

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER
UNDER SECTIONS 11B AND 11(4) OF SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992
IN THE MATTER OF DEALING IN SHARES BY
SHRI LALIT DUA AND HIS ASSOCIATES ENTITIES

WTM/GA/ 56 /ISD/ 3 / 2006

1.0 Background

- 1.1. Publishing of Research reports on stocks by various entities as well as broking firms has been under the scanner of SEBI for some time now. It has been recently noticed that such research reports have been published with metronomic regularity and the recommendations have been made and distributed through websites of brokerage firms. Such recommendations disseminated through any public accessible media like financial newspaper, TV, websites etc often catch the general investor's attention and is not without its concomitant effects on investment decisions; the effects having being largely amplified on account of the perceived 'knowledge and expert' recommendation. Hence, it is important that the person giving such recommendations to the public at large should be doing so in a responsible and unbiased & unprejudiced manner. Equally it behoves him to simultaneously make adequate disclosures of his interest so as to address issues of potential conflict of interest. Of late, SEBI has been noticing blatant breaches of law when such recommendations are aired, resulting in betrayal of trust and confidence in the market for wangling a patently unfair gain by purveyors of such recommendations. As part of its ongoing effort to ensure fair and transparent markets, SEBI has recently passed interim ex-parte orders against two such entities.
- 1.2. In continuation of the avowed objective to safeguard market integrity, SEBI looked into the recommendations given by Shri Lalit Dua, director of LRS Portfolio & Advisory Services Pvt. Ltd. The research reports of Shri Dua were published on www.indiainfoline.com, a website of SEBI registered stock broker India Infoline Ltd. The website also disseminates detailed information about listed corporates, general comments on capital markets and other financial aspects for the consumption of the investor. In view of the same, several investors visit the website on a regular basis.
- 1.3. A distinct modus operandi was noticed in the conduct of Shri Lalit Dua, director of LRS Portfolio & Advisory Services Pvt. Ltd. Shri Dua used to disseminate company favourable articles in media on a frequent basis projecting a bright future of companies whose shares are thinly traded. Thereafter, in contrast to the recommendations, his associated entities used to offload shares (purchased prior to the recommendations) of such companies on the back of induced investor interest created by his recommendations. It was also prima facie noticed that



promoter shareholding had decreased in several such scrips wherein recommendations had been given. The entire modus operandi indicates a deliberate and crafty strategy to make personal gains at the expense of investors by enticing them to participate in the trading of the shares of the company. In view of the aforesaid observations, a preliminary analysis was initiated into the matter. The findings of such analysis are discussed below.

2.0. **Preliminary Findings**

- 2.1. Shri Dua publishes his Research analysis under the name of LRS Research (LRS Portfolio & Advisory Services Pvt. Ltd). LRS Portfolio & Advisory Services Pvt. Ltd is registered sub broker with SEBI (Registration no. INS231500039; exchange- NSE, main broker- Integrated Master Securities Ltd). On inquiry, LRS Research claimed that it basically engaged in investments and trading of shares which include trading on BSE, NSE in the cash and F&O. segment. The registered office of the LRS Research is 64, Old Anarkali, Krishna Nagar, Delhi-110051. It is also informed by LRS Research that it has three employees.
- 2.2. It is also gathered that Geometric Securities & Advisory Ltd (Geometric Securities), a SEBI registered sub broker (Registration No. INS011439234; Exchange- BSE) has the same address as LRS Research i.e. 64, Old Anarkali, Krishna Nagar, Delhi-110051. The director of the sub broking firm is Shri Manoj Dua, brother of Shri Lalit Dua. As per the KYC's details available with the exchange, it is observed that the name of their father is mentioned as Shri Ram Saran Dua and their common telephone number 22419120 is registered under the name of Shri Ram Saran Dua residing at 64, Anarkali, Krishna Nagar Delhi 51, which is also the address mentioned in Lalit Dua and Manoj Dua's KYC Details
- 2.3. Shri Lalit Dua has published a total of 36 research reports from April 2004 to August 2005 on the website www.indiainfoline.com. It has been noticed that most of the scrips in which Shri Dua has published the research reports are listed at the BSE and regional Exchanges. These companies are mainly based in New Delhi (10), Kolkatta (5), Gujarat (5), Mumbai (5) and Rajasthan (4). The scrips are being traded at the BSE in following groups:

Group/Segment	B1	B2	S	T	TS	Z	Total
Number of Scrips	3	13	10	4	3	3	36

It is noted that the companies for which the research reports were published are mostly in the mid-cap or small cap (belong to B2, S and T Segment). Out of 36 scrips, 13 are being traded in group B2, 10 in Group S and there are 10 scrips which are the subject matter of Exchange actions (T, TS and Z). It is significant to



note that Shri Dua has not published any research report for the scrip which is being traded in group 'A'.

- 2.4. The list of the stocks in respect of which recommendations have been given is detailed below:

No	Name of the scrip	Recommendation Date	Group
1	Season Furnishing Ltd	30-Aug-05	B2
2	Capital Hotels and Developers Ltd	3-Aug-05	TS
3	Triton Valves Limited	18-Jul-05	B2
4	ANG Exports Limited	11-Jul-05	B2
5	Jhunjhunwala Vanaspati Limited	22-Jun 05	B2
6	Allianz Securities Ltd	01-Jun-05	B2
7	Rama Paper Mills Ltd	18-May-05	Z
8	Samtex Fashions Ltd	4-May-05	S
9	Goldmines Media Ltd	13-Apr-05	B2
10	Ashirwad Steel and Industries Ltd	8-Apr-05	B2
11.	Zenith Fibres Ltd	16-Mar-05	B2
12.	Madhav Marbles & Granites Ltd	3-Mar-05	B1
13.	Vimal Oil & Foods Ltd	25-Feb-05	S
14.	Medi Caps Ltd	16-Feb-05	S
15.	Samtel India Ltd	10-Feb-05	TS
16.	Om Metals Ltd	2-Feb-05	Z
17.	Karuturi Networks	20-Jan-05	T
18.	Zen Technologies Ltd	12-Jan-05	T
19.	Acknit Knitting Ltd	5-Jan-05	B2
20.	Electrotherm (India Ltd)	28-Dec-04	Z
21.	Sandesh Ltd	22-Dec-04	T
22.	Magma Leasing	15-Dec-04	B2
23.	Sky Industries	7-Dec-04	S
24.	Hindustan Tin Works	30-Nov-04	S
25.	Dr. Agarwal's Eye Hospital	23-Nov-04	S
26.	JMC (Projects)	18-Nov-04	TS
27	ABL Biotechnologies Ltd	3-Nov-04	T
28	Tera Software Ltd	18-Oct-04	B2
29	ETC Networks	11-Oct-04	B1
30	Competent Automobiles Co. Ltd	23-Sep-04	S
31	Greenply Industries Ltd	15-Sep-04	B2
32	FCGL Industries Ltd	9-Sep-04	B2
33	Sangam India Limited	4-Sep-04	B1
34	Nagreeka Exports Ltd	2-Sep-04	S



No	Name of the scrip	Recommendation Date	Group
3	Siro Plast	18-Aug-04	S
8	Aro Granite Industries	7-Aug-04	S

- 2.5. During the course of preliminary investigation, based on feedback received from the stock exchange, it was brought that there are as many as 21 entities who prima facie are related to Shri Dua in one way or the other such as through common address, phone numbers and directors etc. Thereafter, details were sought from the exchange (BSE) for the related entities regarding their trading, at the exchange. All these 21 entities have been trading through broker Integrated Master Securities Pvt Ltd. Few of these entities namely Dyna Cables Ltd (Director: P.S Tandon and Lalit Dua), Geometric Securities and Camphar Securities have also been trading through another broking firm LSE Securities Ltd. However, transactions through broker Integrated comprise a very significant portion of the total trading by these entities and only negligible/marginal transactions have taken place through other brokers. The details of the entities as obtained from the BSE are tabulated below

No	Name of Client	Client code	Name of directors	Common Links (Address/Phone number/relations)
1.	Geometric Securities & Advisory Service P.Ltd	N18 G001 TNCN18	Manoj Dua	64, Old Anarkali, Krishna Nagar Delhi 110051. Phone : 9871396179
2.	Camphar Securities & Adv Pvt Ltd	C034 CC/C034 TNCN19	Manoj Dua	64,Old Anarkali, Krishna Nagar Delhi 110051 Ph. 011-22419120 011-55272844
3.	B.R.Financial Service.Pvt.Ltd	CC/B001	Lalit Dua	64,Old Anarkali, Krishna Nagar Delhi 110051
4.	Dyna Cables Ltd	TNCC104 CC/D003 D003	P.S Tandon & Lalit Dua	64,Old Anarkali, Krishna Nagar Delhi 110051 Ph. 9810615759
5.	Ganga Infin Pvt Ltd	CC/G008	Balraj jain	63,Shankar Market, Cannaught Place Delhi 110001 Ph. 31072699



6.	Innovative Money Matters P.Ltd	CC/I021	Sanjay Kumar	A-B/202,Janakpuri Delhi 110058, Ph. 31072699
7.	JKC Leasing & Sec.Ltd	CC/J006 J006	Lalit Dua	4, Vishvasadan, Dist-Commercial Centere, Janakpuri, New Delhi 58 Ph. 9810615759 304, Vishvasadan, Dist-Commercial Centere, Janakpuri, New Delhi 58 Ph. 9810615759
8.	Lrs Portfolio & Advisory Service P.Ltd	CC/L002 L002 L017	Sanjay Kumar & Lalit Dua	64-Old, Anarkali, Krishna Nagar Delhi 110051 Ph. 011-22419120 Ph. 9810615759
9.	Lalit Dua Huf	CC/L004	Lalit Dua	64-Old, Anarkali, Krishna Nagar Delhi 110051 Ph. 9810615759
10.	Ritu Dua	CC/R018	NA	64-Old, Anarkali, Krishna Nagar Delhi 110051 Ph. 9810615759
11.	Subodh Tripathi	CC/S091	NA	64-Old, Anarkali, Krishna Nagar Delhi 110051
12.	Sparrow Marketing P.Ltd.	CC/S095	Anil sharma	890,Kucha Kabil Attar, Chandni Chowk Delhi 110006
13.	Srs Vijay Sales P.Ltd.	CC/S096	Yashpal sharma	D-223,Gali No- 9,Laxmi Nagar Delhi 110092 Ph. 31072699
14.	Latika Dua	L009	NA	64-Old, Anarkali, Krishna Nagar Delhi 110051 Ph. 9810615759



15.	M/S.L.D. Investments	L018	Lalit Dua	64,Old Anarkali, Krishna Nagar, Delhi 110051 Ph. 22419120
16.	Manoj Dua	M002	NA	64-Old, Anarkali, Krishna Nagar Delhi 110051
17.	Raj Dua	MD002	NA	
18.	Manoj Dua	MD003 MD005	NA	
19.	Ram Dua/ Ramsharan Dua	MD004	NA	
20.	Lalit Dua	L004 L003	NA	
21.	Consolidated Securities Limited	N158 CC/C008	Lalit Dua & Rohit Gupta	8/19 Third Floor Wea Pusa Lane Karol Bagh, New Delhi 16 412,18/12,Wea Arya Samaj Road,Karol Baug, New Delhi 110005. Ph. 26963036

2.6. It may be observed from the above table that among 21 clients, as many as 15 clients have common address. It is also seen that in respect of 6 clients for whom the address is not common, such clients have reported a common phone number or their directors are common. Further, it is also seen from the details given in above table that the broker has assigned different codes to same client.

2.7. Thereafter, a sample examination was undertaken in respect of trading by these entities in these scrips for which the research reports were published in the recent past (May 2005 onwards) by Shri Dua. The transaction by these entities were sought from the exchange (BSE) and the broking firm Integrated Master Securities Ltd for a total of 8 scrips. These scrips are - Samtex Fashions Ltd, Allianz Securities Ltd, Capital Hotels and Developers Ltd, ANG Exports Limited, Jhunjhunwala Vanaspati Limited, Rama Paper Mills Ltd, Triton valves Ltd and Season Furnishing Ltd.

3.0. Examination of the trading pattern of the related entities

3.1.0 Samtex Fashion Ltd

3.1.1 Shri Lalit Dua has published a research analysis dated 04 May 2005 for the scrip Samtex Fashion Ltd giving *Buy* recommendation on the stock. The closing price of



the scrip on May 03, 2005 was Rs. 29.55/-. Another supplementary report on this scrip, highlighting the growth prospects of the company was also published subsequently on July 13, 2005.

- 3.1.2 Samtex Fashion Ltd is a Delhi based company. The company is engaged in business of manufacturing of Men's & Women's structured garments. The face value of the scrip is Rs.10/-. From the price volume details it was noted that the company shares were thinly traded prior to month of May 2005. For the month of April 2005 the average volume traded was 36625 shares and the highest closing price of scrip was Rs.32.60 and lowest price was Rs. 21.95. It is observed that the price of the scrip increased to Rs.40.55 on June 30, 2005. Similarly rise in volume in the scrip was also observed in the month of June 2005. The average daily volume traded in the scrip at the exchange was 48450 shares during June 2005. The volume of scrip increased to 654832 shares and closing price was Rs.54.20 on July 12, 2005.
- 3.1.3 The trade data for the scrip for the period during April 2005 –July 2005 by these clients were examined. It was noticed that major broker through whom these clients have traded in the scrip was Integrated Masters Securities Ltd.
- 3.1.4 A sharp rise in volume in the scrip was observed on April 06, 2005 and April 13, 2005. Further it was observed that broker Integrated Masters Securities Ltd. has purchased 1,72,000 shares accounting for 99.46% of the market volume of 1,72,925 shares. Upon perusal of the transactions of the broker it is observed that the broker has done cross deals for his clients. The broker has purchased 1,65,000 shares on behalf of its client, *Consolidated Securities Ltd*, (Director: Rohit Gupta and Lalit Dua) and sold 1,65,000 shares on behalf of persons acting in concert or connected to promoter (of Samtex Fashion Ltd) related entities namely, Anju Mittal and Rama Mittal. These 2 entities sold 85,000 shares and 80,000 shares respectively. This deal constitutes 95% of the market volume for the day. It is pertinent to note that all these transactions were opening trades and were executed at Rs. 19.85.
- 3.1.5 Similarly, on April 13, 2005 the Broker Integrated Master Securities (P) Ltd bought 1,66,787 shares accounting for 81.90% of the market volume of 2,03,638 shares. It dealt on behalf of its client, Consolidated Securities Ltd which brought 1,58,123 shares, the major counter party to the trades being the same broker i.e Integrated Master Securities (P) Ltd. dealing for clients Suresh Goel (Promoter / Director of the Samtex Fashion Ltd), Sameer Goel & Rachna Goel (Director-Sincerely Finance & Investment (P) Ltd), who sold 60,000 shares, 20,000 shares and 55,000 shares respectively. These clients were classified under the promoter's categories in the distribution schedule of the company. Exchange has also reported that all these clients are connected to the company promoter / Directors. The trades were executed in the price range of Rs. 23.80 to Rs. 23.90 i.e at the prevailing market price levels.
- 3.1.6 It was also observed that the buying client Consolidated Securities Ltd. (Directors: Rohit Gupta and Lalit Dua), had made substantial purchases in the shares of



Samtex prior to the recommendation. Transactions data from April 1,2005 to April 25,2005 is summarised as follows:

Date	Avg. Rate	Buy Quantity	Sell Quantity
01-Apr-05	21.53	5530	
	21.97		17955
05-Apr-05	21.85	15000	
	22.80		27628
06-Apr-05	19.85	165000	
11-Apr-05	22.32	2350	
13-Apr-05	23.96	158123	
25-Apr-05	33.10	4000	4000
Total		350003	49583

It is thus significant to note substantial buying by the Lalit Dua related entity - Consolidated Securities (substantially through cross deals) from the entities relating to the company, prior to the publication of the research report by Shri Dua

3.1.7 The post recommendation (The first report was published on May 4, 2005) transaction of Consolidated securities Ltd in the scrip are given below:

Date	Gross Buy	Purchase rate	Gross Sale	Sales Rate	Net Sale	Exchange Volume
5-May-05			1000	33.82	-1000	104288
6-May-05	34278	34.2	34219	35.21	59	136317
9-May-05			41458	35.74	-41458	97387
10-May-05	15161	36.03	54981	35.48	-39820	105540
11-May-05	800	33.53	800	34.97	0	32323
13-May-05	34279	36	31782	36.57	2497	75307
16-May-05	324429	37.28	75640	39.09	248789	476452
17-May-05	8250	39.05	44889	39	-36639	106161
18-May-05			9371	37.26	-9371	29541
19-May-05	102025	39.98	110017	39.8	-7992	175192
20-May-05	105364	42.84	59843	41.68	45521	209827
23-May-05	5705	42.44	44254	42.91	-38549	89240
24-May-05	1063	40.53	5200	41.97	-4137	46213
25-May-05			12350	39.04	-12350	62840
31-May-05	2000	37.03			2000	25935
1-Jun-05			2000	37.27	-2000	26558
4-Jun-05	15000	39.75	21664	39.55	-6664	53619
6-Jun-05			22859	39.28	-22859	48409



7-Jun-05			3400	38.55	-3400	23206
8-Jun-05			1500	38.42	-1500	25485
9-Jun-05			9720	38.61	-9720	45042
10-Jun-05	10000	38.9	2000	38.47	8000	31356
13-Jun-05	50322	38.4	2649	38.37	47673	60634
14-Jun-05	26772	39.09			26772	74682
15-Jun-05	32410	39.1	12010	41.73	20400	222463
16-Jun-05	9926	40.33	18710	40.2	-8784	62760
20-Jun-05	14787	38.96	4500	39.72	10287	72327
22-Jun-05	10250	40.03			10250	40444
23-Jun-05	3915	38.53			3915	34625
27-Jun-05	8000	38.03			8000	21697
28-Jun-05	5630	37.13			5630	20926
29-Jun-05	11850	38.22			11850	66769
12-Jul-05			50066	54.1	-50066	654832
14-Jul-05			33963	52.68	-33963	245807
15-Jul-05			33839	52.06	-33839	158811
18-Jul-05			33771	52.58	-33771	609841
19-Jul-05			28890	55.8	-28890	276964
20-Jul-05			34000	57.5	-34000	193501
21-Jul-05			33000	53.46	-33000	119941
22-Jul-05			32387	50.26	-32387	208555
25-Jul-05			33546	49.24	-33546	98795
26-Jul-05			32990	46.46	-32990	114932
27-Jul-05			33000	46.39	-33000	49530
29-Jul-05			33000	45.96	-33000	61585
1-Aug-05			33997	46.59	-33997	66928
2-Aug-05			33000	47.06	-33000	66540
8-Aug-05			23633	43.04	-23633	71836
9-Aug-05			23633	43.76	-23633	72008
10-Aug-05			20000	44.21	-20000	44207
11-Aug-05			23633	44.49	-23633	51421
12-Aug-05			23633	43.71	-23633	61233
16-Aug-05			21200	44.11	-21200	89651
24-Aug-05	945	39.32	945	39.19	0	55863
13-Sep-05			31498	48.58	-31498	190287
	833161		1274440		-441279	



- 3.1.8 It is noticed from the above table that the client Consolidated Securities Ltd has transacted in the scrip in substantial quantity during May-August 2005. It is pertinent to note that the Consolidated Securities Ltd was net seller of 4,41,279 shares during the post recommendation period. It has bought 8,33,161 shares and sold 12,74,440 shares.
- 3.1.9 It is observed that the said client has started offloading from July 12, 2005 onward. However it is relevant to note that the research report dated May 04, 2005 and July 13, 2005 projected that Samtex Fashion Ltd has a bright future. (The price of scrip touched its peak on July 20, 2005 to Rs.60; currently the scrip is being traded at Rs.30/- and last two weeks average quantity is 23486 shares per day).

3.1.10 Shareholding Pattern of the company:

Description as on	March 31, 2005		June 30, 2005	
	No of Shares	% of Holding	No of Shares	% of Holding
Foreign Shareholders	5750	0.08	23926	0.35
Institutions	341400	4.95	28124	0.41
Govt Holding	0	0	0	0
Non Promoter Corporate Holding	807111	11.7	1537071	22.28
Promoters	3834200	55.57	3234400	46.88
Public & Others	1911539	27.7	2076479	30.09
Total	6900000	100	6900000	100

- 3.1.11 From the above table it is seen that the shareholding of promoter group has decreased substantially from 55.57% to 46.88%. There is thus a significant decline in the shareholdings by promoter group. Further there is sharp increase in the shareholding of Non- promoting corporate bodies. From the analysis of shareholders having more than 1% shareholding in the company it is noted that Consolidated Securities' shareholding was 2.04 % at the quarter ending March 2005 which increased to 8.93 %(largest single shareholder) Quarter ending June 2005. The name of Consolidated Securities does not appear in the list of shareholders having more than 1% of shareholding in the company at the end of quarter ending September 2005.
- 3.1.12 From the foregoing findings, it is evident that there is a well orchestrated scheme on part of the research analyst to mislead investors and profit at their expense. Firstly, related entities build up substantial position in the shares of a non-descript company. This building up of positions is done substantially via cross deals from promoters (who are selling shares). Some market purchases are also carried out. Thereafter, a buy recommendation is given on the stock touting positive developments in the company. Subsequent to these recommendations,



these entities offload shares to unsuspecting investors. The offloading is done at higher prices than the prices at which shares were purchased initially prior to the recommendations.

- 3.1.13 It is also significant to note that Consolidated Securities Ltd, wherein Lalit Shri Dua is a director has decreased its shareholding in the company within the three months – this is the period for which Shri Dua has given buy recommendation stating the company has bright future.
- 3.1.14 Further it is also noted that the company – Samtex does not seem to have disclosed the transactions by Consolidated Securities Ltd to the exchange which is mandatory under the SEBI (Prohibition of Insider Trading) Regulations, 1992. The regulation requires company to make disclosures if an entity acquires 5% or more than 5% of shares of a listed company. Under the SEBI regulations it is also mandatory to disclose the change in shareholding in respect of persons holding more than 5% shares in a listed company. This fact coupled with substantial transactions by Consolidated before and after the recommendations, sale by promoters gives rise to suspicions of complicity between the company, promoters and Consolidated Securities. This needs to be examined further.

3.2.0 **Allianz Securities Ltd**

- 3.2.1 Shri Dua had published a research analysis of the scrip Allianz Securities Ltd on June 01, 2005 giving *Buy* recommendation. The prevailing market price was 16/- share.
- 3.2.2 Allianz securities Ltd is a Delhi based company. It is engaged in the business of finance and investment. The face value of the scrip is Rs.6/- each share. The company is the member broker of National Stock Exchange and OTCEI. The company is also a registered with SEBI as a Merchant Banker. From the price volume details it was noted that the company shares were thinly traded prior to month of May 2005. The average volume traded for the month of April 2005 was 4468 shares and the highest closing price of scrip was Rs.10.23 and lowest price was Rs.9.26. The average volume traded for the month of June 2005 was 124060 shares. The price of scrip had increased to Rs.75 on July 26, 2005, while the volume was 1666218 shares on June 08, 2005.
- 3.2.3 Transactions data for the trading in scrip for the period during April 2005 – August 2005 by the 21 related clients were sought from exchange. It was seen that in this scrip, a total of 9 among these 21 have transacted during the period of examination. The major broker through which these clients have traded in the scrip was Integrated Masters Securities Ltd.
- 3.2.4 The transactions in the scrip by these entities are tabulated below:

S. No	Client Name	Buy quantity	Sell quantity
	April 01-June 01, 2005		
1.	Camphar Sec.& Adv.P.Ltd.	28916	28916



2.	Consolidated Securities Ltd	5000	43502
3.	Geometric Securities	46638	220939
	Total	80554	2,93,357
	June 02, 2005- August 2005		
1.	Camphar Sec. and Adv.P.Ltd.	6000	6000
2.	Consolidated Securities Ltd	216763	179261
3.	Ganga Infin Pvt Ltd	104178	104178
4.	Innovative Money Matters P.Ltd	173728	1006700
5.	Sparrow Marketing P.Ltd.	196599	173728
6.	SRS Vijay Sales P.Ltd.	277501	196599
7.	Manoj Dua	11700	227401
8.	Geometric Securities	100	13960
9.	Lrs Portfolio & Adv. Serv. Ltd.	156164	156164
	Total	1142733	20,63,991
	Grand Total	1223287	2357348

- 3.2.5 From the table above it may be noted that even though Shri Dua has given a buy recommendation on the stocks his associated entities has sold substantial quantities of shares in the scrip. It is further significant to note that these entities have accumulated some shares prior to the recommendation given by Shri Dua. During April- august 2005 these entities had bought 12.23 lacs shares and sold 23.57 lacs shares. Prior to the recommendation given by Shri Dua, these entities has bought 80554 shares and sold 2.93 lacs shares. During post recommendation (June 02, 2005- August 2005) period these entities had bought 11.42 lacs shares and sold 20.63 lacs shares.
- 3.2.6 It also has been noticed that the trading constituted a major part of exchange volume. Total exchange volume during the period was 4593997. These entities has bought 1223287 shares amounting to 26.6% and sold 2357348 shares amounting to 51.3% of exchange volume.
- 3.2.7 Shareholding Pattern of the company:



Description as on	June 30, 2005		September 30, 2005	
	No of Shares	% of Holding	No of Shares	% of Holding
Foreign Shareholding	173248	1.63	787160	7.42
Institutions Shareholding	9600	0.09	304400	2.87
Govt Holding	0	0	0	0
Non Promoter Corporate Holding	1408931	13.28	1390860	13.11
Promoters Shareholding	4776230	45	3780500	35.62
Public & Others Shareholding	4245091	40	4350180	41
Total	10613100	100	10613100	100

3.2.8 From the above table it is noted that the shareholding of promoter group has decreased substantially from 45% to 35.62%. There is thus a significant decline in the shareholdings by promoter group. From the analysis of shareholders having more than 1% shareholding in the company it is noted that Innovative Money Matters P.Ltd's shareholding (a related entity to Shri Dua) was 10.15 % (largest single shareholder excluding promoting company Allianz Capital & Management Service Ltd) at the quarter ending March 2005 which decreased to 7.33% at the quarter ending June 2005. The name of Innovative Money Matters P.Ltd does not appear in the list of shareholders having more than 1% of shareholding in the company at the end of quarter ending September 2005. It is also observed that Geometric Securities & Advisory Pvt Ltd's shareholding in the company was 1.63% at the end of the quarter March 2005 but the name of Geometric securities does not appears in the list of shareholders having more than 1% of shareholding in the company at the end of quarter ending June 2005.

3.2.9 Further it is also noted that the company – Allianz does not seems to have disclosed the transactions by Innovative Money Matters P.Ltd to the exchange which is mandatory under the SEBI (Prohibition of Insider Trading) Regulations, 1992. The regulation requires company to disclose the change in shareholding in respect of persons holding more than 5% shares in a listed company. This fact coupled with substantial transactions by Innovative before and after the recommendations, transactions by promoters gives rise to suspicions of complicity between the company, promoters and Innovative Money Matters P.Ltd. This needs to be examined further.

3.3.0 **Capital Hotels and Development Ltd**

3.3.1 Shri Dua has published a research analysis of the scrip Capital Hotels and Development Ltd on August 03, 2005 giving *Buy* recommendation with in one year perspective. The closing price of the scrip on August 02, 2005 was Rs.5.63/-



- 3.3.2 Capital Hotels and Development Ltd is a Delhi based company. It is engaged in the business of construction and housing. The face value of the scrip is Rs.2/- each share. From the price volume details available with the exchange it was noted that the company shares was thinly traded prior to month of July 2005. The average volume traded for the month of June 2005 was 17,087 shares and the highest closing price of scrip was Rs.3.24 and lowest price was Rs.1.84. The average volume traded for the month of July and august 2005 were 25305 and 213916 shares respectively.
- 3.3.3 Transactions data for the trading in scrip for the period during June 2005 – September 2005 by the 21 related clients were sought from exchange. It was seen that in this scrip, a total of 9 among the 21 clients have transacted during the period of examination. The major broker through which these clients have traded in the scrip was Integrated Masters Securities Ltd.
- 3.3.4 From the following table it may be observed that the even though the Shri Dua has given a buy recommendation these group associated with them has sold shares in large quantities. It also has been noticed that it constitutes a major part of exchange volume.
- 3.3.5 The transactions details prior to and post recommendation are tabulated below:

	Client Name	Buy quantity	Sell quantity
	June 2005-August 02, 2005		
1.	Srs Vijay Sales P.Ltd.	50000	50000
2.	Ganga Infin Pvt Ltd	13530	13530
3.	Camphar Sec & Adv Pvt Ltd	51501	6646
4.	Consolidated Securities Ltd.		89951
5.	Geometric Securities	47220	22984
6.	JKC Leasing & Sec. Ltd.	1000	1000
7.	Manoj Dua	500	500
	Total	48720	184611
	August 03, 2005 –September 2005		
1.	Camphar Sec & Adv Pvt Ltd	1	44856
2.	Consolidated Securities Ltd.		66800
3.	Sparrow Marketing P.Ltd.	40188	40191
4.	Geometric Securities	8000	35316
5.	Srs Vijay Sales P.Ltd.	5900	5900
6.	Ganga Infin Pvt Ltd	3270	3270
7.	Latika Dua	8000	
8.	Manoj Dua	2500	
	Total	67859	196330
	Grand Total	116579	380941



- 3.3.6 From the table above it may be noted that even though Shri Dua has given a buy recommendation, the associated entities has sold shares in the scrip. It is further significant to note that these entities have accumulated some shares prior to the recommendation given by Shri Dua. During June – September 2005 these entities had bought 1.16 lacs shares and sold 3.8 lacs shares. Prior to the recommendation given by Shri Dua these entities has bought 48720 shares and sold 1.8 lacs shares. During post recommendation (August 03, 2005 –September 2005) period these entities had bought 67859 lacs shares and sold 1.96 lacs shares.
- 3.3.7 It is further pertinent to note that buy recommendation was given for a one year perspective. However, curiously, sale transactions by related entities have taken place immediately after the recommendation in large quantities. It is further noted that these entities have some shares accumulated prior to the recommendation given by Shri Dua.
- 3.3.8 Shareholding pattern of the company:

Description as on	June 30, 2005		September 30, 2005	
	No of Shares	% of Holding	No of Shares	% of Holding
Shareholders				
Foreign	15900	0.23	33231	0.49
Institutions	80800	1.19	19514	0.29
Non Promoter Corporate Holding	1429304	21.06	775549	11.43
Promoters	4314220	63.56	4116620	60.65
Public & Others	947806	13.96	1843116	27.15
Total	6788030	100	6788030	100

- 3.3.9 From the above table it is noted that the shareholding of promoter group has decreased substantially from 43.12 lacs (63.56 %) to 41.16 lacs (60.65%). Further it is noticed that the shareholding of non promoting corporate bodies has decreased from 21.06 % to 11.43% at the quarter ending September 2005. Shri Gaurav Mittal, director of the company has sold its complete shareholding 109000 (1.61%) during the quarter ending September 2005.
- 3.4.0 **Season Furnishing Ltd**
- 3.4.1 Shri Dua had published a research analysis of the scrip Season Furnishing Ltd on 30 Aug 2005 giving Buy recommendation. The closing price of scrip on August 29, 2005 was Rs.19.6/-
- 3.4.2 Season Furnishing Ltd is a Delhi based company. It is in the business of textiles. The face value of the scrip is Rs10/- each share. From the price volume details available with the exchange it was noted that the company shares were thinly



- traded prior to month of July 2005. The average volume traded for the month of May and June 2005 was 28630 and 133625 shares respectively.
- 3.4.3 The trade data for the scrip for the period during June 2005 –September 2005 by these 21 clients were sought from the exchange. It was seen that in this scrip, a total of four among the 21 clients have transacted during the period of examination. The major broker through which these clients have traded in the scrip was Integrated Masters Securities Ltd.
- 3.4.4 From the following table it may be observed that the even though Shri Dua has given a buy recommendation, the group associated with him has sold shares in large quantities. Transactions details prior to and post recommendation are given below:

Client Name	buy	Sell
June 2005-August 29, 2005		
Sparrow Marketing P.Ltd.	58272	
Srs Vijay Sales P.Ltd.	39639	58272
Geometric Securities	2450	200
Ganga Infin Pvt Ltd	37649	
Total	138010	58472
August 30, 2005 –September 2005		
Ganga Infin Pvt Ltd		37649
SRS Vijay Sales P.Ltd.	33575	79687
Geometric Securities		2250
Total	33575	119586
Grand Total	171585	178058

- 3.4.5 From the table above it may be noted that even though Shri Dua has given a buy recommendation, the associated entities has sold shares in the scrip.
- 3.4.6 Shareholding Pattern of the company:



Description as on	June 30, 2005		September 30, 2005	
	No of Shares	% of Holding	No of Shares	% of Holding
Foreign Shareholding	0	0.00	0	0.00
Institutions	34912	0.65	43863	0.85
Govt Holding	35100	0.66	0	0.00
Non Promoter Corporate Holding	1932439	36.09	1534582	29.83
Promoters	1182800	22.09	739100	14.37
Public & Others	2169249	40.51	2826355	54.95
Total	5354500	100	5354500	100

- 3.4.7 From the above table it is noted that the shareholding of promoter group has decreased substantially from 11.8 lacs (22.09%) to 7.3 lacs (14.37%), a significant decline of shareholding by the promoters. Further it is noticed that the shareholding of non promoting corporate bodies has decreased from 36.09 % to 29.83% at the quarter ending September 2005. Integrated Masters Securities Ltd (broking firm) was holding 533771 shares (9.97%) at the end of the quarter June 2005. The name of Integrated Masters Securities Ltd does not appear in the list of the shareholders holding more than 1% shares in the company at the quarter ending September 2005. It is also observed prima facie that P. S Tandon, Director of Dyna Cables Ltd wherein Shri Lalit Dua is also Director appears in the list of shareholders with more than 1% at the quarter ending June 2005. This name does not figure in the list at the end of quarter September 2005.

3.5.0 *Jhunhunwala Vanaspati Limited*

- 3.5.1 Shri Dua had published a research analysis of the scrip Jhunhunwala Vanaspati Limited on July 01, 2005 giving *Hold* recommendation and the recommended price was Rs.32/- share.
- 3.5.2 Jhunhunwala Vanaspati Limited is a Delhi based company. It is engaged in the business of finance and investment. The face value of the scrip is Rs.10/- each share. From the price volume details available with the exchange it was noted that the company shares was thinly traded prior to month of May 2005. The average volume traded for the month of April and May 2005 was 20132 and 35890 shares. In June 2005 the average trading volume were 117186 shares.
- 3.5.3 The trade data for the scrip for the period during June 2005 –September 2005 by these 21 clients were sought from exchange. It was seen that in this scrip, a total of 9 among the 21 clients have transacted during the period of examination. The major broker through which these clients have traded in the scrip was Integrated Masters Securities Ltd
- 3.5.4 Transactions details prior to and post recommendation:

S. No.	Name of Clients	Buy	Sell
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June 2005- June 22, 2005			
1.	Dyna Cable Ltd.	500	
2.	Geometric Securities	9475	3921
	Total	9975	3921
June 23, 2005– September 2005			
1.	B.R.Financial Serv.P.Ltd.	3950	3950
2.	Camphar Sec & Adv Pvt Ltd		34400
3.	Consolidated Securities Ltd.	1689	4689
4.	Dyna Cable Ltd.		500
5.	Geometric Securities	3697	69265
6.	Lrs Portfolio & Adv. Serv. Ltd.	2582	137282
7.	Lalit Dua	2000	
8.	M/S.L. D. Investments Ltd	2100	
9.	Manoj Dua	500	
	Total	16518	250086
	Grand Total	26493	254007

3.5.5 From the table above it may be noted that even though Shri Dua has given a buy recommendation, the associated entities has sold shares in the scrip. It is further significant to note that these entities have accumulated some shares prior to the recommendation given by Shri Dua. During June – September 2005 these entities had bought 26493 shares and sold 2.5 lacs shares. Prior to the recommendation given by Shri Dua these entities has bought 9975 shares and sold 3921 shares. During post recommendation (June 23, 2005 – September 2005) period these entities had bought 26493 shares and sold 2.54 lacs shares.

3.6.0 **Rama Paper Mills Ltd**

3.6.1 Shri Dua *LRS Research* has published a research analysis of the scrip Rama Paper Mills Limited on May 18, 2005 giving HOLD recommendation and the recommended price was Rs.36/- share.

3.6.2 Rama Paper Mills Limited is a Uttar Pradesh based company. It is engaged in the business of Paper manufacturing. The face value of the scrip is Rs.10/- each share. From the price volume details available with the exchange it was noted that the company shares was thinly traded prior to month of May 2005.

3.6.3 The trade data for the scrip for the period during April 2005 –August 2005 by these 21 clients were sought from exchange. It was seen that in this scrip, a total of 5 among these 21 have transacted during the period of examination. The major broker through which these clients have traded in the scrip was Integrated Masters Securities Ltd

3.6.4 Transactions details prior to and post recommendation:

S. No.	Name Of Entities	Buy	Sell
	April 2005 - May 19, 2005		
1	Camphar Sec & Adv Pvt Ltd	18600	9500
2	Dyna Cable Ltd.	32500	
3	Geometric Securities	26500	23500
4	Lrs Portfolio & Adv.Serv.Ltd.	2500	100
	Total	80100	33100
	May 19, 2005- August 2005		
1	Camphar Sec & Adv Pvt Ltd	26000	40400
2	Consolidated Securities Ltd.	56400	14100
3	Geometric Securities	110600	89300
4	Dyna Cable Ltd.		2000
5	LRS Portfolio & Adv. Serv. Ltd.		4000
	Total	193000	149800
	Grand Total	99400	182900

3.6.5 From the table above it may be noted that even though Shri Dua has given a buy recommendation, the associated entities has sold shares in the scrip. It is further noted that these entities has accumulated shares prior to the recommendation given by Shri Dua.

3.6.6 BSE website does not give the distribution schedule of the company from March 2004 onwards. It appears that the company has not filed its distribution schedule to the exchange after March 2004. Thus the company seems to have violated the listing agreement.

3.7.0 Triton valves Ltd

3.7.1 Shri Dua has published a research analysis dated July 18, 2005 for the scrip Triton Valve Limited indicating it is good scrip in near future by stating “we are of the opinion that Triton valves would eventually attain industry composite P/E level .Thus even without any triggers the present growth, earnings, profitability itself should take it to the valuation a market leader should command which means doubling of the price from current levels”. The closing price of scrip was Rs. 1323.55 on July 15, 2005.

3.7.2 Triton Valve Limited is a Karnataka based company. It is engaged in the business of Auto Ancillary manufacturing. The face value of the scrip is Rs.10/- each share. From the price volume details available with the exchange it was noted that the company shares was thinly traded prior to month of May 2005. The average volume traded in scrip for the month of April 2005 and May 2005 were 221 and 142 shares respectively. Increase in price and volume was observed during the month of June and July 2005. The average volume of scrip for these two months was 2724 and 4554 shares.

3.7.3 The trade data for the scrip for the period during June 2005 –September 2005 by these 21 clients were sought. It was seen that in this scrip, a total of 4 among the 21 clients have transacted in the scrip during the period of examination. The major broker through which these clients have traded in the scrip was Integrated Masters Securities Ltd

3.7.4 Transactions details prior to and post recommendation:

S.No	Name Of Entities	Buy	Sell
June 2005 –July 17, 2005			
1	Camphar Sec & Adv Pvt Ltd	244	50
2	Consolidated Securities Ltd.	6000	
3	Geometric Securities	1682	1428
	Total	7926	1478
July 18, 2005- September 2005			
1	Camphar Sec & Adv Pvt Ltd		243
2	Consolidated Securities Ltd.		6000
3	Geometric Securities	553	758
4	LRS Portfolio & Adv. Serv. Ltd.	97	97
	Total	650	7098
	Grand Total	8576	8576

Other than the above transactions during the post recommendation period it is observed that Shri Lalit Dua, Latika Dua and Manoj Dua has bought 100, 40 and 50 shares respectively. It is pertinent to note that these related entities has bought shares prior to the recommendation and sold shares during the post recommendation period.

3.7.5 In the scrip, no substantial change has been noticed in the shareholding pattern of the promoters of the company.

3.8.0 **ANG Export Ltd**

3.8.1 Shri Dua has published a research analysis of the scrip ANG Export Ltd on July 11, 2005. It is pertinent to note that this research report does not give any specific Buy/Sell/Hold recommendations. The closing price of the scrip on July 08, 2005 was Rs.61.2/-. However, in the subsequent research reports, wherein summary of previous research reports were given, Shri Dua has recommended “to book profit in the scrip and switch to Samtex”.

3.8.2 ANG Export Ltd is a Delhi based company. It is engaged in the business of Auto Ancillary manufacturing. The face value of the scrip is Rs.10/- each share. From the price volume details available with the exchange it was noted that the company shares was thinly traded prior to month of May 2005. The average volume traded in scrip for the month of April 2005 and May 2005



were 3447 and 9094 shares respectively. Increase in price and volume was observed during the month of June and July 2005. The average volume of scrip for these two months was 20931 and 30614 shares.

- 3.8.3 The trade data for the scrip for the period during July 2005 –September 2005 by these 21 clients were sought from exchange. Two clients have transacted in this scrip during the period of examination. The major broker through which these clients have traded in the scrip was Integrated Masters Securities Ltd
- 3.8.4 It is observed that Consolidated Securities Ltd has sold 65,707 shares on July 08, 2005 prior to the recommendation by Shri Dua. As indicated earlier the recommendation in the scrip was booking profit by selling ANG export and moving to Samtex; however Consolidated Securities has not purchased shares of Samtex instead it sold in substantial quantity in the scrip. This has been brought out in the earlier section of the order.

4.0 Information received from Shri Dua

- 4.1 During the course of preliminary inquiries, information was sought from Shri Dua and LRS Portfolio seeking details of their transactions as well as those of their associate entities in the scrips for which recommendations were given by Shri Dua.
- 4.2 Though he reportedly gave details in respect of shares held and transacted by him and his associates, the table herein below as reproduced from the reported numbers would indicate that he did not give the details of associated entities as claimed.

No	Scrip Name	Lalit Dua Comments/ Recommendation	No. of Shares Held at The Time Of recommendations
1.	Jhunjhunwala Vanaspati	Major player in Vanaspati	134700
2.	Rama Paper Mills	Turn around company in paper	18800
3.	Capital Hotel & Development	Housing company with focus on pilgrimage tourism	0
4.	Samtex Fashions Ltd	A diversified company with manufacturing facilities of garments and rice	0
5.	ANG Export	Fairly priced	0
6.	Season Furnishing Ltd.	Emerging retail storey in home textiles	0
7.	Allianz Sec. Ltd.	A Merchant Banking Company with focus on fee base income	0
8.	Samtex Fashions	A diversified company with manufacturing facilities of	0



		garments and rice	
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As brought out earlier, associated entities were holding substantial shares in the companies in which recommendations were made. Shri Dua was a director in several such associate entities such as Dyna Cables, Consolidated Securities, JKC Leasing and Securities Ltd., B R Financial Ltd, LD Investment Ltd and LRS Securities etc. Thus, Shri Dua has attempted to mislead the investigation by providing incorrect information. Further, it is also indicative of an attempt to conceal information and hamper investigation

5.0. Conclusion

- 5.1. The findings of the preliminary analysis as elucidated bring out a carefully crafted and well orchestrated plan by Shri Lalit Dua to mislead unsuspecting investors and gain at their expense. The plan has been executed in 3 stages. Firstly, Shri Dua and his associate entities build up positions in low capital /penny stocks of non descript companies which are infrequently traded and devoid of any investor interest. This position build up is done either by purchasing shares from the promoters of the company or from the market at low prices. Thereafter, buy recommendations are given by Shri Dua on the stock complemented by some favourable /forward looking statements on the performance and future prospects of the company. This generates interest in the trading of such stocks and induces lay investors to commence transactions in such stocks. This lead to upward movement in the price and volume of such stocks. Finally, the associate entities start offloading stock at the higher prices created as a result of induced demand for the penny stocks.
- 5.2. A clearly negative correlation is noticeable between the trading pattern of Shri Lalit Dua and his associate entities and the investment recommendations given by him. While Shri Dua has been advising the market to buy a stock, his associated entities have sold the stock in large quantities. This indicates an obvious attempt to hoodwink the investors through investment recommendations and make unfair gains at the cost of unsuspecting investors. The preliminary findings thus bring out a prima facie case of violation of SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to securities market) Regulations, 2003.
- 5.3. Another important finding is the role of the promoters of the company in the scheme of things. In the case of Samtex Fashion Ltd., substantial transactions in the nature of cross deals between the promoter of the company and entities relating to Shri Dua were noticed. Additionally, in other scrips, substantial decline of promoter's shareholding was also observed. In some of these companies, it was noticed that the majority of entities related to Dua

were major shareholders in the companies prior to the recommendation and then a sharp decline in their shareholdings was observed, post recommendation. This issue needs to be looked into further to examine any possible nexus between the promoters of such companies and Shri Dua/ associate entities.

- 5.4. Further, two companies under question namely – Samtex Fashion Ltd and Allianz securities Ltd have not made disclosures as required under the SEBI (Prohibition of Insider Trading) Regulations, 1992. Consolidated Securities has not disclosed its substantial sales in Samtex and Innovative Money Matters P.Ltd in Allianz Securities Ltd
- 5.5. SEBI has prescribed certain disclosure requirements for the intermediaries through its regulations to take care of such situation as detailed above. The regulations require that the intermediaries or their employees shall not render directly or indirectly any investment advice about any security in the publicly accessible media, whether real time or non-real-time, unless a disclosure of his long or short position in the said security has been made, while rendering such advice. While making investment recommendations on securities in the said website, Shri Dua has not disclosed his interest or the interest of his family members in the securities. Significantly, during the course of preliminary inquiry, despite specific instructions, Shri Dua did not disclose the details of the portfolio of associate entities. This indicates an obvious attempt to conceal information and hamper investigation as well as to defeat the purpose of the regulations.
- 5.6. In view of the fact that Shri Dua is a director of LRS Portfolio & Advisory Ltd., which is a SEBI registered Sub broker with NSE, the intermediary has violated clause B(7A) of the Code of Conduct for Stock Brokers as given in Schedule III read with regulation 15 of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.
- 5.7. It is apparent that Shri Dua through LRS Portfolio is purveying information to the public which he himself does not appear to believe to be true. The only possible ulterior motive for Shri Dua to employ such an artifice appears to be for making unfair gains for himself and associated entities at the cost of lay investors. The act of Shri Dua and his associate entities thus is in violation of Regulation 4(2) (f) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, which reads as follows:



“Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely... publishing or causing to publish or reporting or causing to report by a person dealing in securities, **any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities.**”

5.8. The aforesaid provisions of both the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 are important provisions which are aimed at ensuring market integrity and protecting the lay investors. If Shri Dua or any of his associated entities could brazenly breach them with unfailing regularity, it bodes ill for market integrity and presents an hazardous situation for the investors.

5.9. SEBI is initiating formal investigation into the matter. In the meanwhile, having regard to the finding of the preliminary analysis, it is apprehended that lay investors could be further misled, particularly having regard to the present state of the market. SEBI being the regulator has the responsibility to expedite proactive measures to prevent such persons from further misleading the investors and compromising the integrity of the market. Accordingly, having regard to the materiality of circumstances of the case, I feel that immediate action is warranted to safeguard the interest of the investing public, before things become intractable.

6.0. **ORDER**

6.1. Therefore, in exercise of the powers delegated upon me by SEBI Board in terms of Section 19 of the Securities and Exchange Board of India Act 1992 read with Section 11B, 11(4)(b) and 11D, I hereby, pending investigation and passing of final order, by way of ad interim, ex-parte order, direct Shri Lalit Dua to cease and desist from giving any recommendations about any investment in the securities market in any public media which amounts to violation of regulation 4(2)(f) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.

6.2. I further direct LRS Portfolio & Advisory Services Ltd to cease and desist from rendering any advice directly and indirectly any investment advice about any security in the publicly accessible media amounting to violation of clause B(7A) of the Code of Conduct for Sub Brokers laid down in Schedule III read with regulation 15 of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.



- 6.3. The promoter associated entities of Samtex Fashions Ltd namely Anju Mittal, Rama Mittal, Suresh Goel and Rachana Goel and Sincerely Finance & Investment P Ltd be prohibited from buying, selling or dealing in any manner in the shares of Samtex Fashions Ltd till further orders are passed by SEBI.
- 6.4. I also take this opportunity to caution investors to take informed investment decisions without being influenced by such recommendations given in the public media.
- 6.5. The website www.indiainfoline.com being a website with a wide reach and especially belonging to a SEBI registered stock broker as well as Portfolio Manager and Merchant banker, has a responsibility cast on them for exercising due care and diligence to ensure that persons with proven credentials of giving fair and truthful information and analysis alone are allowed to give advise on the portal so that the portal is not misused by persons giving advice purely on considerations of personal gains.
- 6.6. The above order shall take effect immediately. However, the entities/persons against whom this order is issued may file their objections, if any, to this order within 15 days from the date of this order and, if they so desire, avail themselves of an opportunity of personal hearing at the Securities and Exchange Board of India, Head Office, First Floor, Mittal Court B Wing, Nariman Point, Mumbai 400 021 on a date and at a time to be fixed on a specific request, to be received in this behalf from the entities/persons within 15 days from the date of this order, in which case their representations shall be considered and a final view taken. If they do not respond within such stipulated time, it shall take final effect against them.

This order shall come into force with immediate effect.

PLACE : MUMBAI
DATE : March 21, 2006

G ANANTHARAMAN
WHOLE-TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA