

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: V. K CHOPRA, WHOLE TIME MEMBER

**Against M/s SVS Securities Pvt. Ltd., Broker, Stock Exchange
Mumbai (BSE), National Stock Exchange (NSE) and OTCEI
in the scrip of Mazda Fabric Processors Ltd.**

DATE OF HEARING: 27.11.2006

APPEARANCES:

FOR COMPANIES/ BROKERS:

1. Shri. Reshad Chesson, Director, SVS Securities Pvt. Ltd.
2. Shri. Gaurang Joshi, Advocate
3. Shri. Deepak Shah, Advocate

FOR SEBI:

1. Mrs Barnali Mukherjee, DGM, SEBI

ORDER

**{Under Regulation 13(4) of SEBI (Procedure for Holding Enquiry by
Enquiry Officer and Imposing Penalty) Regulations, 2002}**

1.0 BACKGROUND

- 1.1 Securities and Exchange Board of India (hereinafter referred to in short as "SEBI") had conducted investigation into the market manipulation in the scrip of M/s Mazda Fabric Processors Ltd. (hereinafter referred to as "MFPL"). M/s SVS Securities Pvt. Ltd. (hereinafter referred to in short as "Noticee") is a registered

broker of the Stock Exchange Mumbai (BSE), National Stock Exchange (NSE) and OTCEI with SEBI registration Nos INB010995736, INB230995731 and INB200995737 respectively. The investigating authority of SEBI found that the Noticee was one of the entities who had actively traded in the scrip of MFPL at BSE on behalf of their clients M/s Shikha Financial Services (hereinafter referred to in short as “SFS”) and M/s Wallford Financial Services (WFL) during the period of investigation i.e. May 29, 1996 to August 30, 1996 and contributed to the creation of liquidity / volumes in the scrip by infringing the code of conduct with a view to facilitate manipulation in the scrip of MFPL.

- 1.2 The Board after considering the Investigation Report, appointed an Enquiry Officer to enquire into the affairs and dealings of the Broker for finding out the possible violations of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to in short as “SEBI Act”), Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (hereinafter referred to in short as “PFUTP Regulations”) and Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to in short as “Stock Brokers Regulations”).
- 1.3 The Enquiry Officer, after conducting an enquiry in accordance with the provisions of Regulation 6 of the Securities and Exchange Board of India (Procedure for holding Enquiry by Enquiry Officer and imposing penalty) Regulations, 2002 (hereinafter referred to as ‘the Enquiry Regulations’), submitted a report dated January 20, 2006 wherein the Enquiry Officer observed that Noticee has violated the provisions of Regulation 7 read with Code of Conduct as specified in Schedule II of Stock Brokers Regulations and Regulation 4(a) to (d) of PFUTP Regulations. The Enquiry Officer accordingly recommended suspension of registration of the Noticee for a period of fifteen days.

2.0 SHOW CAUSE NOTICE

- 2.1 Pursuant to the receipt of the said Enquiry Report, a Show Cause Notice dated January 25, 2006 was issued to the Noticee enclosing therewith a copy of the said Enquiry Report, advising it to show cause as to why action as recommended by the Enquiry Officer, should not be imposed on it. The Noticee submitted its reply to the said show cause notice, vide letter dated February 17, 2006.

3.0 REPLY OF THE BROKER

- 3.1 The Noticee submitted its reply to the said show cause notice, vide letter dated February 17, 2006. The main contentions of the Noticee in the said reply are reproduced herein below

“There are no charges or findings against us of having violated any provisions of FUTP Regulations. Only charge / findings against us of having failed to exercised extra due diligence while registering and dealing on behalf of our clients, Shikha Finance & Wallford Finance. The findings of our having failed to exercise extra due diligence are faulty for the following reasons:

The matter suffers from latched since the findings are in the year 2006 for a failure to exercise extra due diligence in the year 1996 (i.e. after 10 years). Our dealer, Mr. Bijal who was dealing with the said client has left us and we are seriously handicapped, since we are unable to get the relevant details and information. This inordinate delay has prejudiced us gravely. Similarly, we do not have all the old records. The law requires us to keep records only for a period of 6 years. This fact too has caused grave prejudice to us such inordinate delay is a serious latch and against the principles of natural justice. You will appreciate that it is not humanly possible to remember and identify a client by his photograph after so many years particularly by our Mr. Reshad Chesson, who was only our sub-broker in 1996, Our firm was a proprietary concern, belonging to Mr. S.V.Shah in 1996. Mr. Reshad Chesson became a director only after the firm was corporatised in 1997-98. To expect Mr. Reshad Chesson to recollect and identify a client under these

circumstances is totally incorrect and the basis of the findings of the Learned Enquiry officer fails on this ground alone.

The findings of the Enquiry Officer suffer from non-appreciation of facts as well as non-application of mind because the volume of our clients trades was only Rs 35 lakhs, which when compared to the total volume of our firm during the year 96-97 of approximately Rs 1000 crores is miniscule. This is just 0.035% of our volume. Besides the volume of our clients in MFPL was only 2.14% of the market volume in the said scrip during the period of investigation. Therefore the basis of the findings of the Learned Enquiry Officer that we allowed our clients to trade in "large" volumes is fallacious and untenable.

The Learned Enquiry Officer has gravely violated the principles of natural justice by relying upon a 1993 non-mandatory circular, the mention of which has neither been made in the Investigation Report nor in the show cause notice issued to neither us nor a mention thereof was made even at the time of personal hearing before the Learned Enquiry Officer. It was only after completion of the hearing that the Learned Enquiry Officer takes over the role of an Investigating Officer and fishes out a 1993 circular and charges us of having not complied with the same without even giving us an opportunity whatsoever to defend ourselves. This is a clear case of violation of principles of natural justice. The Learned Enquiry Officer should not have arrived on any findings regarding the applicability or the non-applicability of the circular without giving us an opportunity to comment on the same.

The Learned Enquiry Officer failed to appreciate that none of the following persons viz. Parasmal Jain, Anil Jain, Ashok Bharadia, Bharat Jain, Suresh Bafna or Sanjay Mota (promoters and their associates) have in their statements ever mentioned of having any linkage with us. This clearly brings out the fact that we did not have any role (other than that of a broker) or nexus with the promoters of MFPL.

The Learned Enquiry Officer failed to appreciate the effect of recommending suspension of certificate of registration for 15 days would have on us and our clients and employees.

We are a firm of 15 years standing and impeccable track record. Our turnover is approximately Rs 30,000 crores. We have approximately 10000 clients, including a Foreign Institutional Investor and 10 Mutual Funds, who will be forced to square off their outstanding positions, which may result in to huge losses to them. 30 employees will also be unemployed during the recommended period of suspension.

The findings of the Learned Enquiry Officer that we failed to maintain high standards of integrity, promptitude and fairness is without correctly interpreting the meaning of these words. The Learned Enquiry Officer should have understood the meaning of these words in order to hold us guilty of failure in due diligence.

It is of utmost significance to note that there have been umpteen number of instances when there has been a penalty of mere "Warning" or "Censure" for failure to maintain care and due diligence by brokers. However, despite such practice and without paying any heed to precedent directions / penalties issued in precedents, the Learned Enquiry Officer has recommended a penalty of suspension of our certificate of registration for 15 days for failure to maintain extra amount of care and diligence".

- 3.2 The Noticee has also given its paragraph wise comments to the Enquiry Report in the above reply and the same had been considered in the succeeding paragraph while dealing with the issues.

4.0 HEARING

- 4.1 In the said reply to show cause notice, the Noticee requested for personal hearing. Accordingly, the Noticee was advised to attend a personal hearing before me at the Head Office SEBI at Mumbai on November 27, 2006. Shri Reshad Chesson, Director of M/s SVS Securities Pvt. Ltd. attended the hearing alongwith Shri Gaurang Joshi and Shri Deepak Shah, Advocates. They requested time to file written submissions which was granted and the same were filed by them on November 28, 2006. In the said written submission, they have placed various orders passed by Hon'ble High Court at Mumbai, Hon'ble

Securities Appellate Tribunal and SEBI. I have considered their reply and written submission while dealing with this matter.

5.0 CONSIDERATION OF ISSUES & FINDINGS

- 5.1 I have carefully examined the findings of investigation, enquiry report, show cause notice, reply of the Noticee and submissions made at the time of hearing.
- 5.2 MFPL was incorporated in the year 1994 as a Private Limited Company and was converted into a Limited company in the year 1995. It had come out with a public issue in the year 1996 for 36,38,300 shares @ Rs 10/- per share at par. The issue opened on March 06, 1996 and closed on March 16, 1996. The said public issue was undersubscribed and the promoters of the MFPL got the public issue bailed out with the help of external financiers.
- 5.3 The equity shares of the company, MFPL were listed on the Stock Exchange Mumbai (BSE) w.e.f. May 29, 1996. The price of the scrip of MFPL at the time of listing was quoting around Rs 15 to Rs 16, and touched a high of Rs 112.50 on August 30, 1996 from a low of Rs 8.50 on June 06, 1996. The total volume in the scrip at BSE during the relevant period was 41,43,500 shares. The circuit filters in this scrip were revised from 25% to 10% on July 02, 1996 and again revised from 10% to 5% on July 22, 1996. BSE had suspended trading in the scrip of MFPL for one day on August 14, 1996 and then for 3 days from September 02, 1996 to September 04, 1996. Later, the said suspension was made absolute from September 09, 1996.
- 5.4 I find that the proceeds of the public issue of MFPL were routed through front entities of the promoters of MFPL to repay the financiers with interest and the concerted trading of the aforesaid front entities had resulted in rise in price and volume in the scrip of MFPL. The investigations revealed that there had been

rigging of the price and volume of the scrip of MFPL in a short span of time by the front entities who were clients of various brokers.

5.5 I observe from the record that the total volume of this scrip at the exchange during the period May 29, 1996 to August 30, 1996, was 41,43,500 shares. I find that out of many brokers, the top 6 brokers had contributed 53.59% of the total buy volume at the exchange and 49.71% of the total sell volume at the exchange. The Noticee was one of the brokers out of the said six and had actively traded in the scrip of MFPL at BSE on behalf of their clients SFS and WFS during the period May 29, 1996 to August 30, 1996. I have also noted from the record that their buy and sell volumes in the shares of MFPL were 2.90% and 2.33% respectively of the total volumes of the Exchange.

5.6 I observe that the Noticee had traded in the shares of MFPL on behalf of their major clients SFS and WFS during the settlement nos. 7, 11 and 12 of the year 1996. The details of the trading of Noticee vis a vis their clients SFS and WFS are given hereunder.

St.No.	Position of the Noticee			Position of SFS		
	Buy	Sell	Net	Buy	Sell	Net
7	55,000	33,200	21,800	38,000	10,000	28,00
8	32100	32100	0	16300	16300	0
11	3,100	3,100	0	3,100	3,100	0
12	5,000	2,500	2,500	5,000	2,500	2,500

Sr. no.	Position of the Noticee			Position of WFS		
	Buy	Sell	Net	Buy	Sell	Net
6	25000	26000	-1000	25000	25000	0

- 5.7 I observe from the above tables that the Noticee had traded in settlement no. 7, 8, 11 and 12 on behalf of SFS. The transactions of SFS were squared off in settlement no. 11 and 12. Further, the Noticee had traded in settlement no. 6 on behalf of WFS and had squared off their transactions. It is clear from the above that majority of the positions built by Noticee in the scrip of MFPL was on behalf of their client SFS. However, the Noticee had taken a stand before the Enquiry Officer that their trades in the scrip of MFPL were limited. The Enquiry Officer had examined the records and noted that the Noticee had last traded in settlement no. 12 i.e. from August 20, 1996 to August 30, 1996. In the last trades in MFPL, the Noticee sold 2,300 shares for SFS on August 30, 1996. The scrip of MFPL was suspended for 3 days from September 02 to 04, 1996 and later suspended on September 09, 1996 till further notice. Hence, the Enquiry Officer rightly held that there was no question of Noticee executing trades after September 09, 1996 and the contention of the Noticee that they had traded for SFS in the scrip of MFPL for a limited period or they had stopped trading for SFS after receiving the Notice from BSE in the matter of MFPL is not tenable.
- 5.8 From the above background of trades, I have examined as to whether the Noticee was involved in the price and volume manipulation of the scrip of MFPL so as to create artificial market. In this regard, the Enquiry Officer had observed that the total paid up capital of MFPL consisted of 60,94,300 shares after the public issue. Out of these shares, the promoters of MFPL had cornered 48,26,300 shares constituting 80% of the post issue paid up capital. This meant that the floating stock was only to the extent of about 20%. Hence, the contention of the Noticee that they had executed a total buy and sell volumes in the scrip of MFPL at 2.9% and 2.33% respectively and this volume is miniscule compared to the total volume of the exchange during the relevant period is not tenable. It may be noted that the low volumes may absorb the liquidity of the scrip from the system and create artificial scarcity which would lead to the manipulation of the price and volume of the scrip.

5.9 Further, I observe that the sellers were not able to deliver their shares of MFPL due to the low floating shares. As a result, their sale position got auctioned and the clients of the major brokers including the Noticee had offered the shares in the auction at manipulated prices. The following are the details of the shares delivered by SVS in auction.

St. no	Broker	Client	Net position	Delivery recd/given in payout	Adjusted against auction offer	Delivery received in auction	Quantity closed out	Other auction offer
7	SVS	Shika	28000	11700	8000	7000	1200	
8	SVS	Chirag						9200

5.10 The Noticee contented that the quantum of their trades on behalf of their clients was only 2.14% during 4 settlements. Further, they stated that the quantity sold in settlement no. 11 and 12 was also negligible and only settlement no. 7 resulted in the delivery to SFS of 28,000 shares. The Noticee submitted that mere 28,000 shares cannot in any way cause a rise in price of the scrip of MFPL. They further submitted that their trades were only within the price range of Rs 18 to Rs 60 at BSE. I observe that the Noticee on behalf of SFS has adjusted 8000 shares against the auction offer and received 7000 shares in auction. These findings clearly establish the violation of the above mentioned regulations of PFUTP Regulations though there was no circular trading in the matter.

5.11 The Enquiry Officer had also examined the contention of the Noticee regarding the denial of inspection of various documents and cross examination of other entities which had been relied upon by SEBI. The Enquiry Officer found that the Noticee never sought inspection of documents at any point of time and the documents and statement relied upon by SEBI were not relied upon to come to a conclusion against the Noticee as the same was not pertaining to them and other

sufficient materials like trading data etc. are available on record against the Noticees. Hence, the Enquiry Officer concluded that no prejudice will be caused to the Noticee for not having given the benefit of cross examining the other entities or being given the statement of these entities. The Noticee has not given any logical reply to the said finding of the Enquiry Officer. Hence, I find that the Enquiry Officer has rightly held that the facilitated deals of the Noticee were found to be manipulative and which clearly endangered the stability of the market as evidenced by the materials on record.

5.12 During the course of enquiry proceedings, the Noticee also questioned the alleged delay in the matter. The Enquiry Officer has also given reason for the delay in a matter like market manipulation where a lot of data has to be gathered and analyzed to understand the involvement of several entities and their connection to come to a logical conclusion. The Noticee has also questioned the applicability of Enquiry Regulation as most of the alleged violations for which action was initiated against them took place prior to the Enquiry Regulations. The Enquiry Officer rightly held that the provisions of Enquiry Regulations merely enunciate the procedure to be initiated and the substantive provisions evoked for imposing penalty are the specific provisions of regulations such as PFUTP and Stock Brokers Regulations.

5.13 Apart from the above manipulation by facilitating their client SFS and WFS to create false and misleading trading in the scrip of MFPL, I find that the Noticee had failed to exercise due diligence while dealing with the said clients SFS and WFS and the facts leading to the said conclusion are given hereunder:

5.14 I observe that Shri Bharat Kumar Jain who was the promoter and Managing Director of MFPL, opened the bank account in the name of SFS, wherein the proprietor was shown as his elder brother, Shri. Parasmal Babulal Jain who had signed blank cheque books and handed over the same to Shri Anil Jain who is the director of WFS. I have perused the statement of Shri. Parasmal Babulal Jain

recorded on July 10, 2002. It is clear from his said statement that he did not have the financial status to deal in such huge amount of funds nor had the professional expertise and money to transact in such huge quantity of shares. He also stated that Shri Anil Jain used to give instructions regarding the secondary market transactions in the name of SFS. Thus, this firm was actually operated by Shri. Anil Jain and Shri. Bharat Kumar Jain and Shri. Parasmal Babulal Jain was not even aware of any operations. From the above, it is clear that Shri. Anil Jain and Shri. Bharat Kumar Jain were acting together and used SFS as their front entity in manipulating the price of the scrip of Mazda Fabrics by purchasing and selling heavily through brokers including Noticee.

- 5.15 Having regard to the facts mentioned herein above, it can reasonably be concluded that SFS is not a genuine client of the Noticee. The Noticee is duty bound to verify the bonafides and financial worth of their client. They were not able to give details like who used to place orders and receive/make payments and deliveries and also failed to give the background of their client SFS. In this regard, I have examined the statement of the Director of SVS, Shri Reshad Chesson recorded on July 12, 2002 wherein he stated that he did not know Shri Parasmal Babulal Jain and he even failed to identify the photograph of Shri Parasmal. Further, there was no material on record to show that they had verified the financial worth and bonafides of their clients SFS and WFS. He also admitted that SFS and WFS were introduced by the same person Shri Hiresh Hindocha. He was not even confident about the identity of the said Shri Hiresh Hindocha. It is relevant to note the questions and answers of Shri Reshad Chesson regarding the identity of Shri Hiresh Hindocha while recording his statement, which are reproduced hereunder:

“Qn.2 ----You have submitted that the client was introduced by one Sh. Hiresh Hindocha. Please clarify as to who the introducer is?”

Ans I think he must be one of our client or one of our sub broker. I am not remembering the exact status now.

Qn 11. Wallford Financial Services Ltd. was another major client of yours who had dealt in the scrip of Mazda Fabrics. From the client ledger submitted by you it is seen that they had done only one transaction and they have not dealt in any other scrip in any other settlement. From the above, it is clear they have come only to deal in the scrip of Mazda Fabrics and that too for one settlement. They were introduced by the same person who had introduced Sikha Finance. Please offer your comments?

Ans. At the time when the client starts trading with me I am not aware whether he will trade with me continuously or for one trade or for one settlement etc. If the client has stopped trading after a settlement it is his decision. Moreover, since we take clients based on the introducer, we have allowed Wallford Financial Services also to trade because of the introduction by HiresH Hindocha".

- 5.16 Though, he promised before the investigating authority that he would produce the said Shri HiresH Hindocha by July 15, 2002, he failed to honour this. The Noticee, however, stated in its reply that this is of no relevance to the main issue as to whether they have exercised necessary due diligence or not. This stand of the Noticee is not tenable as they have neither identified its client SFS nor given an exact status of the introducer of the said client.
- 5.17 The Enquiry Officer has rightly observed that Circular No SMD-1/23341 dated November 18, 1993 specifically provided a set of precautions to be exercised by member brokers while dealing on behalf of clients. These precautions emphasize upon the need for proper introductory procedure and care, while dealing with their clients to protect the interest of the member brokers, encourage transparency and discipline in their working etc. Some of the mandatory precautions which ought to form part of the said circular are reproduced below:

- (i) Ensure that the client is personally known to the member-broker or has been introduced to him by a person known to him.
- (ii) A record of introduction of all clients may be kept by member-brokers and they should insist on their sub-brokers also to maintain a similar record. The following data on the clients can be maintained:
 - a. Name, address, telephone number, age
 - b. Status – whether in employment / business.
 - c. If in business – Nature of business and business address.
 - d. Banker & bank account numbers through which operations are to be done.
 - e. Name, address of contact through whom client has been introduced.
 - f. Names of all persons on whose behalf the client is operating and necessary legal documents authorizing the client to act on behalf of such persons.
 - g. In case a private limited company or a public company or a trust is a client, the details such as its authorized / subscribed capital, total trust funds and the resolution duly authorizing the person acting on behalf of the company.
- (iii) A satisfactory bank reference of client may be insisted upon before doing business on behalf of new clients.

5.18 In view of the above circular, Enquiry Officer held that all member brokers were advised to duly keep a track on the aforesaid details of the clients much before the introduction of the KYC norms. The Noticee has stated in its reply that the Enquiry Officer has not given them any opportunity to defend their alleged non compliance of 1993 circular. During the course of hearing before me also, they have not made out any satisfactory justification or defense for the said non compliance of 1993 circular except a passing reference that circular has no effect in law. Further, they stated that Shri Haresh Hindocha who was known to them,

had introduced WFS and SFS and as such they have complied with the requirement of the above 1993 Circular. I find that the record of introduction of all clients should be kept by Noticee and this was a condition to be observed while entertaining a client.

- 5.19 At this juncture, it would be relevant to note that though an exhaustive client introduction system was introduced by SEBI only in the year 1997, there are many SEBI circulars prior to 1997, which stress upon need for proper client introductions and which cannot be ignored by any of the member brokers. It would not be out of place to refer to SEBI Circular No. SMD-1/23341 dated November 18, 1993. The Noticee admitted in its reply that they did not collect any documents to verify the bonafides of their client as they believed them to be genuine.
- 5.20 The above facts clearly indicate that entities were related. It would appear that Bharat Jain and Anil Jain were acting in concert and created an entity, SFS which was used as their front entity to manipulate the scrip of MFPL with the help of the Noticee who transacted extensively in the scrip of MFPL only through two entities; SFS and WFS. These entities were allowed to take large positions in the scrip of MFPL and which contributed to the increase in the price of the scrip of MFPL. It is a matter of record that Noticees were among the top six brokers who have transacted heavily in the scrip of MFPL at the time when there was a phenomenal increase in its price. As stated earlier, the scrip of MFPL quoting at Rs 15-16/- at the time of launch of the issue, rose to Rs 112.50 on August 30, 1996 from Rs 8.50 on June 06, 1996 i.e. just after a little more than 2 ½ months. Realizing an undue rise in the price of the scrip, BSE had imposed margins and circuit filters in the said scrip. The Noticee had also traded in the scrip of MFPL during the last settlement in the last trading month i.e. August and thereafter the trades in the scrip of MFPL itself were suspended by SEBI w.e.f. September 09, 1996. In such position of the scrip, the Noticee should have been alerted while facilitating trading to an entity like SFS who was trading only in the scrip of

MFPL. The Noticee has also failed to produce the said client and their introducer before the investigating authority. Thus, by allowing these people to take huge positions in the name of SFS and WFS, the Noticee failed to exercise due care and diligence in the conduct of their professional responsibility and the same is in violation of clause A(2) of Schedule II read with Regulation 7 of Stock Brokers Regulations. In this context, I have also noted one of the decision of Hon'ble Securities Appellant Tribunal (SAT) in Appeal no. 282 of 2004 (Shrikant G. Mantri v/s SEBI – date of Order : February 23, 2005) wherein the broker, Shrikant G. Mantri had traded on two days for their client, Shri. R. N. Jhaveri. In the said order, the Hon'ble SAT observed as hereunder:

“We however find that there may have been some negligence on the part of the appellant and such negligence would be in violation of the code of conduct under Regulation 1992. The appellant ought to have noticed that there was something strange in the high volumes that have been traded with respect to the Sawaca scrip. In that view of the matter, we confirm that order of the respondent only in so far as the violation of Regulation 7 of the SEBI (Stock Brokers and Sub-Brokers) Regulation 1992.”

- 5.21 I have also observed that the facts and circumstances with respect to the violation of code of conduct of the instant matter are more serious than the above case (Shrikant G. Mantri v/s SEBI – date of Order : February 23, 2005) as evident from the foregoing paragraphs. With regard to the violation of PFUTP Regulation, evidence is available in the instant matter to come to a conclusion that the appellant had acted in concert with their clients SFS and WFS to manipulate the price and volume of the scrip MFPL and thereby created false market.
- 5.22 In the light of above findings, it is clearly established that the Noticee failed to exercise due care, skill and diligence in the conduct of their professional responsibility and the same is in violation of clause A(2) of Schedule II read with

Regulation 7 of Stock Brokers Regulations. Further, by facilitating their clients SFS and WFS to create artificial market in the scrip of MFPL, Noticee has violated Regulations 4 (a) to (d) of PFUTP Regulations. Considering all aspects and circumstances of the case, I am of the view that suspension of certificate of registration issued to the Noticee, M/s SVS Securities Pvt Ltd for a period of 7 (seven) days is sufficient to have a deterrent effect on the broker.

6.0 ORDER

6.1 In view of above facts and circumstances of the matter and in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Regulation 13(4) of SEBI Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, I hereby impose a minor penalty of suspension of certificate of registration issued the Noticee, M/s SVS Securities Pvt Ltd., a registered broker of the Stock Exchange Mumbai (BSE), National Stock Exchange (NSE) and OTCEI with SEBI registration Nos INB010995736, INB230995731 and INB200995737 respectively for a period of seven days.

6.2 This order shall come into force immediately on the expiry of twenty one days from the date of this order.

Place: Mumbai

Date: February 2, 2007

V. K. CHOPRA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA