

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: V. K CHOPRA, WHOLE TIME MEMBER

Against Dhanlaxmi Lease Finance Ltd. and its directors viz. Shri Rajendra Sharma, Shri Ramesh Chandra Gupta, Shri Dinesh R Dubey, Shri V L Patel and Shri Avinash Gupta in the matter of facilitation to make multiple/benami applications in the public issue of Dhanlaxmi Lease Finance Ltd, financing and facilitating manipulation of the price of shares of the company.

DATES OF HEARINGS: 17/08/2005, 12/04/2006, 06/12/2006/ and 29/01/2007

APPEARANCES:

FOR THE COMPANY/ DIRECTORS / PROMOTERS:

1. Shri Deepak Shah, Ms. Chaitra Rao and Shri Gaurav Joshi attended for Dhanlaxmi Lease Finance Ltd. and its Directors

FOR SEBI:

1. Shri Sanjiv Dutt, CGM
2. Shri Mohamed Rahaz P. M., Legal Officer
3. Ms Muthulakshmi K, Manager.

ORDER

Under Section 11 (4) read with 11B of the Securities and Exchange Board of India Act, 1992 for violation of Regulations 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Markets) Regulations, 1995.

1. Dhanlaxmi Lease Finance Ltd. (hereinafter referred to as "Dhanlaxmi" or "the company") is an Ahmedabad based finance company which was incorporated as a public limited company on February 24, 1995 with the Registrar of Companies, Gujarat. The business activities of Dhanlaxmi comprises of financing, hire purchase and leasing. It came out with a public issue of Rs 31 lakh equity shares of Rs 10/- each for cash at par aggregating to Rs 310 lakhs. The issue opened on November 21, 1995 and closed on November 24, 1995. The issue was oversubscribed to the extent of 2.5 times as per the 3 day report filed with Securities and Exchange Board of India (hereinafter referred to as "SEBI") by the Lead Manager, Monarch Projects and Finmarkets Ltd. (hereinafter referred to as "Monarch").

2. SEBI received a complaint from the Tax Payers Protection Council, Ahmedabad on December 21, 1995 alleging that multiple/fictitious applications had been made in the public issue of Dhanlaxmi and the same had been accepted by the Bankers to the issue even two weeks after the closure of the issue and that the abovementioned applications did not contain information regarding the bank account of the applicants required for the purpose of dispatching the refund order. Also, the complaint pointed out that the applications made by the Non Resident Indians were suspicious and needed investigation. Further, the official address of the Managing Director of Dhanlaxmi as stated in the prospectus was not correct.

3. Investigations were initiated by Securities and Exchange Board of India (SEBI) into the affairs of M/s Dhanlaxmi pertaining to the public issue of 31,00,000 equity shares of Rs. 10/- each of the company, which opened for public subscription on November 21, 1995 and closed on November 24, 1995, being the earliest closing day. The said investigation was initiated on the basis of complaints received by SEBI, alleging several malpractices in the public issue such as making of multiple fictitious and benami applications, acceptance of applications after the closure of the issue, as well as price rigging in the scrip and the possibility of the violation of the provisions of Securities and Exchange Board of India Act, 1992, SEBI (Stock Brokers and Sub-Brokers) Regulations,

1992, SEBI (Insider Trading) Regulations, 1992 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.

4. Show Cause Notice dated June 05, 1998 was issued to Dhanlaxmi. Reply was received on July 23, 1998. The main contentions of the company were that Section 11B of SEBI Act, 1992 was not applicable to the company on law as well as on facts. Regulation 3 of SEBI (PFUTP) Regulations, 1995 was not applicable in the case of Issue of Capital by a company in general and also in their case in particular. Directions for violation of Regulation, if any, can be issued under Regulation 11 only and not u/s 11B of SEBI Act, 1992. The Company had not done any thing which may be treated as malpractice on facts and in law. They requested to drop the proceedings if any, initiated under the SEBI Act and also requested for opportunity of personal hearing.

5. Accordingly, hearing has been granted on August 13, 1998. Dhanlaxmi kept on postponing the date of personal hearing and repeatedly fresh opportunities of personal hearing were granted on August 28, 1998, September 25, 1998 and October 8, 1998. SEBI vide their letter dated June 12, 1999 had also sent photocopies of the documents as asked for by the company on various occasions. The company vide their letter dated June 22, 1999 had replied that photo copy of a document is not a valid document which could be considered as evidence in a quasi criminal proceedings and submitted that the company or any of its directors had not committed any offence and therefore the proceedings may be dropped. Show Cause Notices were again issued to the company on December 12, 2002 and January 15, 2003. The Show Cause Notices were not replied to. On December 17, 2003, individual Show Cause Notices were sent to all the Directors of the company. Shri Avinash Gupta (on behalf of the company and its Directors) vide his letter dated January 06, 2004 replied to the Show Cause Notices and citing the fact that the matter was an old one, requested at least 2 months time to file the reply, which was subsequently granted. By a letter dated January 26, 2004, Shri Avinash Gupta subsequently informed SEBI that Shri Dinesh Dubey, one of the Directors of the company was no longer a Director of the company as he had resigned long time back. He also denied the allegations as pointed out in SCN and requested to drop the matter. Shri Dinesh Dubey vide his letter dated January 19, 2004 had replied that he never participated in the management of the affairs of the company, resigned his directorship in the year 1997-1998 and requested to bring the matter to an end.

6. The Ahmedabad Stock Exchange (herein after referred to as "ASE") was subsequently directed to paste the Show Cause Notice dated May 17, 2004 at the premises of the Directors of the company. But ASE sent back the said notices to SEBI. Hence notices were again sent to ASE on August 16, 2004 for pasting at the premises. Shri Rajendra Sharma, one of the Directors had replied on September 01, 2004 that the address of the registered office has changed and requested 15 days time to reply to the notices. Accordingly, on September 07, 2004, intimation letters had been sent to the Directors of the company asking them to file their reply within 10 days from the date of receipt of that letter. Fresh date of hearing on August 17, 2005 was granted to the company and its directors and intimation letters had been sent on July 18, 2005.

7. Show Cause Notice dated February 10, 2006 was issued to Dhanlaxmi under Section 11B of SEBI Act for violation of Regulations 3 and 4 the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Markets) Regulations, 1995 requiring it to show cause as to why directions in terms of Section 11B of SEBI Act read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 should not be issued against the company and its Directors including debarring the Company and its Directors from accessing the securities market and refund of application money to the investors.

8. The Show Cause Notice dated February 10, 2006 was replied to vide a reply dated April 10, 2006, whereby the main contentions raised by Dhanlaxmi are as follows:

8.1 The authorised representative of the MD of Dhanlaxmi Shri Arun Khatri was authorised to give information regarding the public issue of the company and not his personal opinion on behalf of the company and that the same was not binding on the company. Further, he was not an expert nor appropriately qualified to ascertain which application should have been accepted or rejected.

8.2 The letter from the Registrar and Transfer Agent M/s Compuquick Datamation (India) Ltd. dated December 11, 1995 shown to Shri Khatri alleging that large number of fictitious applications were being made in the public issue and asking Dhanlaxmi to examine those applications and submit the list of rejections of the said applications was never received by Dhanlaxmi nor was the letter dated December 12, 1995 purportedly written in reply to the said letter ever written by Dhanlaxmi.

8.3 Dhanlaxmi had no knowledge or information of Shri Amit Shah or Shri Girish Shah or Shri Kishore Barot and therefore was in no position to comment on the investigation carried out by other agencies such as the Income Tax

Department and the Central Board of Investigation. Further, the facts contained in the Show Cause Notice are contradictory and therefore no nexus vis a vis the total amount of share application money amounting to Rs. 3.46 crores, the cheques issued by the other party and Rs. 35 lakhs given by Dhanlaxmi is not established at all. It further stated that the company advanced money in the regular course of business and that it had no control over the final use by the borrower. It stated that the money alleged to have been advanced by the company was much after the public issue and it could never anticipate that the sum could be used to make the application in the public issue of the company. It stated that the transactions were in the ordinary course of business and that the benami/fictitious applications could not have been made at the instance of the company.

8.4 Dhanlaxmi was a finance company and it had in the ordinary course of its business bought some shares from M/s Asiatic Infrastructure and Shelter Ltd at the relevant time, thereby explaining the credit of Rs. 35 lakh in the bank account of M/s Asiatic Infrastructure and Shelter Ltd. with the Bank of Madura and now ICICI Bank. It stated that the company could not be held responsible for buying shares of any company which is later on allegedly found to be involved in illegal activities as alleged.

8.5 Dhanlaxmi stated that the fact that the Banker to the Issue being the Punjab National Bank, Maskati Branch accepted share applications of the company along with cheques even after December 2, 1995 i.e. much after the closure of the public issue made the bank responsible and that the company had no control over the functioning of the bank.

8.6 Dhanlaxmi stated that it cannot be penalised for the applications made during the public issue by Ms Asiatic through Shri Kishore Barot, Smt. Girdhar Patel and M/s Laxmi Movers, as it was in the business of buying and selling shares; and the purchase of shares of M/s Asiatic was a legitimate act on their part.

8.7 Dhanlaxmi was unaware of the alleged existence of the activities carried out by M/s Asiatic in the applications made in the public issue.

8.8 Dhanlaxmi denied its involvement in the applications made during the public issue and stated that it was not given the inspection of the 3 days Monitoring Report dated November 27, 1995 and the 78 days Monitoring report submitted by Monarch.

8.9 With regard to the allegation that the company had facilitated the manipulation of the company's stocks in the Ahmedabad Stock Exchange by M/s Akash Shelter and Finstock Ltd., Dhanlaxmi stated that the money was advanced in the normal course of business of the company and the sum so advanced was much before any money was advanced by M/s Akash to Arvind Shah and M/s S. R. Investments. It also submitted that the money advanced by M/s Akash was only 25% of the money advanced by the company and that it could not be said with certainty that the money was used for the purpose as alleged. It went further to state that the small sum of Rs. 15.33 lakhs was not sufficient to manipulate the scrip of the company.

8.10 Dhanlaxmi also emphatically denied that its director facilitated M/s Akash in the making of benami/multiple applications in the public issue of the company by financing it. Further, it also denied that by financing M/s Akash, the directors of the company had facilitated M/s Akash, M/s S. R. Investments and Shri Arvind Shah in manipulating the price of the shares of the company.

8.11 In addition to the submissions regarding the allegations contained in the Show Cause Notice, Dhanlaxmi further stated that the principles of natural justice had been violated as it was not given inspection the letters dated December 11, 1995 and December 12, 1995. It further asked for the copies of various documents being:

- a. Depositions made by the representatives of M/s Compuquick,
- b. Depositions made by all persons connected particularly Girish Shah, Amit Shah, Kishor Barot, Laxmi Movers, Asiatic Infrastructure and Shelters Ltd., Akash Shelters and Finstock Ltd., Arvind Shah, Girdhar Patel, M/s S. R. Investments and Bankers to the issue,
- c. Copies of the Bank Books and Journals for the relevant period,
- d. Any other document on which SEBI was relying.

9. Opportunities of hearing had been granted on various dates and final hearing took place on January 29, 2007. Juris Matrix, Advocates appeared on behalf of the company and its Directors and they denied the allegations pointed out in the Show Cause Notice.

10. I have carefully examined the show cause notices, replies to the show cause notices and my findings are as follows:

10.1 The authorized representative of the Managing Director of the company, Shri Arun Khatri, who appeared before the investigation officer on June 7, 1996, presented the applications received in the public issue, for scrutiny. On examination of the same, the following irregularities were brought to the notice of Shri Arun Khatri:

- a. Most of the applications did not possess the details of the bank on which the payment instruments were drawn.
- b. The applications did not possess the date of the issue of the payment instrument.
- c. The date on which the applications were made were not given.
- d. In most of the applications, the pin code number was not mentioned.
- e. In some applications (Appl. No. 2581991 and 2581964) age was mentioned as zero.
- f. There was no broker's stamp or 'Direct' Stamp on the application form.
- g. The instrument no. on all the applications were in serial.
- h. All the details in the applications were printed by the computer, except for the cheque no. which was handwritten.
- i. The occupation of the applicant was not mentioned in the application.
- j. The status of the applicant was not mentioned in the application.

In the course of the investigation proceedings and the examination held on June 7, 1996 Shri Khatri, agreed to the fact that the applications were incomplete and defective in many respects and that the company ought to have rejected such applications. In this respect I cannot agree with the contention advanced by Dhanlaxmi that the authorised representative of the MD of Dhanlaxmi Shri Arun Khatri was authorised to give information regarding the public issue of the company and not his personal opinion on behalf of the company and that the same was not binding on the company. Further, that he was not an expert nor appropriately qualified to ascertain which application should have been accepted or rejected can also be not accepted. Shri Arun Khatri was appearing before SEBI not in his personal capacity but in his capacity as the authorised representative of the company and as such was not speaking in his personal capacity. Thus it is presumed that the statements adduced in regard to the affairs of the company are binding on the company and its directors.

10.2 During the course of the investigation, it was also noted that M/s Compuquick Datamation (India) Ltd., the registrar to the said issue, (for brevity's sake referred to as the Registrar) vide their letter dated December 11, 1995, informed the company about the making of multiple/fictitious applications. Further while pointing out the deficiencies in the said application forms, such as cheques drawn from the same account of one bank and branch etc, the Registrar also allegedly advised the company to depute some responsible officer to check/verify all such applications and submit a list of applications which are multiple, incomplete, defective as per SEBI guidelines and the terms and conditions of the prospectus. It appears that in reply to the same, vide letter dated December 12, 1995, the company stated that the Managing Director, Shri Avinash Gupta had been deputed to carry out necessary checking and verification of the Bank Statements, Final Certificates, Share Applications and Allotment Register, as well as all the share applications received and other material prepared and produced by the registrar. Furthermore, the company informed that the Managing Director of the company had thoroughly carried out the necessary inspection, checking and verification of all the records, share applications and allotment register and thereupon sent a list containing the names of applicants to be rejected. It is noted that the list contained the names of only 5 applicants. To this allegation Dhanlaxmi stated that the letter from the Registrar M/s Compuquick Datamation (India) Ltd. dated December 11, 1995 shown to Shri Khatri alleging that the large number of fictitious applications being made in the public issue and asking Dhanlaxmi to examine those applications and submit the list of rejections of the said applications was never received by Dhanlaxmi nor was the letter dated December 12, 1995 purportedly written in reply to the said letter ever written by Dhanlaxmi. Considering the above, I am of the view that the contention of Dhanlaxmi cannot be accepted. The letters dated December 11, 1995 and December 12, 1995 were issued under the letter heads of the respective organisations. The same were also shown to Shri Arun Khatri and I find that he has also signed on the same on the date of his deposition before the investigating authority, being June 7, 1996. From the statements made by Shri Khatri and the correspondence entered into with the Registrar, it appears that there were multiple/benami/incomplete applications and yet the company sent a list rejecting only 5 applications. Thus, by failing to reject other multiple/benami/incomplete applications, which could have been easily identified, the Registrar was allowed to accept 3460 multiple/benami applications.

10.3 It is also noted that besides the investigation initiated by SEBI, other agencies such as Income Tax (IT) Department and CBI also initiated investigations in the said matter. During the course of these investigations, Shri Amit Shah & Mr Girish D Shah, who are brothers, were found to own eight companies, out of which two companies viz. Asiatic Infrastructure Shelter Ltd. and Atlantic Credit and Capital Ltd, were found to be engaged in financing activities such as

making applications in public issues and financing on interest. It is pertinent to note here that during the course of the investigations Shri Amit Shah, M/s S. R. Investments, M/s Akash Shelters and Finstock Ltd., Shri Kishore Barot and Shri Arvind K Shah were, vide an order of SEBI dated May 13, 1999, debarred from accessing the securities market for a period of 3 years effective from May 1999 on account of indulging in activities such as submission of multiple, fictitious and benami applications and/or unfair practices and price manipulation in the public issue and listed shares of the company. Dhanlaxmi in its reply had stated that it had no knowledge or information of Shri Amit Shah or Shri Girish Shah or Shri Kishore Barot and therefore was in no position to comment on the investigation carried out by other agencies such as the Income Tax Department and the Central Board of Investigation. I find from the records, that the pertinent documents being the depositions of Shri Amit Shah and Shri Girish Shah were provided to Dhanlaxmi by way of a letter dated January 8, 2007, before the final opportunity of hearing was granted to the company on January 29, 2007. By way of another letter dated December 22, 2006, various bank statements relating to Laxmi Movers pertaining to their account with United Bank of India for the period of November 1, 1995 to December 31, 1995, Asiatic Infrastructure and Shelter for the period of November 17, 1995 to June 22, 2006 of ICICI, Atlantic Credit & Capital Ltd for the period August 1, 1995 to August 31, 1996 and Asiatic Infrastructure & Shelter Ltd of Bank of Madura for the period of November 15, 1995 to March 31, 1996. I note that the relevant documents were provided to the company after a long time. However, the same cannot justify the contention being raised by Dhanlaxmi and the facts as they stand are still the same.

10.4 From the statement recorded before the Income Tax Authorities, I note that Shri Amit Shah and Shri Girish D Shah admitted to have made 3460 multiple/benami applications in the public issue of the company. It was further admitted that the payment for these applications was made through Account No 1686 of M/s Asiatic Infrastructure & Shelters Ltd, at Bank of Madura, Bhadra Branch, Ahmedabad and Account No 1671 of M/s Atlantic Credit & Capital Ltd at Vijaya Bank, Noble Building Branch, Ahmedabad. Furthermore, Shri Amit Shah and Shri Girish Shah also stated that an entry was passed in the name of Shri Kishor Barot in the books of M/s Asiatic Infrastructure & Shelter Ltd and M/s Atlantic Credit & Capital Ltd since public limited companies are not allowed to make applications in multiple names. They further admitted that the names and addresses mentioned in the 3460 applications were not genuine and the work of filing these applications was done by Shri Kishor Barot and Girdhar Patel of Kapadia Finance. Further it appears that the cheques for making the applications were arranged by Laxmi Movers of Junagadh who were paid a consideration of Rs 70,000/- for the same. I do not agree with the company's submission that the company advanced money in the regular course of business and that it had no control over the final use by the borrower. It stated that the money alleged to have been advanced by the company was much after the public issue and it could never anticipate that the sum could be used to make the application in the public issue of the company. It stated that the transactions were in the ordinary course of business and that the benami/fictitious applications could not have been made at the instance of the company.

10.5 On verification of the records of the company such as bank statement, bank books, etc. it is observed that a cheque No 271228 amounting to Rs 35,00,000/- had been issued by the company from its account no 3369 with Punjab National Bank to M/s Asiatic Infrastructure & Shelter Ltd. on November 27, 1995. The amount was credited in the Bank Account no 1686, of M/s Asiatic Infrastructure & Shelter Ltd opened with Bank of Madura (now ICICI Bank)

10.6 Further investigation of the books and statements produced by the Punjab National Bank, Maskati Branch, Ahmedabad the Banker to the issue, reveals that they had accepted the share applications of the company along with the cheques towards the share application, even after December 2, 1995 i.e. much after the closure of the issue on November 24, 1995. I find that enquiry proceedings were initiated against the branch and after completion of the necessary proceedings, the branch of Punjab National Bank was debarred from carrying on activity as Banker to an Issue for a period of 6 months.

10.7 On the basis of the information collated, it appears that between November 24, 1995 and December 2, 1995, the company financed M/s Asiatic Infrastructure & Shelter Ltd., who in turn made multiple/benami applications in the public issue of the company through Shri Kishore Barot, Shri Girdhar Patel and M/s Laxmi Movers. Thus it appears that the company financed M/s Asiatic Infrastructure & Shelter Ltd. an amount to the tune of Rs 35, 00,000/- during the period between November 27, 1995 and December 2, 1995. Incidentally and as mentioned above, during this period, 3460 multiple/benami applications were made by M/s Asiatic Infrastructure & Shelter Ltd.

10.8 The company has also been found to be regularly buying and selling the shares of M/s Asiatic Infrastructure & Shelter Ltd such that during the period May 1995 to November 1995, it was found to have purchased and sold 40,600 and 25000 shares respectively of M/s Asiatic Infrastructure & Shelter Ltd. Out of the 40,600 shares purchased by the company, 9100 shares were purchased in the public offer. Hence it appears that despite being aware of the existence of the activities carried out by M/s Asiatic Infrastructure & Shelter Ltd. viz, making applications in public issues and financing on interest, the company has financed M/s Asiatic Infrastructure & Shelter Ltd. However, I must admit that the case of the nexus existing between the total amount of share application money amounting to Rs. 3.46 crores, the cheques issued by the other parties and Rs. 35 lakhs given by Dhanlaxmi has not been properly established by SEBI.

10.9 The public issue of the company opened on November 21, 1995 and the earliest closing date was November 24, 1995 whereas the issue closing date was December 1, 1995. The company decided to close the issue on the earliest closing

date i.e. November 24, 1995 as the issue was oversubscribed. The basis for allotment as published by the company was as below:

Category 500 to 1000 shares

No of shares applied for	No of applications received.	Total No of shares	% to Total	No of Shares allotted in each category	% of Successful applicants
500	185	92500	2.42	100	1.62
600	36	21600	0.56	200	0.63
700	5	3500	0.09	200	0.09
800	3	2400	0.06	200	0.05
900	11	9900	0.26	300	0.25
1000	3597	3697000	96.61	300	97.22
Total	3937		100		100

Category 1100 shares and above

No of shares applied for	No of applications received.	Total No of shares	% to Total	No of Shares allotted in each category	% of Successful applicants
2500	1	2500	0.06	600	0.05
4000	1	4000	0.09	1000	0.09
5000	2	10000	0.23	1300	0.24
5500	1	5500	0.13	1400	0.13
6000	1	6000	0.14	1500	0.14
9500	2	13000	0.30	1600	0.28
10000	4	40000	0.92	2500	0.90
15000	2	30000	0.69	3800	0.69
26000	1	26000	0.60	6600	0.60
50000	4	200000	4.58	12700	4.59
65000	1	65000	1.49	16500	1.49
80000	1	80000	1.83	28300	1.84
100000	7	700000	16.03	25300	16.02
150000	4	600000	13.74	38000	13.75
285000	1	285000	6.53	72200	6.53
300000	1	300000	6.87	75900	6.87
600000	1	600000	13.74	151900	13.74
700000	2	1400000	32.06	177200	32.05
	37	4367000	100		100

I note from the above that the maximum percentage of successful applicants (97.22%) was found in the category of 1000 shares and out of the total applications (3597) received in this category, 3460 multiple/benami applications were made. From the above, it appears that the applicant of multiple/benami applicant was fully aware of the trend of the share applications and accordingly submitted multiple/benami applications in the category of 1000 shares after the earliest closing date of the issue i.e on November 24, 1995 and thus managed to get maximum firm allotment. The 3 Day Monitoring Report dated November 27, 1995 submitted by Monarch Project & Finmarkets Ltd., Monarch states that the issue closed on November 24, 1995 and as on that date, an amount of Rs 590 lacs was collected. However, the 78 Days Monitoring Report submitted by Monarch states that the amount received was Rs 819.39 lacs. From the discrepancy found in the amounts as stated in the Reports, it is possible to conclude that applications were accepted after the closure of the Issue

10.1 While investigating the issue as regards the possible manipulation of the price of the shares of the company traded on the Ahmedabad Stock Exchange during January 1996, it was observed that the price trend in the scrip was abnormal and not justified by the financial fundamentals of the company. Further investigations revealed that M/s S R Investments and Shri Arvind K Shah bought the majority of the shares of the company through two brokers of the ASE. It was observed that M/s Akash Shelter & Finstock Ltd., had financed Shri Arvind K Shah for purchasing shares of the company worth Rs 3.00 lacs on January 11, 1996 and Rs 12.33 lacs on January 23, 1996 through M/s S R Investments, a member of the ASE. As stated earlier, these above mentioned entities, were vide an order of SEBI dated 13, May 1999, debarred from accessing

the securities market for a period of 3 years effective from May 1999 on account of indulging in activities such as submission of multiple, fictitious and benami applications and/or unfair practices and price manipulation in the public issue and listed shares of the company.

10.2 During the investigation, on verification of the Bank Book and Bank Statement of the company, it was further observed that the company has financed M/s Akash Shelter Finstock Ltd an amount of Rs 60, 01,500/- vide cheque No. 271713 dated December 16, 1995, issued from the company's Bank account No. 3369 with Punjab National Bank. Thus it appears that the company has facilitated M/s Akash Shelter & Finstock Ltd., M/s S R Investments and Shri Arvind Shah in the matter of the manipulation of the price of shares of the company and thus violated Regulations No 3 & 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. However, I take note of the submissions made by Dhanlaxmi that with the small sum of Rs. 15.33 lakhs, the price of the scrip cannot be manipulated.

11. Considering all the facts and circumstances of the case, I find that the company Dhanlaxmi along with its directors have acted mala fide and have acted in a manner detrimental to the interests of the investors or the orderly development of the securities markets and have violated Regulation 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995. However, I find that it has not been convincingly proved that there exists a nexus between the total amount of share application money amounting to Rs. 3.46 crores, the cheques issued by the other parties and Rs. 35 lakhs given by Dhanlaxmi. Further, this matter is of 1995 and got delayed for one reason or the other. I further find that Shri Ramesh Chandra Gupta had died in the meanwhile and a copy of the death certificate was forwarded to SEBI by Juris Matrix.

12. Therefore, taking into consideration facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 11 & 11B of Securities and Exchange Board of India Act, 1992 read with Section 19 of Securities and Exchange Board of India Act, 1992 and Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, hereby restrain M/s Dhanlaxmi and its directors being Shri Rajendra Sharma, Shri Dinesh R Dubey, Shri V L Patel and Shri Avinash Gupta from accessing the securities market and also prohibit them from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever for a period of two months.

13. This order shall come into force with immediate effect.

Place:
Mumbai

Date: March 04, 2008

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