.
36	NH Securities Ltd.
37	Nishkalp Investigations. & Trading Co. Ltd.
38	Niya Finstock Pvt. Ltd.
39	Niyogi Finstock Pvt. Ltd.
40	Panther Fincap & Management Services Ltd.
41	Panther Investrade Ltd.
42	Phulchand Sons Investments
43	Premier Fin. & Trading Co. Pvt. Ltd.
44	RP&C International A/c Coral Reef Inv. Co. Pvt. Ltd.
45	Sunidhi Consultancy Services Ltd
46	TCFC Securities Ltd.
47	Triumph International Fin. Ltd.
48	Triumph Securities Ltd.
49	Vidyut Investments Ltd.
50	Woodstock Securities Ltd., Member BSE & NSE.

Investigations further brought out that large funds had been given as loans to KP entities by Global Trust Bank Ltd. which ultimately found its way in capital market. Funds given as loans to certain other corporates were also found to have been diverted to KP entities which were used in the stock market operation by these entities. It appears that such large funding fuelled speculative trading on the part of KP entities which was detrimental to the integrity and safety of the capital market. Besides, Global Trust Bank Ltd, which is a publicly listed entity having public shareholders and public depositors, was likely to suffer an estimated loss of Rs. 128 crores on account of exposure to capital market.

Dealings of these entities as elaborated above is detrimental to the orderly development of securities market and against investors' interest.

The limited purpose of the present order is to prevent the said entities from indulging in further price manipulation, circular trading, synchronized trading, parking of shares or other irregularities to circumvent the provisions of SEBI Act and Regulations, etc. or acting in any manner that may be detrimental to the interests of the securities market and the investors, pending completion of the investigation. Any further proceeding in the matter by SEBI would be conducted uninfluenced by any observation or finding made in this interim order.

The investigation is still pending. The findings of investigation at the present stage as elaborated above shows the prima facie involvement of the said entities in activities which are detrimental to the interests of the securities market and the investors. Therefore, preventive action is necessary in order to refrain the said entities from dealing in the shares of Global Trust Bank Ltd pending completion of investigation.

In view of the emergent situation, it is necessary to ensure that no further harm or detriment is caused to the market or that investors are not adversely affected. Hence after taking into consideration the above mentioned facts and circumstances of the case, in exercise of the powers conferred upon me under section 4(3) of the SEBI Act, 1992, read with Sections 11 and 11B of the SEBI

Act, 1992, I hereby direct the following entities not to buy, sell or transfer, pledge or dispose off or deal in any other manner the shares of Global Trust Bank Ltd till the investigations are completed. During the said period, the following entities shall not buy, sell or transfer, pledge or dispose off or deal in any other manner the shares of Global Trust Bank Ltd, directly or indirectly.

Name of the Entities

Sr. No.	Promoter Group Entities
1	Ramesh Gelli
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6	Sridhar Subasri
7	Annapurna Sridhar
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50	Woodstock Securities Ltd., Member BSE & NSE.

Post decisional hearings are being given to these entities before me during February 03-04,2003. These entities may appear through any of their representatives for the hearing and make submissions in respect of this order and show cause as to why the above order should not be continued and or an appropriate order should not be passed under the provision of the SEBI Act and the Rules & Regulations made there under.

This order comes into effect forthwith.

PLACE: MUMBAI

DATED: December 31, 2002

G N BAJPAI
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA