

SECURITIES AND EXCHANGE BOARD OF INDIA

DIRECTIONS UNDER SECTION 11B OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS 2003 AGAINST SHRI KAILASH CHANDRA AGRAWAL, PARTNER OF M/S ASHOK AMAR & ASSOCIATES, CHARTERED ACCOUNTANTS.

WTM/GA/121/NRO/1/07

1.0 BACKGROUND

- 1.1 Padmini Technologies Limited was formerly incorporated as Padmini Packaging Private Limited. The name of the said company (Padmini Packaging Pvt. Ltd) was changed to Padmini Polymers Pvt. Ltd on December 23, 1992 and it was subsequently changed to Padmini Technologies Ltd. (hereinafter referred to as Padmini) with effect from June 14, 2000. The shares of Padmini were listed inter alia at the Stock Exchange Mumbai, now known as the Bombay Stock Exchange Ltd. (hereinafter referred to as BSE), Delhi Stock Exchange Association Ltd. (hereinafter referred to as DSE), and National Stock Exchange of India Ltd. (hereinafter referred to as NSE).
- 1.2 It was noticed that the share price of Padmini had continuously increased from Rs. 60.95/- on December 13, 1999 to Rs.266/- on March 09, 2000/- at DSE. Thereafter, the price of the said shares had declined to Rs.47/- on May 15, 2000. Subsequently, the price increased from Rs. 60.25/- on June 05, 2000 to Rs.118.10/- on July 06, 2000 and touched a low of Rs. 55.65/- on August 8, 2000. The price of the shares of Padmini had again increased to Rs. 201.55/- on August 29, 2000. The increase in share price of Padmini was coupled with the increase in traded volume at DSE. Similar pattern of trading was observed in all other stock exchanges. The trading in the shares of Padmini, thereby witnessed price fluctuations and unusual price movement at the stock exchanges.
- 1.3 In view of the above unusual price movement, Securities and Exchange Board of India (hereinafter referred to as SEBI) had conducted investigations into the possible price manipulation of the shares of Padmini and inter alia the role of Padmini, its directors and others in respect of the said manipulation. The investigation conducted by SEBI inter alia revealed that the Padmini (erstwhile Padmini Polymers Ltd.) had made preferential allotment of 2,00,00,000 equity shares for cash at par to the following persons/entities in the year 1999 , as per the details mentioned below:- .

SI.no	Allotment Date	Name of allottees	Shares allotted	Paid up value (Rs/share)
1	31.5.1999	Unit Trust of India	2000000	10
2	20.6.1999	Contessa Commercial Co. P Ltd.	900000	2.5
3	-do-	Blumenfeld Ltd.	900000	10
4	-do-	Jiwansagar Promoters Pvt. Ltd.	900000	2.5
5	-do-	Bhagwandas Sagarmal	900000	2.5
6	-do-	Raj Kumar Kishorepuria	900000	2.5
7	-do-	Pramod Kumar Kishorepuria	900000	2.5
8	-do-	Alok Khetan	900000	2.5
9	-do-	Savara Tie-up P Ltd.	900000	2.5
10	-do-	Royal Bengal Exports Pvt. Ltd.	900000	2.5
11	-do-	S Beriwal	900000	2.5
12	-do-	Prakash Kumar Damani (HUF)	900000	2.5
13	-do-	Prakash Kumar Damani,	900000	2.5
14	-do-	Cama Enterprises P Ltd.	900000	2.5
15	-do-	Zinga Chemicals P Ltd	900000	2.5

16	-do-	Hermonite Consultants P Ltd.	900000	2.5
17	-do-	Cherry Marketing P Ltd.	900000	2.5
18	-do-	HT Ferro P Ltd.	900000	2.5
19	-do-	Hermonite Surgicals P Ltd.	900000	2.5
20	-do-	V B Impex P Ltd.	900000	10
21	-do-	J P Promoters P Ltd.	900000	10
			2,00,00,000	

1.4 For the sake of convenience, the aforesaid allottees (except Unit Trust of India) are broadly categorized into the following two groups:

- a) entities at sr. no.2 to 13 - Kolkatta based entities.
- b) entities at sr. no.14 to 21 - Delhi based entities.

1.5 It was observed that Padmini had allotted 1,80,00,000 shares to various entities (other than Unit Trust of India which was allotted 20 lakh shares on May 31, 1999) on June 20, 1999 for cash at par. The said allottees were shown as "other than promoter group". The preferential shares allotted by Padmini were not subject to lock-in, as none of the aforesaid allottees were shown as part of the promoter group of Padmini. The investigation conducted by SEBI inter alia revealed that Padmini had allotted preferential shares to the aforesaid allottees without the actual receipt of any application/allotment money (except from Unit Trust of India). Subsequent to the allotment, the Kolkata based and Delhi based allottees sold the said shares (allotted to them by way of preferential basis) in off-market transactions to various entities including Ketan Parekh (KP) group consisting of Classic Credits Ltd., Panther Fincap & Management Services Ltd. & Triumph International Finance India Ltd. (stock brokers registered with SEBI), who had later introduced the said shares in the secondary market.

1.6 It was also found on an examination of the bank account of all preferential allottees (other than Unit Trust of India) that, in most of the cases, cheques issued by them towards application/allotment money were cleared for payment only after they sold their shares (preferential shares of Padmini). As a matter of fact, the cheques issued by all such allottees (except Unit Trust of India) were cleared or payments were made to Padmini much after the listing of the aforesaid preferential shares of Padmini at DSE on December 23, 1999. The funds received from the KP group and other buyers against the sale of shares were channelised back to the original allottees for making payment towards application/allotment money. After the original allottees had received money against their sale (as aforesaid), their cheques for payment against allotment were presented and realised by Padmini.

1.7 The details regarding the clearance of cheques of Delhi and Kolkata based allottees of the preferential shares of Padmini are mentioned below:

a) Kolkata Based entities

Name of Allottees	No. of Shares Allotted (on 20.6.99)	Amount due to Padmini (Rs.)	Cheque Date	Ctg. Date	Entities to whom shares sold by the respective allottees	Date of sale bills	Date of receipt of payment (D.D.) by allottees
Contessa Commercial	9,00,000	90 lacs	21.5.99	5.1.00	All Seasons Hotels	28.7.99	29.12.99
Blumenfeld	9,00,000	90 lacs	17.5.99	6.1.00	All Seasons Hotels	28.7.99	5.1.00
Jeevan Sagar	9,00,000	22.50 lacs	7.6.99	19.1.00	RN Dychem	25.8.99	7.1.00
Bhagwan Das Sagarmal	9,00,000	22.50 lacs	28.5.99	14.1.00	Shivesh Computers	25.7.99	12.1.00

Raj Kumar Kishorepuria	9,00,000	22.50 lacs	1.6.99	14.1.00	Cross Country Exports	15.7.99	6.1.00
Pramod Kumar Kishorepuria	9,00,000	22.50 lacs	22.5.99	18.1.00	Cross Country Exports	15.9.00	7.1.00
Alok Khetan	9,00,000	22.50 lacs	28.5.99	19.1.00	Shivesh Computers	15.7.99	12.1.00
Royal Bengal Exports	9,00,000	22.50 lacs	3.6.99	18.1.00	DKG Buildcon	25.6.99	12.1.00
Savera Tieup	9,00,000	22.50 lacs	3.6.99	16.3.00	JP Promoters	25.6.99	9.3.00
Sanjeev Beriwal	9,00,000	22.50 lacs	28.5.99	18.1.00	RN Dyechem	25.8.99	17.1.00
Prakash Kumar Damani	9,00,000	22.50 lacs	25.6.99	14.3.00	Mudra Capital	25.8.99	9.3.00
Prakash Kumar Damani(HUF)	9,00,000	22.50 lacs	25.6.99	14.3.00	Mudra Capital	25.8.99	9.3.00

Cheque issued by Blumenfeld Ltd. dated May 17, 1999 was revalidated for January 04, 2000. It has been gathered that a similar *modus operandi* was followed in respect of all other entities.

b) Delhi Based entities:

Name of Allottees	Shares Allotted On 20.6.99	Amount due to Padmini (Rs.)	Cheque Date	Clearing Date	Entities to whom preferential shares were sold by the respective allottees	Shares Sold (at Rs. 20/- each)	Date of sale	Date of receipt of sale consideration (DD date)
Cherry Marketing P Ltd.	9,00,000	22.50 lacs	1.8.99	27.12.99	Panther Fincap	9,00,000	12.10.99	28.12.99
Hermonite Surgicals P Ltd	9,00,000	22.50 lacs	3.8.99	27.12.99	Miscellaneous entities			
Zinga Chemicals P Ltd.	9,00,000	22.50 lacs	2.8.99	27.12.99	Triumph International	3,00,000	18.2.00	8.3.00
Hermonite Consultants P Ltd.	9,00,000	22.50 lacs	2.8.99	27.12.99	Panther Fincap	7,00,000	12.10.99	24.12.99
HT Ferro P Ltd.	9,00,000	22.50 lacs	3.8.99	28.12.99	Triumph International	3,00,000	18.2.00	7.3.00
Cama Enterprises P Ltd.	9,00,000	22.50 lacs	1.8.99	27.12.99	Panther Fincap	9,00,000	12.10.99	24.12.99
M/s VB Impex P Ltd.	9,00,000	90 lacs	21.5.99	11.10.99	Classic Credits Ltd.	9,00,000	12.10.99	24.12.99
M/s JP Promoters P Ltd.	9,00,000	90 lacs	21.5.99	7.3.00	Classic Credits Ltd.	9,00,000	12.10.99	24.12.99

The transactions with Triumph were negotiated cross deals entered by Triumph for its clients Zinga, HT Ferro on one side and SBI Mutual Fund on the other. The transactions with Panther were apparently off-market acquisitions by Panther on its own account.

- 1.8 The preferential shares got listed for trading at DSE (Regional Stock Exchange for Padmini) on December 23, 1999 on the strength of the certificates issued by Shri Kailash Chandra Agrawal, partner of M/s Ashok Amar & Associates, Chartered Accountants (the statutory auditors of Padmini), Padmini and its promoter director (Shri Vivek Nagpal). BSE had given the listing approval for the said preferential shares on December 30, 1999.
- 1.9 It was prima facie observed that, Padmini got its preferential shares listed at various stock exchanges by submitting such certificates which showed the receipt of funds against the allotments, to facilitate off loading of the said shares in the market to investors.
- 1.10 It was found that, Shri Kailash Chandra Agrawal had issued various certificates under his signature certifying the compliance of requirements and the receipt of funds in respect of the aforesaid preferential allotment of Padmini. The details of the certificates issued by Shri Kailash Chandra Agrawal are as under:-

- (A) Certificate dated June 30, 1999 certifying that Padmini had already received Rs.8,52,50,000/- share money in respect of the above preferential allotment. The extracts of the said certificate are mentioned below:

"..... On the basis of our verification, we certify that the Company had already received Rs.8,52,50,000/- Share money in respect of Preferential Issue of 2,00,00,000 new Equity Shares of Rs.10/- per share aggregating Rs. 20,00,00,000/- , as per details given below:

Number of shares	Amount (Rs.)- per share	Total Amount (Rs.)
47,00,000	10.00	4,70,00,000/-
1,53,00,000	2.50	3,82,50,000/-

- (B) Due diligence certificate dated June 30, 1999, certified that all the legal requirements connected with the said preferential allotment had been duly complied with and the disclosures made were true, fair and adequate. The extracts of the said due diligence certificate are mentioned below:

"DUE DILIGENCE CERTIFICATE

Re: Padmini Polymers Limited

Preferential Allotment of 2,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 20,00,00,000/-.

- i) *We have examined various documents and materials facts/papers in connection with the Preferential Allotment.*
- ii) *On the basis of such examination and discussion with the Company, its Directors and other Officers, Other Agencies, independent verification of the statements concerning the objects of the Preferential Allotment, Price justification and the contents of other Documents and papers furnished by the Company.*

We confirm that:

(a) The Preferential Allotment of Shares is in conformity with the documents/materials and papers relevant to the Preferential Allotment.

(b) All legal requirements connected with said Allotment as also the guidelines and instructions etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with".

(C) Certificate dated November 30, 1999 certifies that the receipt of share application money. The said certificate signed by Shri Kailash Chandra Agrawal is reproduced below:

"TO WHOMSOEVER IT MAY CONCERN

This is to certify the detail of receipt of Share Application Money aggregating to Rs. 8,52,50,000/- realised & credited to the account of M/s Padmini Polymers Limited is given as under:-

SL. No.	NAME OF ALLOTIES	CHQ.NO.	CHQ.DT	DRA WN ON	AMOUNT
1	Contessa Commercial Co Pvt. Ltd.	175826	21.05.99	State Bank of Hyderabad	90,00,000.00
2	Bhumenfeld Ltd.	307471	17.05.99	State Bank of Bikaner and Jaipur	90,00,000.00
3	Jiwansagar Promoters Pvt. Ltd.	671542	07.06.99	State Bank of Hyderabad	22,50,000.00
4	Bhagwandas Sagarmal	155361	28.05.99	State Bank of Hyderabad	22,50,000.00
5	Cherry Marketing P. Ltd.	43662 .	01.06.99	Vijaya Bank	22.50,000.00
6	Alok Khelan	149653	25.05.99	HDFC Bank	22 50.000.00
7	J P Promoters P. Lid	780801	21.05.99	Canara Bank	90,00,000.00
8	Hermonite SurgicaJs P Ltd.	19870	03.06.99	Vijaya Bank	22.50,000.00
9	Royal Bengal Exports P. Ltd.	750970	03.05.99 ,	The Federal Bank Ltd.	22,50,000.00
10	Prakash Kumar Damani (HUF)	612294	01.06.99	Vijaya Bank	22.50.000.00
11	Carna Enterprises P. Lid.	43565	01.06.99	Vijaya Bank	22,50,000.00
12	Raj Kumar Kishorcpuria	931394	01.06.9	State Bank of Hyderabad	22,50,000.00
13	Zinga Chemicals Pvt. Ltd.	22985	02.06.99	Vijaya Bank	22,50,000.00
14	Hennonile Consullanls P LIid	42454	02.06.99	Vijaya Bank	22.50.000.00
15	Savara Tic-up Pvt. Ltd.	739153	03.06.99	The Federal Bank Ltd.	22,50,000.00
16	HT Ferro P Ltd.	596160	03.06.99	Bank of Baroda	22,50,000.00
17	Pramod Kumar Kishorcpuna	915595	25.05.99	State Bank of	22,50,000.00
18	Prakash Kumar Damani	92047	01.06.99	Vijaya Bank	22.50,000.00
19	VB Impcx P. Ltd.	651401	21.05.99	Vijaya Bank	22.50,000.00
20	S. Benwal	413113	28.05.99	Union Bank of	22,50,000.00
21	Unit Trust of India	445867	25.05.99	UTI Bank Ltd.	200.00.000,00
	Total				8,52,50,000

"

1.11 It was noted that the aforesaid preferential shares received the listing approval from DSE inter alia on the basis of the aforesaid certificates issued by Shri Kailash Chandra Agrawal.

2.0 SHOW CAUSE NOTICE TO SHRI KAILASH CHANDRA AGRAWAL

AND HIS REPLY:

- 2.1 In view of the facts and circumstances as above, a notice dated December 22, 2003 was issued by SEBI to Shri Kailash Chandra Agrawal asking him to show cause as to why proceedings under section 11B of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the Act) read with regulation of 12 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as the FUTP Regulations) should not be initiated against him for prohibiting him from issuing any certificate with respect to compliance of obligations and requirements under securities laws {Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the provisions of the Companies Act, 1956 which are administered by SEBI under section 55A thereof, the rules, regulations, guidelines etc. made under these Acts and the Listing Agreement} for an appropriate period. He was also asked to show cause as to why proceedings should not be initiated for debarring him (in any capacity) from associating with the capital market related activities, dealing in securities, accessing the capital market and associating with any of the intermediaries in the capital market for an appropriate period.
- 2.2 It has been alleged that Shri Kailash Chandra Agrawal had indulged in fraud upon general investors by furnishing the false certificates for obtaining the listing approval for the shares allotted by Padmini on preferential basis. The annexure specifying the details of the clearance of cheques in respect of certain allottees of the said preferential shares was also enclosed with the said show cause notice.
- 2.3 Shri Kailash Chandra Agrawal vide letter dated January 22, 2004 inter alia stated that the assignment was carried out in a professional and ethical manner maintaining the highest degree of standards, keeping in view all the necessary steps essentially needed to be followed. It was further stated that :-

"the impugned certificates were issued by me after verifying/obtaining the following records / certificates from the management of Padmini:

- i) Computerized books of account containing account of banks and concerned allottees.
- ii) Relevant original vouchers
- iii) Computerized bank statements
- iv) Secretarial records.
- v) Return of Allotment in Form No.2 filed with ROC showing allotment of shares in cash signed by qualified company secretary of the company (copy given to SEBI on 11-4-2003).
- vi) Certificate from qualified company secretary of the company certifying the realisation of share application money from the respective allottees including therein names of allottees, cheque nos., dates and amounts. (copy given to SEBI on 11-4-2003)
- vii) Certificate from Mr. Mahesh Malhotra, authorised signatory of the company further certifying the realisation of shares application money from the respective allottees including therein names of allottee, cheque nos., dates and amounts (copy given to SEBI on 11-4-2003).

You may kindly appreciate that I had taken all requisite precautions before issuing the said certificates, which were based on verification of the aforesaid records produced before us by the auditee company".

- 2.4 Shri Kailash Chandra Agrawal claimed that all requisite precautions were taken before issuing the impugned certificates which were based on the records (as mentioned above) produced before him by Padmini. It was stated that he (as an auditor) was expected to rely on the records and data provided by the auditees (Padmini in the instant case). He further clarified that, as per the provisions of section 209A of the Companies Act, 1956, it was the duty of every director, or officer or employee or company to produce to the person making inspection, all such books of accounts and other books and papers of the company in his custody or control. He added that Padmini had maintained computerised accounts using customised software which permitted editing of any transaction as and when needed. Shri Kailash Chandra Agrawal stated that it was not known to him

as to whether the books of accounts/records/papers etc. which were shown to him and verified by him as a part of his audit practice were actually presented before SEBI by Padmini.

2.5 Shri Kailash Chandra Agrawal, referring to Statement of Accounting Principles (SAP-3) issued by Institute Chartered Accountants of India (ICAI) , contended that it was neither necessary nor practical that every observation or consideration or conclusion was documented by the auditor. It was further clarified that an auditor was supposed to cover adequately all the relevant aspects of the financial statements and it was the responsibility of the management of the audittee to maintain such a record correctly or properly. Shri. Kailash Chandra Agrawal added that as an auditor, he was not supposed to approach his work with suspicion and in the absence of anything calculated to excite suspicion, he was only bound to be reasonably cautious and careful. It was urged that auditors must not be made liable for not tracking out ingenious and carefully laid schemes of fraud, when there was nothing to arouse their suspicion and when those frauds were perpetrated by the servants of Padmini. As regards some bank statements of the above mentioned allottees, it was clarified that the said documents were never produced before him by Padmini and he was under no legal obligation to obtain the same which were under the custody/control of the allottees and not his client company. Shri Kailash Chandra Agrawal stated that, an auditor was expected to take sufficient professional care as in the nature of a watchdog but not a bloodhound.

2.6 It was clarified in the said letter that " It is reiterated that the assignment has been carried out with due diligence . Due care, skill and caution have been exercised and all efforts have been made to maintain utmost transparency while issuing said certificates after examining their authenticity with reference to information/explanation/books/records etc. provided by the audittee company. We have carried out our professional obligation scrupulously and our explanations as above should suffice to dispel your misgivings, if may"

2.7 On the basis of above submissions, Shri Kailash Chandra Agrawal requested SEBI to drop the proceedings initiated against him.

3.0 PERSONAL HEARING AND SUBMISSIONS:

3.1 An opportunity of hearing was granted to Shri Kailash Chandra Agrawal by SEBI on August 24, 2004. Shri. P K Bhardwaj (of M/s Sharma & Associates) advocate (on behalf of Shri Kailash Chandra Agrawal), vide letter dated August 23, 2004 had inter alia requested SEBI not to compel Shri Kailash Chandra Agrawal to participate in the present proceedings in view of the criminal complaint initiated by SEBI, which was pending before the Hon'ble Additional Chief Metropolitan Magistrate Court, Delhi inter alia against Shri. Kailash Chandra Agrawal. It was contended that, if his client appeared in the present proceedings and disclosed his defence, then certainly it would cause prejudice against him. In view of the above, it was requested that the present proceedings might be withheld till the conclusion of the proceedings before the Hon'ble Additional Chief Metropolitan Magistrate Court, Delhi as continuation of both proceedings (simultaneously) would be in violation of the principles of natural justice as well as the provisions of the Constitution of India which says that no person can be compelled to become a witness against himself.

3.2 In reply to the said letter, SEBI vide letter dated September 13, 2004 inter alia clarified that the proceedings under section 11B read with section 11(4) (b) of the Act on the one hand and proceedings under section 24 of the Act on the other hand were entirely different and independent of each other. In Section 11 of the Act, it is SEBI which takes action, if it finds that violation of any of the provisions of the Act, rules or regulation has taken place. SEBI further informed that it was not possible to stall the proceedings initiated under Section 11 of the Act and that if Section 11 proceedings were started after the conclusion of Section 24 proceedings, it would inordinately delay the proceedings, thereby defeating the very purpose for which such proceedings were initiated.

3.3 SEBI had further given an opportunity of hearing to Shri Kailash Chandra Agrawal on September 17, 2004. In response, SEBI received a fax on September 16, 2004 from M/s. Sharma & Associates (on behalf of Shri. Kailsash Chandra Agrawal) informing that the letter dated September 13, 2004 of SEBI had been received by Smt. Anju Agrawal and that Shri Kailash Chandra Agrawal was not in Delhi. It was also informed that there was no possibility of intimating the date of hearing to Shri Kailash Chandra Agrawal or of Shri Kailash Chandra Agrawal's return before September 19, 2004. It was requested in the said letter that a further opportunity might be granted subject to prior intimation of at least 7 days. In the light of the said request, a further opportunity of hearing was given to Shri Kailash Chandra Agrawal on October 13, 2004 in Mumbai.

However, October 13, 2004 was declared a holiday in Maharashtra on account of voting of general elections to State Assembly and therefore, the date of the hearing was rescheduled for October 20, 2004 and the same was informed to Shri Kailash Chandra Agrawal by SEBI, vide letter dated October 07, 2004. However, Shri Kailash Chandra Agrawal refused to accept the SEBI letter dated October 07, 2004 informing him about the date, time and venue of hearing.

3.4 Consequently, the said letter of SEBI dated October 07, 2004 was got delivered by hand at his address. However, Shri Kailash Chandra Agrawal had failed to appear on the said date as advised by SEBI. Shri Kailash Chandra Agrawal vide letter dated October 18, 2004 (received by SEBI on October 25, 2004) inter alia re iterated the submissions made by Shri P K Bhardwaj, advocate in his letter dated August 24, 2004 (mentioned above) on his behalf. It was further submitted that to avoid any controversy, if SEBI restrained itself from passing the final order till the conclusion of the proceedings under Section 24 of the Act, then he would restrain himself from accessing the securities market and dealing in the securities till the disposal of the proceedings under Section 24 of the Act. It was further stated that he had taken steps to safeguard himself from SEBI's act of double jeopardy i.e. of initiating parallel proceedings on the same cause.

3.5 Shri Kailash Chandra Agrawal was further given an opportunity to appear before me on March 29, 2005. However, the said hearing was rescheduled to September 30, 2005 and the same was communicated to him vide letter dated September 14, 2005. The above letter dated September 14, 2005 was returned undelivered with the notings of the postal authorities to the effect that the addressee refused to accept the same. In view of the above, a substituted service through affixation of the above letter on the premises of Shri Kailash Chandra Agrawal was done on September 28, 2005. Despite such service, Shri Kailash Chandra Agrawal failed to appear. Under these circumstances, it appears that Shri Kailash Chandra Agrawal is purposefully failing to avail the opportunity of personal hearing with a view to stultifying the proceedings and I am of the considered view that no purpose will be served in giving any further opportunity to him.

4.0 CONSIDERATION OF ISSUES AND FINDINGS:

4.1 I have carefully considered the extracts of the investigation report, the show cause notice dated December 22, 2003, the reply/letter dated January 22, 2004/ October 18, 2004 of Shri Kailash Chandra Agrawal and letters (dated August 23, 2004 and September 16, 2004) received from and on behalf of Shri Kailash Chandra Agrawal and other materials available on record.

4.2 In the facts and circumstances, the following issues are framed for consideration:

a) Whether the present proceedings is to be kept in abeyance till the conclusion of the prosecution proceedings initiated by SEBI (under section 24 of the Act) against Shri Kailash Chandra Agrawal before the Hon'ble Additional Metropolitan Magistrate Court, Delhi?

b) Whether Shri Kailash Chandra Agrawal had issued false certificates so as to enable Padmini to obtain the listing permission for trading the shares allotted on preferential basis?

c) If so, whether such certificates were issued with a fraudulent intent?

4.3 At the outset, I would like to examine the request made by Shri. Kailash Chandra Agrawal to keep the present proceedings in abeyance as it would cause prejudice to him. I wish to state that the present proceedings (initiated by SEBI under Section 11 B of the Act) and the prosecution proceedings (initiated by SEBI under Section 24 of the Act) are entirely different and independent of each other. The consequences of the action taken under the present proceedings and the degree of proof required in the said proceedings is different from degree of proof required in proceedings under Section 24 of the Act, which are criminal in nature. Criminal proceedings require higher degree of proofs and evidences to establish the guilt beyond all reasonable doubts. Regarding his contention that no person can be compelled to become a witness against himself, it is true that under Article 20(3) of the Constitution of India, there is immunity from such compulsion. However,

the said immunity provided under Article 20(3) does not extend to civil proceedings. Hence providing explanation in the present proceedings can not, in any manner, prejudice his defence in the criminal proceedings.

- 4.4 It needs to be noted that the present proceedings are being conducted under section 11B of the Act and the purpose and intent of the same is completely different from any prosecution filed under section 24 of the Act. The present proceedings are being conducted for safeguarding the interest of investors and for ensuring that unscrupulous entities are prevented from abusing the market not in the interest of investors and hence the same can not prejudice the interest of the entity in prosecution proceedings. Besides, each proceeding is independent, with differing ingredients and standards of proof.
- 4.5 Being entirely different in nature, the two proceedings stand on different footing and do not affect each other. Further, Article 20(2) of the Constitution of India bars a second prosecution only where the accused has been both prosecuted and punished for the same offence previously, as held by Hon'ble Supreme Court of India, in the case of *Shri Venkataraman Vs. Union of India* {(1954) SCR, 1150}. It is settled law that even if proceedings have been taken for an offence, Article 20(2) will not be attracted, if the proceedings do not constitute a 'prosecution', as held by Hon'ble Supreme Court in the case of *Thomas Dana Vs. State of Punjab* (AIR 1959 SC 375). 'Prosecution,' in this context, means an initiation or start of a prosecution of a criminal nature before a Court of Law or Judicial Tribunal in accordance with the procedure prescribed in the statute which creates the offence and regulates the punishment.
- 4.6 In view of the reasons stated above, I am of the considered view that the present proceedings need not be kept in abeyance till the conclusion of the prosecution proceedings initiated by SEBI under section 24 of the Act. Therefore, the plea of Shri Kailash Chandra Agrawal is rejected in this regard.
- 4.7 The second issue to be examined as to whether the certificates issued by Shri. Kailash Chandra Agrawal were false or not. Shri Kailash Chandra Agrawal has not denied the execution of the said certificates. Admittedly, Shri Kailash Chandra Agrawal has been the statutory auditor of Padmini since 1996. In this context, the relevant portion of the statement of Shri Kailash Chandra Agrawal made before the investigating officer of SEBI is quoted below:

" Q3. Are you or firm associated with Padmini Technologies Ltd (Padmini) If yes, since when.

Ans. Yes, our firm is the statutory auditors for M/s Padmini Technologies since around 1994. However, I am the statutory auditor of this company from 1996 onwards after I joined M/s Ashok Amar & Associates. All the matters relating to the audit assignment of this company i.e. Padmini was looked after by me."

From the above statement, I note that Shri Kailash Chandra Agrawal had sufficiently long association with Padmini as statutory auditor of Padmini and by virtue of that association he ought to have been quite familiar with the records/books maintained, the accounting procedure employed and all the related processes in accounting as appropriate to the nature of business carried on by Padmini.

- 4.8 Further, on a perusal of Annexure-I of the show cause notice (mentioned in para 1.7 above), I note that the cheques issued by the allottees (except Unit Trust of India), got cleared only after they sold their shares in off market transactions and in many cases after the receipt of the sale consideration. To cite few examples, cheque dated May 21, 1999 issued by Contessa Commercial (one of the preferential allottees) for Rs. 90 Lacs was in fact cleared only on January 05, 2000 after the receipt of sale proceeds of the said shares by the original allottees. Similarly, cheque dated August 01, 1999 issued by Cherry Marketing P. Ltd. Rs. 22.50 lacs was in fact cleared only on December 27, 1999. Similarly, I find that there are numerous instances as detailed in Annexure I to the show cause notice which established beyond doubt that Padmini had not received share application money by June 30, 1999 or by November 30, 1999, as stated and certified by Shri Kailash Chandra Agrawal in his certificates dated June 30, 1999 and November 30, 1999 .

4.9 I note from the bank statements of Padmini (maintained with Vijaya Bank, Ansari Road Branch, New Delhi) that the cheques (towards the application/allotment money) of Cama Enterprises (cheques no. 43565), Hermonite Consultants Pvt. Ltd. (cheques no. 42454), Zinga Chemicals Pvt. Ltd. (22985), Cherry Marketing Pvt. Ltd. (cheques no. 43226), Hermonite Surgicals Pvt. Ltd. (cheques no. 19878) and H T Ferro Pvt. Ltd. (cheques no. 596160) were cleared and credited to the account of Padmini only on December 27, 1999 except the cheques of H T Ferro Pvt. Ltd. which was credited on December 28, 1999. Similarly, from the bank statement of Padmini maintained with the State Bank of Hyderabad, Kolkata it is observed that the payments from the Kolkata based entities were received in the month of January 2000. Therefore, the certificate of Shri Kailash Chandra Agrawal that the aforesaid cheques were realized and credited into the account of Padmini before November 30, 1999 is not only false but also misleading. I observe that Shri Kailash Chandra Agrawal was in collusion with Padmini and its directors in defrauding the investors. He had also stated before the investigating officer that he had relied upon the certificate given by Padmini dated June 30, 1999. Had he verified the bank statements of Padmini, he would have found out that the said certificate issued by Padmini was false, since bulk of the credits came into the account long after 30th June 1999, namely in December 1999.

4.10 The allegation of SEBI was that Shri Kailash Chandra Agrawal had issued certificates which turned out to be false. I find that the bank statements of the allottees were shown to him by SEBI to counter his claim that the certificates issued by him were based on correct facts. I also note that Shri Kailash Chandra Agrawal had certified (certificate dated November 30, 1999) that share application money aggregating to Rs.8,52,50,000/- was realized and credited to the account of Padmini.

4.11 In the said certificate he had inter alia mentioned as below :-

“

Sr No.	Name of the allottees	Ch. No.	Chq. Dt.	Drawn on	Amount
1	Cama Enterprises P.Ltd	43565	01.06.99	Vijaya Bank	22,50,000,00
2	Zinga Chemicals P Ltd.	22985	02.06.99	Vijaya Bank	22,50,000,00

”

4.12 When Shri Kailash Chandra Agrawal was shown (by SEBI during the investigations), the details of the bank account of Cama Enterprises P. Ltd and Zinga Chemicals P Ltd. (which clearly specified that the said cheques were debited from their bank account in favour of Padmini only on December 27, 1999), he stated that he had given the certificates after verification of relevant accounts, original vouchers, bank statements, other records etc. as produced before him by the officials of Padmini. I note that as the aforesaid cheques were debited from the bank account of the said entities in favour of Padmini only on December 27, 1999, obviously the credit of the said amount would not have been reflected in the account of Padmini before such date.

4.13 Further, it is observed that cheque no. 307471 dated May 17, 1999 of Blumenfield (towards the application/ allotment money) was revalidated to January 04, 2000 by the said entity. In the above facts and circumstances, the further certificate issued by Shri Kailash Chandra Agrawal certifying that the consideration for the aforesaid preferential allotment was received before November 30, 1999 (the date of the last certificate issued by Shri Kailash Chandra Agrawal) ill accords with the facts of the case, besides being mendacious. Both the certificates dated June 30, 1999 and November 30, 1999 are a figment of imagination and Shri Kailash Chandra Agrawal had reason to know, in the light of the documents examined by him, that the averments in the certificate amounted to paltering with facts.

4.14 I note that, as an auditor Shri Kailash Chandra Agrawal was required to certify whether Padmini had actually received money in respect of 2 crore equity shares allotted on preferential basis and whether all legal requirements connected with the allotment had been duly complied with and that the disclosures made were true, fair and adequate. These certificates were required for the purpose of obtaining listing permission at DSE and the issuance of the same requires, a priori a thorough verification of all relevant documents. In this regard the list of documents claimed to have been examined by him as detailed in his reply to the show cause notice, includes computerized books of account containing accounts of banks and allottees, relevant original vouchers, computerized bank statements, secretarial records, return of allotment in Form 2, certificates from company secretary and management. Apparently a general reference has been made to several documents rather than giving specific detail of the documents like name / no., date(s), period etc. of the accounts examined.

4.15 The claim of Shri Kailash Chandra Agrawal is that his certificates were based on the accounts and Bank statements and other records etc. The statement of Shri Kailash Chandra Agrawal in this regard is reproduced below:-

Q. *Please tell us specifically whether you had verified the relevant BANK STATEMENT of Padmini showing the receipt of money before issuing these certificates?*

Yes. Our certificate was based on the accounts and the bank statements and other records as produced before us by the company officials at the time of verifying and issuing the said certificates”.

4.16 When asked for a copy of the said bank statements Shri Kailash Chandra Agrawal replied that he would check up and reply. I note that the bank statement of Padmini will clearly establish that it had not received the money from most of the allottees before November 30, 1999 (the date of the last certificate issued by Shri Kailash Chandra Agrawal). He should have taken steps to independently inquire about the correctness of the facts before giving the certificate. Shri Kailash Chandra Agrawal had failed to do such inquiry as contemplated under the provisions of the Companies Act, 1956. Preponderantly the circumstances were such that it would have raised the suspicion of any prudent person, and it would be more so in the case of a professional with his competence, experience and insights. Shri Kailash Chandra Agrawal had stated before the investigating officer of SEBI (vide his statement dated April 11, 2003) that he had verified the relevant accounts including the bank statements, letter dated June 30, 1999 purportedly signed by the authorized signatory of Padmini, other records etc, before giving the certificate dated June 30, 1999 (regarding the realization of Rs.8,52,50,000 upto June 20, 1999). The said statement is patently false, as it would appear from his own admission.

4.17 Shri Kailash Chandra Agrawal's submission in his written response dated January 22, 2004 makes a mention that the certificates were issued after verifying computerized books of accounts containing accounts of banks and concerned allottees, relevant original vouchers and computerized bank statements. Even assuming that he did not have access to allottees' bank statements, it is evident, on his own admission, that he had verified the bank statements of Padmini, the issuer. As established by investigation, Padmini's bank account got the credits only after November 30, 1999 and that was the factual position obtaining as on November 30, 1999 when the certificate was issued. Naturally in the face of the same, it is not open to anybody, not to speak of a professional chartered accountant, to certify that the credits have been received by Padmini for preferential allotments. Therefore, the claim of Shri Kailash Chandra Agrawal that he has verified the bank statements of Padmini is a blatant lie; on the contrary his conduct in certifying receipts into Padmini's account when nothing has been received as per the records verified by him, on his own admission, is one of suppressio veri and suggestio falsi which is against the very grain of the accounting profession he is practicing which stands for true and fair reporting. In short, he turned a blind eye to the materials on record staring him in the face, while dishing out certificates at will to oblige the promoters of Padmini to get the shares of Padmini listed on DSE and thereby he committed fraud besides being a part to a fraudulent act of the promoters of Padmini. It is not a case of simple failure of due diligence as a watch dog but one of total desertion of responsibilities while abandoning the post and aligning with the perpetrators of fraud. Therefore his plea that he cannot be expected to go beyond his professional brief to smell a rat to launch a roving enquiry is of no avail, as he had malingered in his commitment to discharge what was well within his brief and ken of knowledge. Shri Kailash Chandra Agrawal in his first certificate dated June 30, 1999 certified that Rs.8,52,50,000/- had already been received by Padmini in respect of its preferential allotment, when there were no corresponding credits in Padmini's bank accounts from the Delhi and Kolkata based allottees and the same smacks of a collusion with the promoters of Padmini.

4.18 For the argument of Shri Kailash Chandra Agrawal that auditor's job is that of a watchdog and not of bloodhound and that in the absence of anything calculated to excite suspicion, he is only bound to be reasonably cautious and careful, it may be observed that 'reasonable caution' is a very generic term and the degree of caution to be exercised in a given case depends upon the facts and circumstances of the case. An act of omission or commission likely to have effect in "rem" would require greatest caution as against which is likely to effect in "personem". A reporting auditor should appreciate the significance of the term 'certificate' which is a written confirmation of the accuracy of the facts stated therein and does not involve merely any estimate or opinion. Thus, when a reporting auditor issues a certificate, he is responsible for the factual accuracy of what is stated therein. From the facts of the case I find that the certificates issued by Shri Kailash Chandra Agrawal were deliberately engineered and that the same were utilised by Padmini for getting listing approval from DSE for the shares allotted in preferential allotment.

- 4.19 Shri Kailash Chandra Agrawal in his reply had stated that he had inter alia relied on Return of allotment in Form No. 2 submitted by Padmini to the Registrar of Companies. However, it has been observed that Return of allotment (as provided by Shri Kailash Chandra Agrawal) pertaining to preferential allotment (as on June 20, 1999) was signed by the company secretary of Padmini on December 01, 1999. In such a situation, it is unbelievable how Shri Kailash Chandra Agrawal could have relied upon a form / letter which came to be issued later after the certificate was issued on November 30, 1999.
- 4.20 The very fact that Padmini did not receive the share application money, for which the certificates were issued, makes it evident that he had failed to perform the function of a watchdog.
- 4.21 The argument of Shri Kailash Chandra Agrawal regarding the company (Padmini) maintaining computerized accounts using customized software which permits editing of any transaction as and when needed suggests that the records could have been altered by the company. The same is an allegation and the onus is on Shri Kailash Chandra Agrawal to establish it. Further if he was aware of such editing of records by using customized software as alleged, a greater onus was cast on him to sift all the relevant documents, Bank records before certifying, since company's certificate and records might not be reliable, as per Shri Kailash Chandra Agrawal's allegations. In the backdrop of such an awareness, the failure on the part of Shri Kailash Chandra Agrawal to verify the records with meticulous care as was required of him becomes grave besides rendering his conduct unbecoming of a professional chartered accountant.
- 4.22 Therefore, I hold that Shri Kailash Chandra Agrawal was in collusion with Padmini and its promoters and directors in defrauding the investors and thus deserves the severest punishment under the provisions of the Act which may act as a deterrent to unscrupulous Auditors who do not care for the professional integrity and healthy tradition set out by their fraternity in general. Shri Kailash Chandra Agrawal being the statutory auditor of Padmini had indulged in fraud upon general investors by furnishing false certificate for listing approval from DSE. I also note that the Auditor's report signed by Shri Kailash Chandra Agrawal which was a part of Annual Report of Padmini (for the year 1999- 2000) disclosed to shareholders did not offer any observation on fresh capital raised by Padmini. It also did not disclose to general shareholders that shares were allotted and handed over without the receipt of funds from the allottees. I note that Shri Kailash Chandra Agrawal was associated with the company since 1996.
- 4.23 I note that in terms of section 227 of the Companies Act, 1956, in his audit report, an auditor shall inter alia state that he had obtained all the information and explanation which to the best of his knowledge and belief were necessary for the purpose of his audit. Further, in terms of section 227 (1A) (f) of the Companies Act, 1956, an auditor shall inquire (where it is stated in the books and papers of the company that any shares have been allotted for cash) whether cash has actually been received in respect of such allotment, and if no cash has actually been so received, whether the position as stated in the account books and the balance-sheet is correct, regular and not misleading. I note that section 227 of the Companies Act, 1956 facilitates the auditor's duty to report a true and fair view of the company's financial status, by giving the auditor the right to inspect and examine the books and accounts, balance sheet and vouchers and other documents as may be necessary for the purpose of audit report. Further the auditor can also require any information or explanation from any officers of the company. It is obligatory on the officers to furnish any such information as required by the auditor.
- 4.24 The auditor must take reasonable care to ascertain that books furnished by the company show its true position. The auditor may also carry his search outside the books by conducting any inspection or inquiry under the powers given by section 227. The auditor must not confine himself to checking arithmetical accuracy of the balance sheets and accounts but must also see that they reflect the true and fair view of the company's financial affairs. The auditor shall discharge his professional responsibility with high ethical standards and an auditor when making a report should not, (a) fail to disclose a material fact known to him, which is not disclosed in a financial statement with which he is concerned in a professional capacity, (b) fail to report a material mis-statement known to him to appear in a financial statement with which he is concerned in a professional capacity and (c) fail to obtain sufficient information to warrant the expression of an opinion or his exceptions are sufficiently material to negate the expression of an opinion. He also must realize his obligations to third parties and in view of the fact that the reports made by him are likely to be relied on, he must use his utmost skill and care that the statements issued do reflect the true and accurate state of affairs and free from any ambiguity.

4.25 The present case forsakes, without any qualms, such lofty principles and prescriptions in favour of deliberate misreporting for patently unfair gains to promoters, while defrauding the investors.

4.26 I would also like to add that the Hon'ble Supreme Court in the matter of **Institute of Chartered Accountants of India v. P. K. Mukherjee, [AIR 1968 SC 1104]** had inter alia observed that

".....In our opinion, the legal position of the auditor in the present case is similar to that of the auditor under the Indian Companies Act, 1956. In such a case the audit is intended for the protection of the shareholders and the auditor is expected to examine the accounts maintained by the Directors with a view to inform the shareholders of the true financial position of the Company. The Directors occupy a fiduciary position in relation to the shareholders and in auditing the accounts maintained by the Directors the auditor acts in the interest of the shareholders who are in the position of beneficiaries. In *London Oil Storage Co. Ltd. v. Seear, Hasluck & Co* {*Dicksee on Auditing, 17 th Edn, p 632*} . Lord Alverstone stated as follows:

"He must exercise such reasonable care as would satisfy a man that the accounts are genuine, assuming that there is nothing to arouse his suspicion of honesty and if he does that he fulfils his duty; if his suspicion is aroused, his duty is to probe the thing to the bottom, and tell the directors of it and get what information he can."

4.27 In the light of the same, the present case exhibits professional misconduct at its worst.

4.28 A reference was made to the Institute of Chartered Accountants of India (ICAI) regarding the misconduct of Shri Kailash Chandra Agrawal, vide letter dated December 23, 2003. It is for the said Body to take an independent view regarding the violation of their guidelines and code of conduct.

4.29 I also observe that Shri Kailash Chandra Agrawal was signing the balance sheet as a statutory auditor of Padmini for annual report of 1995-1996 onwards every year and he had also signed the balance sheet of Padmini for the year 2000-2001. It was stated by Shri Kailash Chandra Agrawal before SEBI that his firm was the statutory auditors for Padmini since 1994 and he became the statutory auditor from 1996 onwards. He had also admitted that all the audit assignment was looked after by him. In the facts and circumstances, it can be fairly established that Shri Kailash Chandra Agrawal was hand in glove with Padmini with a fraudulent intent at the peril of general investors. Shri Kailash Chandra Agrawal had also failed to inform the shareholders of Padmini about the discrepancies in the preferential allotment process in the audit report submitted to the shareholders included in the Annual Report for 1999- 2000. He has failed to act independently as required under the provisions of the Companies Act, 1956 and also as per the Act governing the conduct of chartered accountants and such failure is unconscionable on the part of a professional who has to perform an edifying role. In terms of Regulation 6 of the FUTP Regulations no person shall in the course of his business engage in any act or practice which would operate as a fraud upon any person in connection with the purchase or sale of or any other dealings in securities. The term 'fraud' has been defined in the FUTP Regulations which inter alia includes the suggestion, as to a fact which is not true, by one who does not believe it to be true and the active concealment of a fact by one having knowledge or belief of the fact. It has been fairly established that Shri Kailash Chandra Agrawal was in collusion with Padmini in giving the false certificates. The listing approval for the preferential shares of Padmini was given by DSE inter alia on the basis of the certificates issued by Shri Kailash Chandra Agrawal. It was also found that the shares thus listed were used by KP entities for manipulating the securities market. In this regard, I note the observation of the SAT in the matter of Ketan Parekh Vs SEBI that ;

"We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged."

- 4.30 In terms of Regulation 6(a) of the FUTP Regulations no person shall knowingly engage in any act or practice which would operate as a fraud upon any person in connection with the purchase or sale of, or any other dealing in any securities. Further Regulation 6(d) of the FUTP Regulations prohibits a person from indulging in falsification of books, accounts and records. In the present matter, it is fairly established that Shri Kailash Chandra Agrawal had issued false certificates and thereby DSE had given its approval for the listing of the shares allotted by Padmini on preferential basis, inter alia on the basis of the said certificates. It was found that the said shares were subsequently used for manipulating the securities market to the detriment of genuine investors.
- 4.31 In the circumstances, it is established that Shri Kailash Chandra Agrawal had committed fraud on general investors and thereby violated regulation 6 (a) and (d) of the FUTP Regulations.
- 4.32 In terms of section 11 B of the Act, SEBI is empowered to issue such directions to any person or class of persons referred to in section 12 or associated with the securities market, in the interest of investors and for the orderly development of securities market. The Hon'ble High Court of Gujarat in the matter of Karnavati Fincap Ltd. and Alka Spinners Ltd. Vs Securities and Exchange Board of India had inter alia observed that "In ordinary meaning, the persons associated with the securities market would include all and sundry who have something to do with the securities market. It is to be noted that the securities market in the sense is not confined to stock exchanges only. The words "persons associated with the securities market" are of much wider import than intermediaries." Persons associated with" denotes a person having connection or having intercourse with the other; in the present case that "other" with whom a person is to have connection or intercourse is the securities market".
- 4.33 I note that DSE, while giving its approval for the listing of the preferential shares issued by Padmini, inter alia, relied upon the certificates given by Shri Kailash Chandra Agrawal and the letter given by Shri Vivek Nagpal, managing director of Padmini. Even some of the cheques of the allottees were not realized even at the time of listing; as on the basis of the false certificate issued by Shri Kailash Chandra Agrawal, the listing approval was given by DSE to trade the shares of Padmini allotted on preferential basis as stated above. SEBI is empowered to pass a direction under section 11B of the Act against Shri Kailash Chandra Agrawal for the violation of regulation 6 (a) and (d) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995.

5.0 Directions :

- 5.1 Having regard to the above findings and taking into the account the fact and circumstances in totality, I, in exercise of the powers conferred upon me under Section 11B read with Section 19 of the Securities and Exchange Board of India Act, 1992 and regulation 11 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 direct as under:
- a) Shri Kailash Chandra Agrawal, partner of M/s Ashok Amar & Associates, Chartered Accountant is hereby prohibited from issuing any certificate with respect to compliance of obligations of listed companies and requirements or those made under securities laws {Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the provisions of the Companies Act, 1956 which are administered by SEBI under section 55A thereof, the Rules, Regulations, Guidelines etc. made under these Acts (which are administered by SEBI) and the Listing Agreement} for a period of 5 years.
- And
- b) Shri Kailash Chandra Agrawal, partner of M/s Ashok Amar & Associates, Chartered Accountant is hereby also prohibited from associating with the securities market related activities or associating with any of the intermediaries in the securities market for a period of 5 years.
- c) This order shall come in to force with immediate effect.

Place: Mumbai

Date:

G. ANANTHARAMAN

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA