

1. Prosoft Systems Ltd. (hereinafter called Prosoft) was incorporated as private Limited Company on July 28, 1993. It was converted in to a public limited company on January19, 2000. It has its registered office at 186, Datta Complex, Main Road, Gandhi Bajar, Basavanna Gudi, Bangalore , 004.
2. During October 2000, the company came out with a public issue of 61.60 lakh shares at par aggregating to Rs. 616 lakhs (Rs. 2.50 on application and 7.50 on allotment) The issue was closed on October 23, 2000 and the shares got listed on November 17, 2000. The last date for payment of allotment money was December 15, 2000. Bangalore Stock Exchange had permitted trading in the scrip to commence on December 27, 2000. Trading was permitted in compulsory demat mode.
3. However, Prosoft had not credited shares to the demat account of any shareholder as on that date. The first credit was given only on January 12, 2001. Prosoft had given credit of 3.00 lakh shares to the demat account of Shri Panwar on January 12, 2001 and the remaining shareholders accounts were credited only after January 22, 2001. This created artificial scarcity of deliverable securities in the market. Thus, the company had failed to give demat credit to its shareholders before commencement of trading in compulsory demat mode.
4. It was stated in the prospectus for the said public issue that the post-issue paid up capital of the company will be Rs. 1026 Lakhs whereas the audited annual report of the company for the year ended March 31, 2001 revealed that the paid-up capital was Rs. 575.83 lakhs and Rs. 450-19 lakhs were calls in arrears.
5. As per the public issue prospectus of the company dated September 27, 2000, the scrip of the company was proposed to be listed on Bangalore, Hyderabad and Ahmedabad Stock Exchanges.
6. The details of the directors of the company are furnished below:

Name	Designation
Mohan Kumar K N	Managing Director
Kishore Kumar K N	Technical Director
Avinash Jodhawat	Director
Kamal Kishore Kasat	Director
Pravin M Shah	Company Secretary

Date	Avg. Rate	High	Low	Close	No. of Trades	Volume Traded	Value of Trading
27/12/2000	20.29	28	14	25.15	37	8252	173429
28/12/2000	25.28	27.15	23.15	25.45	132	59207	1432709
29/12/2000	25.54	27.5	23.45	23.7	88	36107	877728
1/1/2001	23.89	25.6	21.85	25.6	32	8506	210271
2/1/2001	27.38	27.6	26.7	27.6	29	19104	522145
3/1/2001	28.03	29.8	25.45	29.25	76	45610	1241753
4/1/2001	30.96	31.45	29.5	31.45	12	5001	154416
5/1/2001	31.33	33	29.3	33	8	3552	114129
8/1/2001	33.86	35.5	32.5	34.95	36	30058	1013727
9/1/2001	35.2	37.7	32.5	36.6	14	2850	97970
10/1/2001	36	36	36	36	5	1200	43200
11/1/2001	35	36	34	34	3	710	24560
12/1/2001	35.35	36.7	34	36.7	16	4000	141900
15/01/2001	38.75	39.5	38	39.5	6	2740	107130
16/01/2001	36.4	36.4	36.4	36.4	2	500	18200
17/01/2001	36	36	36	36	1	500	18000
19/01/2001	36.08	38.4	33.5	34	9	3610	135185
22/01/2001	31.85	33	31.4	31.5	17	5332	167975
24/01/2001	29	29	29	29	1	1	29
25/01/2001	27.28	26.7	26.7	26.7	1	5	134
29/01/2001	25.13	24.6	24.6	24.6	2	11	271
30/01/2001	22.65	22.65	22.65	22.65	2	30	680
31/01/2001	20.85	20.85	20.85	20.85	1	15	313
7/2/2001	19.2	19.2	19.2	19.2	1	10	192
21/02/2001	17.7	17.7	17.7	17.7	1	1	18
23/02/2001	16.65	16.3	16.3	16.3	1	2	33
12/3/2001	15	15	15	15	2	2	30
21/03/2001	13.8	13.8	13.8	13.8	1	1	14
30/03/2001	12.45	12.45	12.45	12.45	1	600	7470
2/4/2001	12.35	12.35	12.35	12.35	1	699	8633
22/06/2001	10.5	10.5	10.5	10.5	1	1	11
				Total	539	238217	6512251

Based on the above data, it is noted that the total number of trades in the scrip on BgSE over a period of 6 months i.e. from December 27, 2000 to June 22, 2001 was only 539. During the period 2,38,217 shares were traded and the total value of shares traded was Rs.65,12,251/- only. BgSE has informed to us that there has been no trade in the scrip subsequent to June 22, 2001 till March 2002.

8. The details of trading in the scrip of Prosoft on Hyderabad Stock Exchange during the period from December 27, 2000 to March 31, 2002 is as under:

Date	Open	High	Low	Close	No. of trades	Volume	Value in rupees
12-01-01	31.00	31.05	31.00	31.05	2	400	12,410

9. The scrip was not traded on Ahmedabad Stock Exchange during the period from December 27, 2000 to April 4, 2002. Therefore it is found that the scrip was traded in significant volumes only on the Bangalore Stock Exchange.

- It was further found that there were no major corporate announcements during the period under enquiry. There was variation in the price of the scrip of Prosoft listed on Bangalore Stock Exchange (BgSE), between Rs.25.15 and Rs.36.40 between December 27, 2000 and January 16, 2001 i.e. an increase of about 45% in 15 trading days. In view of this SEBI conducted investigations into the dealings in the shares of Prosoft for alleged market manipulation. Investigations revealed several irregularities in the trading done by Shri Pravin Panwar in the shares of the company, such as creation of artificial volumes & false market in the shares and price rigging.
- Once BgSE permitted trading in the scrip, Shri Pravin Panwar, who is associated with Prosoft and who had marketed the entire public issue, executed substantial trades in the scrip acting through two different brokers, namely, Sunil Investments and Index Finlease Services Ltd. In many of the trades, he acted as both buyer and seller.
- In view of the above a show cause notice was issued to prosoft bearing no IES/ ID7/ 901/ 13141/ 2002 dated 17-07-02 for violating SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 1995 asking them to show cause why sui direction under regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with Section 11 and 11B of the SEBI Act, 1992 including a direction to prohibit them from accessing the securities market for a particular duration should not be passed against them.
- The said show cause notice was not replied to by Prosoft. An opportunity of personal hearing was also accorded to them on 21-10-02 which they did not avail either. An ex-parte order therefore is passed based on the available material looking into the gravity of the charges and it is considered that no purpose will serve if another opportunity of hearing is given except further delay in proceedings.
- It is found that there were no fully paid up shares in demat form on December 27, 2000 i.e. when BgSE permitted the trading in the scrip. In fact, the first demat credit of fully paid up shares was given by NSDL only on January 12, 2001. The said credit was given to Shri Pravin Panwar for 3,00,000 shares. The first demat credit of shares was given by CDSL on January 22, 2001. Therefore, as on the date when commencement of trading was permitted in compulsory demat mode i.e. December 27, 2000, there was not even a single share in demat form available with the shareholders. It may therefore be seen that the company did not credit the fully paid up shares after the closing date for payment of allotment money i.e. December 15, 2000.
- It was further observed that during the first two settlements, the members who traded in the scrip had not delivered against their sale position. Even if it was delivered it was partly paid shares in which case the exchange has rejected the deliveries and settled the open position at highest rate in first settlement and during second settlement it was auctioned day close plus 20%. During the third settlement, the exchange had initiated the auction for non-delivery of shares against sale position. In auction settlement, one of the members namely; M/s. Sunil Investments had participated and gave delivery of shares which was received from Shri Pravin Panwar, who is the main trader in the scrip. It is observed that Pravin Panwar was the only person who was allotted shares in demat form.
- In the light of what has been stated in the foregoing paragraphs, it is apparent that during the first two settlements, delivery could not take place because no fully paid up shares were available with the public. During the third settlement, Shri Pravin Panwar, who was the only person to have received demat credit of shares, has offered the shares in auction. This was deliberately done with a view to see that the prices of the scrip were appreciated unnaturally in defiance of the price discovery mechanism of the Exchange
- It was further came to light in the investigation that the Shri Pravin Panwar had made multiple applications in the public issue of Prosoft, furnishing different addresses. He had made 13 such applications for allotment of 2600 shares on cumulative basis. Similarly, such multiple applications were received from various relatives of his like Shri D. B. Panwar, Smt. Savita Panwar, Shri Kamal Kishore, Smt. Kamaladevi etc. for a total of 18000 shares. It was further noticed that about 100 applicants had furnished the address of M/s. Kamal Investments, a firm belonging to Shri Pravin Panwar, as their address. It was also noticed that most applicants had furnished the same addresses as those furnished by Shri Pravin Panwar in his various applications. The details of some of the multiple applications received and allotted are furnished below:

Shares	Amt.	Name1	Fh1	Age	Add1	Add2	City
200	500	Pravin Panwar	D B Panwar	30	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	Pravin Panwar	D B Panwar	37	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	Pravin Panwar	D B Panwar	32	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Pravin Panwar	D B Panwar	40	67 4th Main	Shakambari Nagar	Bangalore
200	500	Pravin Panwar	D B Panwar	36	15 Bhoomija Apt	Mission Road	Baroda
200	500	Pravin Panwar	D B Panwar	30	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	Pravin Panwar	D B Panwar	37	1144/B Dr Raj Kumar Road	Rajaji Nagar	Bangalore
200	500	Pravin Panwar	D B Panwar	30	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Pravin Panwar	D B Panwar	30	45 7th Cross	1st Main	Bangalore
200	500	Pravin Panwar	D B Panwar	30	101 Sundar Gopal	Ambawade Bazar	Ahmedabad

					Complex		
200	500	Pravin Panwar	D B Panwar	30	B-90 Anandpuri	M D Road	Jaipur
200	500	Pravin Panwar	D B Panwar	37	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	Pravin Panwar	D B Panwar	30	6 Motilal Build	Ratanada Road	Jodhpur
200	500	D B Panwar	Ganshni Ram	50	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	D B Panwar	Ganshi Ram	32	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	D B Panwar	Mangniram	49	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	D B Panwar	Ganshi Ram	50	15 Bhoomija Apt	Mission Road	Baroda
200	500	D B Panwar	Ganshiram	50	35 3rd Main 4th Cross	Matadahalli R T Nagar	Bangalore
200	500	D B Panwar	Ganshi Ram	30	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	D B Panwar	Ganshi Ram	50	45 7th Cross	1st Main	Bangalore
200	500	D B Panwar	Ganshi Ram	46	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	D B Panwar	Ganshi Ram	45	B-90 Anandpuri	M D Road	Jaipur
200	500	D B Panwar	Ganshiram	45	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	D B Panwar	Ganshi Ram	50	6 Motilal Building	Ratanad Road	Jodhpur
200	500	D B Pawar	Ganshi Ram	46	67 4th Main	Shakambari Nagar	Bangalore
200	500	D B Pawar	Ganshi Ram	50	G C I Krishna Regency	K R Road	Bangalore
200	500	D B Pawar	Ganshi Ram	50	1144/B Dr Raj Kumar Road	Rajaji Nagar	Bangalore
200	500	D B Pawar	Gansih Ram	50	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Avinash Jodhawat	M Jodhawat	32	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	Avinash Jodhawat	M Jodhawat	40	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	Avinash Jodhawat	M Jodhawat	30	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Avinash Jodhawat	M Jodhawat	35	67 4th Main	Shakambari Nagar	Bangalore
200	500	Avinash Jodhawat	M Jodhawat	35	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	Avinash Jodhawat	M Jodhawat	40	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Avinash Jodhawat	M Jodhawat	32	45 7th Cross	1st Main	Bangalore
200	500	Avinash Jodhawat	M Jodhawat	32	B-90 Anandpuri	M D Road	Jaipur
200	500	Avinash Jodhawat	M Jodhawat	33	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	Avinash Jodhawat	M Jodhawat	37	6 Motilal Building	Ratanad Road	Jodhpur
200	500	Avinash Jodha Wat	M Jodha Wat	33	15 Bhoomija Apt	Mission Road	Baroda
200	500	Avinash Jodhawath	M Jodhawath	38	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	Avinash Jodhwat	M Jodhwat	32	G C I Krishna Regency	K R Road	Bangalore
200	500	Avinash Jodhwath	M Jodhawath	32	1144/B Dr Raj Kumar	Rajaji Nagar	Bangalore

					Road		
200	500	Vertika Samar	Bhagwan Singh Samar	30	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	Vertika Samar	Bhagwan Singh Samar	22	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	Vertika Samar	Bruwan Singh Samar	21	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Vertika Samar	Bhagwan Singh Samar	20	67 4th Main	Shakambhari Nagar	Bangalore
200	500	Vertika Samar	Bhagwan Singh Samar	30	15 Bhoomija Apt	Mission Road	Baroda
200	500	Vertika Samar	Bhagwan Singh Samar	30	G C I Krishna Regency	K R Road	Bangalore
200	500	Vertika Samar	Bhagwan Singia Samar	26	35 3rd Main 4th Cross	Matadahalli R T Nagar	Bangalore
200	500	Vertika Samar	Bhagwan Singh Samar	24	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	Vertika Samar	Bhagwan Sigh Samar	30	1144/B Dr Raj Kumar Road	Rajaji Nagar	Bangalore
200	500	Vertika Samar	Bhagwan Singh Samar	30	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Vertika Samar	Bhagwan Singh Samar	40	45 7th Cross	1st Main	Bangalore
200	500	Vertika Samar	Bhagwan Singh Samar	20	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	Vertika Samar	Bhagwan Singh Samar	27	B-90 Anandpuri	M D Road	Jaipur
200	500	Vertika Samar	Bhagwan Singh Samar	29	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	Vertika Samar	Bhagwan Singh Samar	21	6 Motilal Building	Ratanad Road	Jodhpur
200	500	Anil Pawar	Aehlu Ram	28	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	Anil Pawar	Achlu Ram	37	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	Anil Pawar	Achluram	28	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Anil Pawar	Achluram	29	67 4th Main	Shakambhari Nagar	Bangalore
200	500	Anil Pawar	Achlu Ram	35	15 Bhoomija Apt	Mission Road	Baroda
200	500	Anil Pawar	Achlu Ram	26	G C I Krishna Regency	K R Road	Bangalore
200	500	Anil Pawar	Achluram	35	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	Anil Pawar	Achlu Ram	38	1144/B Dr Raj Kumar Road	Rajaji Nagar	Bangalore
200	500	Anil Pawar	Achlu Ram	27	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Anil Pawar	Narendra Bhansali	28	45 7th Cross	1st Main	Bangalore
200	500	Anil Pawar	Achlu Ram	30	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	Anil Pawar	Achluram	31	B-90 Anandpuri	M D Road	Jaipur
200	500	Anil Pawar	Achluram	30	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	Anil Pawar	Aehlu Ram	31	6 Motilal Building	Ratanad Road	Jodhpur
200	500	Lalit Panwar	Panwar	37	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	Lalit Kumar	Panwar	37	9 Shivajinagar	Near Mohit Hotel	Udaipur

200	500	Lalit Kumar	D B Panwar	37	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	Lalit Kumar	Panwar	27	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Lalit Kumar	Panwar	30	15 Bhoomija Apt	Mission Road	Baroda
200	500	Lalit Kumar	Panwar	37	G C I Krishna Regency	K R Road	Bangalore
200	500	Lalit Kumar	Panwar	37	1144/B Dr Raj Kumar Road	Rajaji Nagar	Bangalore
200	500	Lalit Kumar	Panwar	37	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Lalit Kumar	Panwar	37	45 7th Cross	1st Main	Bangalore
200	500	Lalit Kumar	Pawar	32	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	Lalit Kumar	Panwar	32	B-90 Anandpuri	M D Road	Jaipur
200	500	Lalit Kumar	Panwar	30	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	Lalit Kumar	Panwar	31	6 Motilal Build	Ratanada Road	Jodhpur
200	500	Lalith Kumar	Panwar	28	67 4th Main	Shakambari Nagar	Bangalore
200	500	Kamla Devi	D B Panwar	42	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	Kamala Devi	D B Pawar	45	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	Kamala Devi	D B Panwar	40	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Kamala Devi	D B Panwar	40	67 4th Main	Shakambari Nagar	Bangalore
200	500	Kamla Devi	D B Panwar	42	15 Bhoomija Apt	Mission Road	Baroda
200	500	Kamla Devi	D B Pawar	42	G C I Krishna Regency	K R Road	Bangalore
200	500	Kamala Devi	D B Panwar	42	35 3rd Main 4th Cross	Matadahalli R T Nagar	Bangalore
200	500	Kamala Devi	D B Panwar	22	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	Kamla Devi	D B Pawar	42	1144/B Dr Raj Kumar Road	Rajaji Nagar	Bangalore
200	500	Kamala Devi	D B Pawar	42	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Kamla Devi	D B Panwar	42	45 7th Cross	1st Main	Bangalore
200	500	Kamla Devi	D B Pawar	42	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	Kamala Devi	D B Panwar	42	B-90 Anandpuri	M D Road	Jaipur
200	500	Kamala Devi	D B Panwar	42	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	Kamla Devi	D B Panwar	42	6 Motilal Building	Ratanad Road	Jodhpur
200	500	Kamal Kishore	D B Panwar	20	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	Kamal Kishore	D B Panwar	35	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	Kamal Kishore	D B Panwar	23	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Kamal Kishore	D B Panwar	20	67 4th Main	Shakambari Nagar	Bangalore
200	500	Kamal Kishore	D B Panwar	22	15 Bhoomija Apt	Mission Road	Baroda

200	500	Kamal Kishore	D B Pawar	22	G C I Krishna Regency	K R Road	Bangalore
200	500	Kamal Kishore	D B Panwar	28	35 3rd Main 4th Cross	Matadahalli R T Nagar	Bangalore
200	500	Kamal Kishore	D B Panwar	30	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	Kamal Kishore	D B Pawar	20	1144/B Dr Raj Kumar Road	Rajaji Nagar	Bangalore
200	500	Kamal Kishore	D B Pawar	22	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Kamal Kishore	D B Panwar	20	45 7th Cross	1st Main	Bangalore
200	500	Kamal Kishore	D B Pawar	22	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	Kamal Kishore	D B Panwar	22	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	Komal Kishore	D B Panwar	24	6 Motilal Building	Ratanad Road	Jodhpur
200	500	Kamal	D B Panwar	26	67 4th Main	Shakambari Nagar	Bangalore
200	500	Savita	Pravin	26	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	Savita	Pravin	26	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Savita	Pravin	27	15 Bhoomija Apt	Mission Road	Baroda
200	500	Savita	Pravin	26	G C I Krishna Regency	K R Road	Bangalore
200	500	Savita	Pravin	26	45 7th Cross	1st Main	Bangalore
200	500	Savita	Pravin	27	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	Savita	Pravin	28	B-90 Anandpuri	M D Road	Jaipur
200	500	Savita	Pravin	27	6 Motilal Building	Ratanad Road	Jodhpur
2000	5000	Savita Panwar	Pravin Panwar	27	6 Motilal Build	Ratanada Road	Jodhpur
200	500	Suman Parihar	Pravin Parihar	28	9 Shivajinagar	Near Mohit Hotel	Udaipur
200	500	Suman Parihar	Pravin Panwar	35	86 22nd Cross	8th Main Jayanagar	Bangalore
200	500	Suman Parihar	Pravin Parihar	26	Ranveer Bhawan	Chopasni Road	Jodhpur
200	500	Suman Parihar	Pravin Parihar	45	67 4th Main	Shakambari Nagar	Bangalore
200	500	Suman Parihar	Pravin Parihar	27	15 Bhoomija Apt	Mission Road	Baroda
200	500	Suman Parihar	Pravin Parihar	27	G C I Krishna Regency	K R Road	Bangalore
200	500	Suman Parihar	Pravin Parihar	29	Nilesh Securities	310 S M Lodha Complex	Udaipur
200	500	Suman Parihar	Pravin Parihar	28	1144/B Dr Raj Kumar Road	Rajaji Nagar	Bangalore
200	500	Suman Parihar	Pravin Parihar	26	606 World Trade Centre	Sayaji Gunj	Baroda
200	500	Suman Parihar	Pravin Bhai Parinar	28	45 7th Cross	1st Main	Bangalore
200	500	Suman Parihar	Pravin Parihar	31	101 Sundar Gopal Complex	Ambawade Bazar	Ahmedabad
200	500	Suman Parihar	Pravin Parihar	32	B-90 Anandpuri	M D Road	Jaipur

200	500	Suman Parihar	Pravin Parihar	27	Paramount Traders	Opp M G Hospital	Jodhpur
200	500	Shiv Prakash L	Lingaraju	22	GC-I Krishna Regency	K R Road	Bangalore
200	500	Veena N N	N Naveena Chandra	22	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vani N	Naveena	19	GC-I Krishna Regency	K R Road	Bangalore
200	500	Manjula N	Naveena Chandra	40	GC-I Krishna Regency	K R Road	Bangalore
200	500	B Podrna Chandra	Bhaskar	32	GC-I Krishna Regency	K R Road	Bangalore
200	500	B P Suchitra	B Poorna Chandra	23	GC-I Krishna Regency	K R Road	Bangalore
200	500	J Ramesh	Jai Chand Naidu	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	J Jagadeesh	Jai Chand	26	GC-I Krishna Regency	K R Road	Bangalore
200	500	D Indumathi	J Ramesh	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Anitha J	J Jagadeesh	23	GC-I Krishna Regency	K R Road	Bangalore
200	500	Yogesh Naidu	Subramanya	58	GC-I Krishna Regency	K R Road	Bangalore
200	500	Radamma	Yogesh Naidu	55	GC-I Krishna Regency	K R Road	Bangalore
200	500	H Y Srinivas	Yogesh Naidu	32	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vijaya S	H Y Srinivas	29	GC-I Krishna Regency	K R Road	Bangalore
200	500	Manoj	Yogesh Naidu	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Jonna	Manoj	23	GC-I Krishna Regency	K R Road	Bangalore
200	500	Sadashiv	Anand Rao	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Jyothi	Sadashiv	29	GC-I Krishna Regency	K R Road	Bangalore
200	500	Rama Chandra	Rudrappa	29	GC-I Krishna Regency	K R Road	Bangalore
200	500	Kalpana	Rama Chandra	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Krishna Murthy	Ram Murthy	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Usha Rani	Krishna Murthy	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Laxmi Kantha	Uma Kantha	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Jeevan Appachu	Ramesh Appachu	35	GC-I Krishna Regency	K R Road	Bangalore
200	500	Manjunath	Krishna Prasad	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	B Deepak Joyappa	Joyappa	28	GC-I Krishna	K R Road	Bangalore

					Regency		
200	500	Rajesh Somanna	Somanna	29	GC-I Krishna Regency	K R Road	Bangalore
200	500	Girish Appachu	Umesh Appachu	29	GC-I Krishna Regency	K R Road	Bangalore
200	500	Manjunath S M	Mahadevappa	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Gayathri P	Prakash	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Pushpa U	Umesh	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Rashmi N	Narayane Gowda	21	GC-I Krishna Regency	K R Road	Bangalore
200	500	Renuka Prasad	Ram Prasad	26	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vinutha B	Bhaskar	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Yeshoda	Narayanappa	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Bali	Krishnappa	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Rafi Ulla	Raheem Ulla	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Uma Shankara	Ravi Shankara	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Rukmini	Venkat Rama	23	GC-I Krishna Regency	K R Road	Bangalore
200	500	Jai Prakash	Uma Gowda	27	GC-I Krishna Regency	K R Road	Bangalore
200	500	Ravi U P	Uma Pathy	26	GC-I Krishna Regency	K R Road	Bangalore
200	500	Yogitha R Bali	Mahadeva	22	GC-I Krishna Regency	K R Road	Bangalore
200	500	Veena M P	Prakash	26	GC-I Krishna Regency	K R Road	Bangalore
200	500	Harshini V	Venkatesh Murthy	23	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vinutha G	Ganesh Murthy	26	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vasanthi K M	Krishna Murthy	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	B G Hemalatha	Satish Kumara	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vijaya Lakshmi	Satish	24	GC-I Krishna Regency	K R Road	Bangalore
200	500	Mahesh Chinnai	Rajesh Chinnai	27	GC-I Krishna Regency	K R Road	Bangalore
200	500	Shiv Linga	Mahadev Linga	27	GC-I Krishna Regency	K R Road	Bangalore
200	500	Leelavathi	Bhorraiah	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Nirmala A K	Anthony Kamal	28	GC-I Krishna Regency	K R Road	Bangalore

200	500	Jyothi Udappa	Uttapa Udappa	24	GC-I Krishna Regency	K R Road	Bangalore
200	500	Srikanth	Raj Kanth	29	GC-I Krishna Regency	K R Road	Bangalore
200	500	Umashankar V R	Veer Naidu	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Shekhar M	Mohan S	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Kannaiah	Sathya Narayana	22	GC-I Krishna Regency	K R Road	Bangalore
200	500	Narsimha	Rudra Setty	32	GC-I Krishna Regency	K R Road	Bangalore
200	500	Padmama	Srinivas	40	GC-I Krishna Regency	K R Road	Bangalore
200	500	Guwa Shekhar	Aradhya	45	GC-I Krishna Regency	K R Road	Bangalore
200	500	Rajesh	Sairam	26	GC-I Krishna Regency	K R Road	Bangalore
200	500	Anjana	Ravi Kiran	45	GC-I Krishna Regency	K R Road	Bangalore
200	500	Amrutha	Deepak	22	GC-I Krishna Regency	K R Road	Bangalore
200	500	Kokila	Balakrishna Reddy	27	GC-I Krishna Regency	K R Road	Bangalore
200	500	Kavita	Balu	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Jyothi	Gunashekhar	24	GC-I Krishna Regency	K R Road	Bangalore
200	500	Shailesh Rathwa	Mahesh Bhai Rathwa	32	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vaishali Punjabi	Mahesh Punjabi	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Tara Ben Lalkawala	Ranjikant Lalkawala	36	GC-I Krishna Regency	K R Road	Bangalore
200	500	Laxman Patel	Sunat Bhai Patel	27	GC-I Krishna Regency	K R Road	Bangalore
200	500	Suman Ben Patel	Sanat Bhai Patel	52	GC-I Krishna Regency	K R Road	Bangalore
200	500	Jay Kumar Patel	Sanat Bhai Patel	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Sanat Bhai Patel	Mohan Bhai Patel	60	GC-I Krishna Regency	K R Road	Bangalore
200	500	Nila Shah	Anil	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Rekha Shah	Manol	29	GC-I Krishna Regency	K R Road	Bangalore
200	500	Yogendra Shah	Anil Shah	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Heena Shah	Yogendra	23	GC-I Krishna Regency	K R Road	Bangalore
200	500	Nisha Shah	Ramesh Shah	23	GC-I Krishna Regency	K R Road	Bangalore
200	500	Rakesh Shah	Ramesh Shah	30	GC-I Krishna Regency	K R Road	Bangalore

200	500	Rita P Shah	Parimal Shah	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Binit Divecha	Mahendra Divecha	36	GC-I Krishna Regency	K R Road	Bangalore
200	500	Jayshree Divecha	Binit Divecha	26	GC-I Krishna Regency	K R Road	Bangalore
200	500	Namitha	Ravikiran	21	GC-I Krishna Regency	K R Road	Bangalore
200	500	Umesh Gandhi	Ramesh Gandhi	48	GC-I Krishna Regency	K R Road	Bangalore
200	500	Somal Gandhi	Umesh Gandhi	20	GC-I Krishna Regency	K R Road	Bangalore
200	500	Harish Rana	Kanchanlal Rana	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vijay Shah	Jantilal Shah	22	GC-I Krishna Regency	K R Road	Bangalore
200	500	Sunliay Shah	Jantilal Shah	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Jyothi Shah	Sanjay Shah	23	GC-I Krishna Regency	K R Road	Bangalore
200	500	Sakunthala Shah	Jayantilal	27	GC-I Krishna Regency	K R Road	Bangalore
200	500	Suresh Gandhi	Aravind Gandhi	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Saroj Gandhi	Naresh Gandhi	25	GC-I Krishna Regency	K R Road	Bangalore
200	500	Shantilal Shah	Manginal Shah	45	GC-I Krishna Regency	K R Road	Bangalore
200	500	Lapan Gandhi	Nayan Gandhi	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Raj Joshi	Bhagwan Bhai Joshi	29	GC-I Krishna Regency	K R Road	Bangalore
200	500	Puk Joshi	Bhagwan Bhai Joshi	60	GC-I Krishna Regency	K R Road	Bangalore
200	500	Ral Gandhi	Pravin Bhai Gandhi	28	GC-I Krishna Regency	K R Road	Bangalore
200	500	Mayaresh Shelar	Paduranga Shelar	30	GC-I Krishna Regency	K R Road	Bangalore
200	500	Vithal Pawar	Tukram Pawar	40	GC-I Krishna Regency	K R Road	Bangalore
200	500	Savitha Pawar	Vithal Pawar	35	GC-I Krishna Regency	K R Road	Bangalore

2. Shri Pravin Panwar explained in his statement that he had marketed the entire public issue. He stated that when his agents asked him to give an address to be filled in the various applications collected by them from the investors, he had asked them to put his address in the application forms. The above reply of Shri Panwar makes it very clear that the Prosoft accepted the multiple applications in various names in violation of DIP Guidelines and Companies Act.

1. The scrip was traded by the said Pravin Panwar from the day the trading permission was granted by BgSE. The details of the individual trades executed by the said Pravin Panwar on December 27, 2000 are as under:

Name of the Broker	Bought	Rate	Sold	Rate	Traded value*
					(In rupees)
Sunil Investments	200	14.00			-2800.00
			200	16.00	3200.00
	500	16.50			-8250.00
	200	17.00			-3400.00
	500	17.25			-8625.00

	300	17.50			-5250.00
			100	18.00	1800.00
			300	18.50	5550.00
			200	18.75	3750.00
			200	19.00	3800.00
			200	19.50	3900.00
			400	19.50	7800.00
			100	19.75	1975.00
			200	20.00	4000.00
			300	20.50	6150.00
			200	21.00	4200.00
			200	21.50	4300.00
			200	21.75	4350.00
			100	21.90	2190.00
			300	22.00	6600.00
			500	22.50	11250.00
	150	23.25			-3487.50
	100	23.60			-2360.00
	100	23.90			-2390.00
	150	23.95			-3592.50
	200	24.00			-4800.00
	200	24.90			-4980.00
	1500	25.25			-37875.00
	1	26.50			-26.50
	1	27.00			-27.00
	98	28.00			-2744.00
	2	28.00			-56.00
	48	28.00			-1344.00
	50	28.00			-1400.00
	2	28.00			-56.00
Total	4302		3700		-18648.50
Index Finlease Services	200	16.00			-3220.00
	200	18.75			-3770.00
	200	19.00			-3820.00
			200	14.00	2780.00
			100	18.50	1840.00
			150	22.00	3285.00
			150	23.95	3577.50
			200	24.00	4780.00
			200	24.90	4960.00
Total	600		1000		10412.50

* - Traded value inclusive of brokerage.

- The above table clearly revealed that Pravin Panwar purchased 4902 shares of Prosoft and sold 4700 shares, acting through two brokers. Out of the above, the bulk of the trades i.e. purchase of 4302 shares and sales of 3700 shares have been executed through Sunil Investments.
- Pravin Panwar also got executed 35 transactions (both bought and sold) through Sunil Investments. Based on the Price Volume data furnished by BgSE, it is noticed that there were only 37 transactions in that scrip for a total traded volume of 8252 shares on December 27, 2000.
- Thus, he had done almost the entire transactions in the scrip on December 27, 2000. It is also seen that, acting through Sunil Investments, Sri Pravin Panwar got executed these trades at successively increasing prices starting from Rs.14.00 and closing at Rs.28.00. It was noted that Rs.28.00 was the highest traded price on that date. Out of the above transactions done on his behalf on December 27, 2000, he had acted as both buyer and seller in the case of six transactions aggregating to 1150 shares. This resulted in the artificial rise in the price of the scrip. It is therefore found that Sri Pravin Panwar had constituted the single largest trading client on December 27, 2000 (both on buy and sell sides).
- It was further found that the trades done by Sri Pravin Panwar constituted 42% of the total traded volume in the scrip of Prosoft for the period December 27, 2000 to January 16, 2001. He dealt in the scrip during the above period through two different brokers namely, M/s. Sunil Investments and Index Finlease Services Ltd. His daily trading details, are as under:

Trade done through M/s. Sunil Investments:

Date	Purchase	Sale	Net Position
27-12-00	4302	3700	602
28-12-00	21793	22944	-1151
29-12-00	12401	11752	649
01-01-01	2302	1901	401
02-01-01	3299	3301	-2

03-01-01	8100	7100	1000
04-01-01	200	0	200
05-01-01	500	501	-1
08-01-01	10703	11900	-1197
09-01-01	1750	400	1350
10-01-01	0	1200	-1200
11-01-01	500	210.00	290
12-01-01	1600	200	1400
15-01-01	0	1840	-1840
16-01-01	0	500	-500
TOTAL	67450	67449	1

Trades done through Index Finlease Services Ltd.

Date	Purchase	Sale	Net Position
27-12-00	600	1000	-400
28-12-00	7300	8200	-900
29-12-00	5100	4300	800
01-01-01	1500	1000	500
02-01-01	6301	6301	0
03-01-01	6300	5200	1100
04-01-01	0	1100	-1100
09-01-01	200	100	100
12-01-01	900	1000	-100
TOTAL	28201	28201	0

- It is evident from the above tables that during the period from December 27, 2000 to January 16, 2001, he had purchased 95,651 shares and sold 95,650 shares, on gross basis. In many of the above trades, he was found to have acted both as a buyer and a seller with a view to influence the market price of the scrip.
- Sri Pravin Panwar in the statement under oath given to the investigating authority, which was recorded on April 4, 2002 had confirmed that he tried to create volume / trading interest in the scrip to dispose off his holdings. In the aforementioned statement he had further confirmed that there were no circuit filters for the first three days (after commencement of trading). This was intentionally and deliberately done with the active support from Prosoft who had seen that nobody else in the market had the shares with them to trade in the market. This creation of artificial scarcity of shares of prosoft was a fraud committed on the investors.
- Because of this artificial scarcity created by Prosoft, Pravin Panwar, being the lone allottee of demat shares, was able to influence the price discovery mechanism of the exchange by putting transactions at successively increasing rates and acting as both buyer and seller in various transactions.
- It was noticed that two applicants namely; M/s. Mardia Sons Holdings Ltd. and M/s. ASL Holdings Pvt. Ltd. had applied for 54,40,000 shares amounting to Rs.136 lakhs, out of the total of 61,60,100 shares amounting to Rs.153,92,555/-(Rupees one crore fifty three lakhs ninety two thousand five hundred and fifty five only) received in the public issue. Thus, the above mentioned two applicants constituted about 88% of the total number of shares applied for/allotted in the public issue.
- It is evident from the statement of bank account of Prosoft (CA No. 980 with Vijaya Bank, Vani Vilas Road Branch, Bangalore) that the public issue proceeds of Rs.153,92,555 (Rupees One crore Fifty Three Lakhs Ninety Two Thousand Five Hundred Fifty Five Only) was transferred from the public issue collection account on November 28, 2000. The same day a sum of Rs.220 lakhs was transferred to M/s. Touchwood Interiors from the company account. Touchwood Interiors transferred this amount to Ananya Publications Pvt. Ltd. (Rs.170 lakhs), Shri Mohan Kumar (Rs.30 lakhs) and Shri Pravin Panwar (Rs.20 lakhs). M/s. Ananya Publications and Shri Mohan Kumar transferred the same amount i.e. Rs.170 lakhs and Rs.30 lakhs back to the company's account on the same day. Shri Pravin Panwar transferred Rs.18.68 lakhs back to the company on the same day.
- On November 28, 2000, the company transferred Rs.140 lakhs to Kamal Investments, a firm belonging to Shri Pravin Panwar. M/s. Kamal Investments used this money to issue two DDs for Rs.100 lakhs and Rs.36 lakhs respectively. Kamal Investments did not respond to the summons seeking clarifications regarding the beneficiaries of these DDs. However, based on the bank statement of Mardia Sons and the statement made by the representative of Mardia Sons, it was found that Kamal Investments had issued the DD for Rs.100 lakhs to Mardia Sons. From the statements of ASL Holdings, it may be apprehended that the DD for Rs.36 lakhs was drawn in favour of ASL Holdings and paid for consideration of the shares purchased from them.
- As to the reason behind Mardia Sons applying for more than 60% of the shares offered in IPO, it was stated that since the market for IT industry was poor they thought it would be a good time to make investment in company engaged in IT related services. Mardia Sons stated that later they sold these shares to Kamal Investments.
- Shri Ravikant, Managing Director, ASL Capital Holdings Pvt. Ltd., stated that ASL had applied for 14,40,000 shares of Rs.2.50 each and was allotted 14,34,100 shares. According to him at the time of the IPO of Prosoft, many IPOs were getting oversubscribed by 20-25 times. Hence, in order to ensure allotment of shares, they applied for a large quantity. He denied that it was a financing transaction and stated that since they were allotted large quantity of shares of Prosoft, they were not in a position to dispose it off in the market. He further stated that Kamal Investments offered to buy the shares allotted to them for a consideration of Rs.36.57 lakhs and they agreed to it.
- It is therefore clear that the two applicants are in fact arranged applicants to bailout the public issue. It is also found from the above facts that the public issue was not fully subscribed but for the applications of these two entities. It is further found that the consideration of the shares by way of application money was paid back to the applicants from the public issue proceeds. This creation of illusion of subscription of public issue is a fraud committed on the unsuspecting small investors who invested their hard earned monies in the public issue. This has to be dealt with very seriously.

1. The violations found to have been committed by Prosoft are very serious in nature and they erode the confidence of the investors in the market mechanism. The transactions undertaken by Sri Panwar in concert with the Company are very heinous and if left unchecked will leave the very securities market in great chaos as they made use of the depository system also for their ulterior purposes. It is these kind of Companies who indulged in such actions which tend to lower the integrity of the securities market and affect the interest of investors by creating unhealthy market situation as stated above. These actions would result in creating an atmosphere which is not conducive to the development of securities market.
2. I, therefore, hold Prosoft guilty for violation of regulation 4(a), 4(b), 4(c) and 4(d) of the SEBI (Prohibition of Fraudulent Trade Practices relating to the securities market) Regulations, 1995. In these circumstances, as a measure of investor protection and maintaining high standards of integrity of the Securities market the Company like Prosoft be required to be restrained from dealing in securities and accessing the capital market. Therefore, in order to restore the confidence of the investors in the Securities Market and to see that this kind of actions are not repeated by the said company, in exercise of powers under Regulation 11 read with regulation 12 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 read with sections 4 (3), 11 and 11B of SEBI Act, 1992, I hereby direct that the company Prosoft be debarred from accessing the capital market and also from dealing in securities for a period of two years. This order shall come into force with immediate effect.

Place: Mumbai

Date: December 12, 2002

G.N.Bajpai
Chairman
Securities and Exchange Board of India