

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: DR. T. C. NAIR, WHOLE TIME MEMBER

**IN THE MATTER OF SHRI HARISH KUMAR (HUF), M/S. A. H. HOLDINGS
PRIVATE LIMITED, SHRI OMPRAKASH, SHRI OMPRAKASH (HUF),
MS. RAKSHA DEVI, M/S. ASIATIC ENGINEERS PRIVATE LIMITED, M/S.
TECHNOCRAT MARKETING PRIVATE LIMITED AND
SHRI HARISH KUMAR, DIRECTOR**

IN THE SCRIP OF M/s. ELECTROLUX KELVINATOR LIMITED

Date of hearing : 02-05-2006

Appearance of parties

For the noticee : Shri Atul Sharma, Senior Advocate
Shri Anand Srivastava, Advocate, M/s. Link Legal
Shri Manoj Bajaj, Authorised Representative of
the noticee
For SEBI : Shri Sanjeev Dutt, Chief General Manager
Shri V. Raghavendra Prasad, Deputy Legal Adviser
Shri Jitendra Kumar, Manager

ORDER

**UNDER SECTIONS 11B AND 11 (4) OF THE SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992**

1. The present proceedings under Sections 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 ('SEBI Act' for short) are directed against Mr. Harish Kumar (HUF), M/s. A H Holdings Private Limited, Mr. Omprakash,

Mr. Omprakash (HUF), Ms. Raksha Devi, M/s. Asiatic Engineers Private Limited, M/s. Technocrat Marketing Private Limited and Mr. Harish Kumar, Director, all promoters in M/s. Electrolux Kelvinator Limited (hereinafter referred to as 'EKL' or the 'company') having address at 13/11, East Patel Nagar, New Delhi - 110008. For brevity's sake, the above mentioned entities/individuals are referred to as "Harish Kumar and Associates" or the 'promoter group'. The proceedings have been initiated for their alleged unfair transactions in the scrip of EKL and thereby contravening the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995 (herein after referred to as 'PFUTP Regulations').

2. The investigations in the dealing in the scrip of the company was initiated by the Securities and Exchange Board of India ('SEBI' for short) based on an investigation carried out by National Stock Exchange of India Ltd. ('NSE' for short) for the period from August 02, 2000 to September 05, 2000 wherein it was observed by the NSE that on August 09, 2000 the quantity traded in the scrip witnessed a sudden spurt. Based on the price volume chart analysis, the period from February 01, 2000 to March 31, 2000 was also included for the purposes of investigation. Further, NSE forwarded another investigation report for the period November 08, 2000 to March 20, 2001. Therefore, the period of investigation by the SEBI pertains to the following periods:

- a) February 01, 2000 to March 31, 2000 – Phase I
- b) August 02, 2000 to September 05, 2000 – Phase II
- c) November 08, 2000 to March 20, 2001 – Phase II

3. EKL came out with a rights issue during December 1999. The promoters of EKL - Mr. Harish Kumar and associates – sold approx. 46 lakhs shares of M/s EKL, during December 1999, on a cum-rights basis. Out of these, approx. 35 lakhs shares (in physical form) were sold as an off market deal to M/s Mefcom Capital Markets Ltd., Delhi (M/s Mefcom) and the remaining shares were sold in

the market as stated by Mr. Harish Kumar in his statement recorded on November 11, 2002. M/s Mefcom, vide its letter dated November 21, 2002, has stated that it had purchased only 15 lakhs shares of M/s EKL from Mr. Harish Kumar and Associates and not 35 lakhs as affirmed by Mr. Harish Kumar. M/s Mefcom has further stated that they sold 10 lakhs of these cum-rights shares to M/s Ankur Finlease Pvt Ltd., Delhi and retained the balance 5 lakhs shares with them. Part of these shares (approx. 6 lakhs shares) were sold by M/s Ankur Finlease to the three related clients – M/s Vivenasri Financial Services Ltd. (M/s VFSL), M/s Harsh Pranav Securities Pvt. Ltd. (M/s HPSPL) and M/s New Fin Financial Services Pvt Ltd. (M/s NFFSPL), with the funding for these purchases coming from M/s Shalibhadra Securities Limited – a defaulting member of NSE . Acquisition for a further 20 lakhs cum-rights shares was made from M/s Harish Kumar & Associates with the funding for the same coming from M/s Shalibhadra Securities Ltd. (vide pay order nos. 174180 to 174185 dated 24.12.1999). After getting these shares transferred in their name, application for rights was made. Therefore, after rights, these three clients alongwith M/s Shalibhadra Securities Ltd. had approx. 45 lakhs shares of M/s EKL. Part of the source of funds for making the purchases as well as for applying for the rights was received from M/s Shalibhadra Securities Ltd. – a defaulting broker of NSE. These three related clients, with the corpus of approx. 45 lakhs shares in their name, started trading in the shares of M/s EKL through various brokers of BSE and NSE and particularly through M/s Shalibhadra Securities Ltd. Their trading was mainly concentrated during the time periods i) August 02, 2000 to September 05, 2000 and ii) November 08, 2000 to March 20, 2001.

4. While trading through a large assortment of brokers of BSE and NSE, the three related clients used the facility of “Sell and Cash scheme” provided by certain custodians – M/s Stock Holding Corporation of India Ltd and M/s HDFC Bank Ltd. The above mentioned three related clients maintained depository accounts with these custodians. Sell orders were placed with these custodians, who in turn routed the orders through various trading members empanelled with

them. These related clients would immediately receive the money from the custodians, under the “Sell and Cash scheme” of the custodians. The custodians in turn would receive the money on settlement of the trades. More often than not, the purchases for these sales were being made by one of the three related clients, particularly through M/s Shalibhadra Securities Ltd. The money received from the custodians, for the sales made during one settlement, was being used to meet the pay-in obligations arising out of their net purchases made during the previous settlement.

5. While the sales were made predominantly by one of the related clients – M/s VFSL – the corresponding purchases were made by either of the other two related clients – M/s HPSPL and M/s NFFSPL. The shares received by way of purchases by the two related clients were aggregated and transferred to the demat account of the selling client, who in turn effected further sales. In effect, therefore, with limited amount of capital and shares, the related clients were able to generate huge volumes in the scrip of M/s EKL, while maintaining its price. During February – March 2001, when the market witnessed a sudden and deep slide, the above modus operandi, utilized by the three related clients, could not be sustained and the volumes as well as the price fell. This also resulted in payment problem for M/s Shalibhadra Securities Ltd., who was later declared as a defaulter by NSE.

6. As mentioned above, one of the promoters of M/s EKL - Mr. Harish Kumar and associates – sold approx. 46 lakhs shares of M/s EKL on a cum-rights basis during December 1999. The breakup of their holdings is as follows:

Shareholding breakup of Harish Kumar and Associates for the year 1999:

Name of the Shareholder	No. of shares as on	
	31.03.1999	31.12.1999
A H Holdings P. Ltd	125,56,730	101,04,007
Harish Kumar & HUF	3,46,020	1,73,520
Anita Kumar	2,01,020	1,01,020
Sarthak H Kumar	1,60,000	80,000

Priyanka	80,000	40,000
Perna	1,79,820	40,000
Omprakash	1,21,020	920
Raksha Devi	1,00,000	1,020
Asiatic Engineers P Ltd	12,89,460	10,39,460
Vindhya Woodcraft P Ltd	15,54,150	11,53,750
Kaveri Shilpkala Ltd	9,64,850	5,07,850
Technocrat Marketing P Ltd	3,37,500	1,300
Total	178,70,570	132,42,847

7. The following table brings out the flow of funds from the three related clients to the promoter- M/s Harish Kumar & Associates-for the sale of shares made by the promoters.

Flow of funds from the three related clients to the promoter - Harish Kumar & Associates.

NAME OF THE PARTY	DETAILS OF PAYMENT MADE BY MEFCOM TO HARISH		DETAILS OF AMOUNT RECD. FROM ANKUR FINLEASE BY MEFCOM		DETAILS OF AMOUNT RECD. BY M/S ANKUR FINLEASE FROM M/S SHALIBHADRA SECS LTD. - ON BEHALF OF THE THREE RELATED CLIENTS - M/S VFSL, M/S NFFSPL, M/S HPSPL	
	DATE OF PAYMENT	AMOUNT	DATE OF RECEIPT	AMOUNT	DATE OF RECEIPT	AMOUNT
M/s A H Holdings Pvt Ltd	02.12.99	5900000	02.12.99	5900000	02.12.99	5900000
M/s A H Holdings Pvt Ltd	02.12.99	5700000	02.12.99	5700000	02.12.99	5000000
M/s A H Holdings Pvt Ltd	03.12.99	3000000	03.12.99	900000	02.12.99	1500000
M/s A H Holdings Pvt Ltd	03.12.99	0	03.12.99	600000		
M/s A H Holdings Pvt Ltd	03.12.99	0	03.12.99	1500000	02.12.99	corresponding cr.of 15 lacs appears in the bank statement of M/s Ankur; but not highlighted by ankur as having been recd from M/s Shalibhadra
M/s A H Holdings Pvt Ltd	03.12.99	500000				
Harish Kumar (HUF)	09.12.99	480000	08.12.99	1300000	07.12.99	3500000
Ms. Raksha Devi	09.12.99	640000	09.12.99	2200000		
Mr. Om Prakash (HUF)	09.12.99	800000				
Mr. Om Prakash	09.12.99	1102400				
M/s Technocrat Mktg. Pvt Ltd	09.12.99	1477600	10.12.99	1000000	08.12.99	corresponding cr.of 10 lacs appears in the bank statement of M/s Ankur; but not highlighted by ankur as having been recd from M/s Shalibhadra
M/s Technocrat Mktg. Pvt Ltd	09.12.99	300000				

Mr. Harish Kumar	11.10.99	500000				
M/s A H Holdings Pvt Ltd	14.12.99	1398400				
M/s A H Holdings Pvt Ltd	14.12.99	1600000	15.12.99	1600000	15.12.99	1600000
M/s Technocrat Mktg. Pvt Ltd	14.12.99	1801600				
M/s A H Holdings Pvt Ltd	16.12.99	2500000	17.12.99	2500000	16.12.99	2500000
M/s A H Holdings Pvt Ltd	16.12.99	606250				
M/s A H Holdings Pvt Ltd	17.12.99	500000				
Harish Kumar (HUF)	23.12.99	375000	24.12.99	62500	24.12.99	corresponding cr.of 72 lacs appears in the bank statement of M/s Ankur; but not highlighted by ankur as having been recd from M/s Shalibhadra
M/s A H Holdings Pvt Ltd	23.12.99	1092500	24.12.99	175000		
M/s Technocrat Mktg. Pvt Ltd	23.12.99	1388750	24.12.99	598437		
M/s Technocrat Mktg. Pvt Ltd	23.12.99	1407500	24.12.99	3750000		
Ms. Raksha Devi	23.12.99	500000				
Mr. Om Prakash	23.12.99	861250				
Mr. Om Prakash (HUF)	23.12.99	625000				
M/s A H Holdings Pvt Ltd	27.12.99	600000	27.12.99	1732812.5		
M/s A H Holdings Pvt Ltd	27.12.99	418750				
M/s Asiatic Engg. Pvt. Ltd.	27.12.99	4000000				
		40075000		29518750		20000000
		15 lac shares		10 lac shares		

The following table brings out the flow of funds coming directly from M/s Shalibhadra Securities Limited (Debited from the Current account No. 2998 of M/s Shalibhadra Securities Ltd) to M/s Harish Kumar & Associates (credited into the current account no. 606291) for the purchase of approx. 20 lac shares of M/s EKL.

Date of the instrument	Instrument No.	Amount
24.12.99	174180	90,00,000
24.12.99	174181	68,40,000
24.12.99	174182	90,00,000
24.12.99	174183	90,00,000
24.12.99	174184	90,00,000
24.12.99	174185	90,00,000

8. From the above tables the following is observed:

- Mr. Harish Kumar and associates sold approx. 46 lac shares (in physical form) of M/s EKL, during December 1999, on a cum-rights basis. Out of

- these, as stated by Mr. Harish Kumar in his statement recorded on November 11, 2002, approx. 35 lac shares were sold as an off market deal to M/s Mefcom Capital Markets Ltd., Delhi (M/s Mefcom) and the remaining shares were sold in the market.
- ii) M/s Mefcom, vide its letter dated November 21, 2002, has stated that it had purchased only 15 lac shares of M/s EKL from Mr. Harish Kumar and Associates and not 35 lacs as affirmed by Mr. Harish Kumar. M/s Mefcom has further stated that they sold 10 lac of these cum-rights shares to M/s Ankur Finlease Pvt Ltd. Delhi and retained the balance 5 lac shares with them. M/s Mefcom has reiterated this in its statement recorded on December 23, 2002.
 - iii) Part of these shares (approx. 6 lac shares) were sold by M/s Ankur Finlease to the three related clients – M/s Vivenasri Financial Services Ltd. (M/s VFSL), M/s Harsh Pranav Securities Pvt. Ltd. (M/s HPSPL) and M/s New Fin Financial Services Pvt Ltd. (M/s NFFSPL), with the funding for these purchases coming from M/s Shalibhadra Securities Limited – a defaulting member of NSE .
 - iv) While, the shares were ostensibly sold by M/s Harish Kumar & associates to M/s Mefcom and by M/s Mefcom to M/s Ankur and by M/s Ankur to the three related clients, the flow of funds reveals a different picture. For instance, a total of Rs. 124 lac was received on 02.12.99 by M/s Ankur Finlease from M/s Shalibhadra. On 02.12.99 and on 03.12.99 this amount was given by M/s Ankur to M/s Mefcom. Again on 02.12.99 and on 03.12.99 this amount was paid to Mr. Harish Kumar & associates by M/s Mefcom.

v) Similarly, the funds were transferred from M/s Shalibhadra to M/s Ankur, and M/s Ankur to M/s Mefcom and finally from M/s Mefcom to Mr. Harish Kumar and Associates more or less on the same dates.

vi) Further, for the sale of approx. 20 lac shares (approx. 35 lacs as an off market deal minus 15 lac shares sold through M/s Mefcom), M/s Harish Kumar and Associates have received a total of approx. Rs. 5.2 crore by way of pay orders which have been directly debited from the current account of M/s Shalibhadra Securities Limited. (In the statement recorded on September 24, 2002, the representative of M/s. Shalibhadra Securities had stated that –

“the clients Vivenasri, Harsh Pranav and New Fin were known to me from 1999 onwards. On a tacit understanding with them, I financed them for acquiring approx. 20 lac cum-right shares from the promoters of M/s Electrolux, as an off-market deal, sometime during November / December 1999. Subsequently, when rights were announced by the company (rights issue opened on December 27, 1999), the rights application for approx. 15 lac of the 20 lac cum-rights shares were made by me on behalf of the above mentioned three clients.”)

Therefore,

- a) The flow of funds and the timing of the flow of funds reveal that the money received by Mr. Harish Kumar & Associates is actually the money coming from M/s Shalibhadra, who has acted on behalf of the three related clients and not from M/s Mefcom, as stated by Mr. Harish Kumar in his statement (“ I wish to state and swear that at the time of sale and subsequently also we were not aware whether M/s Mefcom or other brokers were purchasing these shares for or on behalf of others.”) (While questioned whether they were directly / indirectly known to M/s Shalibhadra Securities Limited, M/s Mefcom in its statement has stated that “..We did introduce them for opening a bank account in Canara Bank Branch at Delhi Stock Exchange at

the request of Mr. Harish Kumar so far as I remember as the matter is very old".)

- b) The sale transactions effected by Mr. Harish Kumar & Associates appears to be a back to back transaction with the three related clients. It appears that Mr. Harish Kumar & Associates used this circuitous route of sales through two sets of intermediaries to hide the ultimate beneficiaries of these sales. These two intermediaries were only acting as a conduit for the sales made by M/s Harish Kumar & Associates to the three related clients and M/s Shalibhadra Securities Ltd. It therefore appears that M/s Harish Kumar and Associates were aware of the ultimate beneficiaries of the shares sold by them.
- c) As brought out later in the report, the three related clients used the cum-rights shares bought from Mr. Harish Kumar & Associates, including the shares applied in rights, to indulge in market manipulation in violation of the provisions of Regulation 4 (a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995.

9. Therefore, based on the above the investigations have concluded that M/s. Harish Kumar & Associates have aided and abetted the three related clients – M/s VFSL, M/s HPSPL and M/s NFFSPL - in market manipulation. The charge against M/s. Harish and Associates was that they indirectly entered into transactions in securities with the intention of aiding and abetting the three related clients in market manipulation thereby contravening the provisions of Regulation 4(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. In view of the above, it was proposed to issue notices to the noticees calling for an explanation.

10. In view of the above, a Show Cause Notice (SCN) dated 24-04-2003 in terms of Section 11 (4) of the SEBI Act, 1992 was issued to the noticee

intimating the charge against them. The notice required them to show cause as to why in the interest of investors and for the orderly development of securities market, appropriate direction(s) as provided under section 11(4) of the SEBI Act, 1992 including orders restraining them from accessing the securities market and prohibiting it to buy, sell or otherwise deal in securities for a period of 5 years should not be issued. The noticees were required to send their reply within 15 days from the date of receipt of the notice.

11. The noticees replied to the show cause notice through their legal counsel M/s. Link Legal by their reply dated 01-06-2004. The reply also enclosed certain documents which the noticee relied on.

12. A notice dated 22-07-2004 for hearing was issued to the noticee requiring them to appear for a personal hearing on 13-08-2004. The hearing was postponed to 06-09-2004 which was subsequently postponed to 14-09-2004 on a request from M/s. Legal Link, Counsel for the noticee. I note that the noticee failed to appear before the erstwhile Member, SEBI on several occasions including on 14-09-2004 after being informed that no more adjournments would be afforded. Due to this callous attitude of the noticee it was decided not to grant any further opportunity but to proceed with the case based on the material on hand. Aggrieved by this the noticee had moved the Delhi High Court, vide Civil Writ Petition No. 15685-92 of 2004 praying for a direction against SEBI that the notice should be heard before passing any final orders in the matter. The Delhi High Court vide its order dated 27-09-2004 disposed of the writ petition with a direction that the one last opportunity be afforded to the noticee to present their case on a date fixed by SEBI. The court further directed that SEBI may decide the case if the notices fail to appear for hearing on the date that may be fixed. I note that since the Member who was hearing the matter had resigned from the services of the Board, the case could not be proceeded with. When the matter was referred to me for enquiry, a notice dated 07-04-2006 was sent to the noticee requiring them to appear before me for a hearing on 02-05-2006. On the

day appointed for hearing the noticee was represented by Shri Atul Sharma, Senior Advocate and Shri Anand Srivastava, Advocate, M/s. Link Legal along with Shri Manoj Bajaj, Authorised Representative of the noticee. Oral submissions were made on behalf of the noticees before me.

13. Pursuant to the personal hearing granted to the noticees before the Whole Time Member, SEBI, the noticees were directed to produce the following vide SEBI's letter dated 05-07-2007:

- i. Original memorandum of understanding entered into between Shri Vijay Mehta of M/s. Mefcom Capital Markets Ltd. and Shri Harish Kumar dated 11-10-1999
- ii. Original agreement for payment of commission dated 11-10-1999 executed between Shri Vijay Mehta of M/s. Mefcom Capital Markets Ltd. and Shri Harish Kumar
- iii. Number of shares sold to you by M/s. Mefcom Capital Markets Ltd.

The noticees were directed to produce the above mentioned documents in original for verification on 12-07-2007. I note that M/s. Link Legal, Advocates for the noticees vide their letter dated 09-07-2007 sought time for collating and forwarding the documents to SEBI and vide their letter dated 12-07-2007 had stated that the original Memorandum of Understanding dated 11-10-1999 between Shri Vijay Mehta of M/s. Mefcom Capital Markets Ltd. and Shri Harish Kumar was retained by Shri Vijay Mehta and that only a photocopy of the same was retained by their clients. The letter also enclosed the details of the number of shares sold by them to Mefcom. The letter is silent about the terms of agreement for payment of commission between the parties.

14. I have perused the Investigation Report, Show Cause Notice, the reply submitted by the noticee and their oral submissions made during the hearing before me. The issues that arise for consideration in this case are:

- a. Whether the noticees has acted in a manner contravening the provisions of Regulation 4 (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995?
- b. What would be the nature of directions against the noticees in the instant case?

15. I would first deal with the agreements which have been submitted by the noticees in support of their case. I note that the noticees have submitted copies of a memorandum of understanding and an agreement entered with an arranger, one Shri Vijay Mehta. I find that the agreements seem to be not proper for two reasons, one being that the stamp paper on which the agreements have been scribed does not have the name of the person to whom the same was sold. It is usual practice that the stamp vendors write the name of the purchaser of the non-judicial stamp paper on the top of the stamp paper, which is seen missing in both the agreements. Secondly, the execution of the agreements have not been witnessed. The above deficiencies raise doubts as to the genuineness and bonafides of the agreements as well as the parties. I note that the legal counsel for the noticees vide their letter dated 12-07-2007 has stated that the original memorandum of understanding dated 11-10-1999 between Shri Vijay Mehta of Mefcom and Shri Harish Kumar was retained by Shri Vijay Mehta and that only a photocopy of the same was retained by the noticees. I note that usually commercial agreements between parties are drawn in duplicate and each party would retain the agreements in original. I further note that the above referred reply of the legal counsel of the noticees was silent with regard to the agreement for payment of commission. Because of the above said reasons, I do not wish to rely on the copies of the agreements submitted by the noticee.

16. With regard to the charge against the noticees, I note that the show cause notice dated 24-04-2003 issued to the noticees alleges that the noticees have aided and abetted the three related clients – M/s. Vivensari Financial Services

Ltd., M/s. Harsh Pranav Securities Pvt. Ltd. and M/s. New Fin Financial Services Pvt. Ltd. by indirectly entering into transactions in securities with the intention of aiding and abetting the three related clients in market manipulation and therefore been found guilty of having violated Regulation 4(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 1995. I note that the investigations have revealed that the promoter group has sold the shares of EKL to M/s. Mefcom Capital Markets Limited (herein after referred to as "Mefcom"). The inflow of funds to the promoter group reveals that the member, M/s. Shalibhadra Securities Limited has financed for the shares sold to Mefcom. Mefcom had in turn sold these to Ankur Finlease which in turn sold them to the various other entities. I also take note of the fact that the authorised representative, Shri Hemendra V Shah of M/s. Shalibhadra Securities Ltd. vide his statement recorded on 24-09-2002 has stated thus

"the clients Vivensari, Harsh Pranav and New Fin were known to me from 1999 onwards. On a tacit understanding with them, I financed them for acquiring approx. 20 lac cum-right shares from the promoters of M/s. Electrolux, as an off-market deal, sometime during November / December 1999. Subsequently when rights were announced by the company (rights issue opened on December 27, 1999), the rights application for approx. 15 lac of the 20 lac cum-rights shares were made by me on behalf of the above mentioned three clients."

I find the above submission does not implicate the noticees. It only establishes the nexus between the member and the three clients. The investigations have revealed that the clients named above were involved in market manipulation with the aid of Shalibhadra. Thus, to prove the indulgence by the noticees in the whole manipulation, nexus has to be established between the noticees, Shalibhadra and the clients. I note that the noticees had submitted that they cannot be charged with market manipulation since they had sold the shares by off market deals with Mefcom and that such trades cannot affect the price in the market. In this case, noticees sold the shares to the above mentioned entities off the market which were later utilised to influence the price of the securities in the

market. I refer to the fund flow table mentioned at page 3 of the show cause notice dated 24-04-2003 issued to the noticees, which depicts the flow of the funds from various entities to the noticees. In the given facts and circumstances of the case, it has not been clearly shown that the noticees were directly involved or had benefited by selling the shares off-market to Mefcom.

17. I find that the fund flow from various entities though alone will not bring out the nexus between the noticees and the clients who have manipulated in the scrip, but such fund flow would suggest a preponderance of such a probability of the noticees having connections with the other entities involved in the manipulative dealing in the scrip. I also note that the noticees have not submitted their bank statements to show/prove that money was in fact received from the purchasers into their account. I also note that the investigations have not established how the promoter/noticees have benefited on account of the manipulation. I wish to give such benefit of doubt to the noticees while directing them to be careful in their future dealings but having strong reservations on the bonafides of the agreements discussed above. In the end, I find that no directions in the nature of restraining the noticees from accessing the securities market or prohibiting them from buying, selling or otherwise dealing in securities would be required to be passed against the noticees invoking Sections 11(4) and 11B of the SEBI Act, 1992.

18. I, therefore in exercise of powers conferred under Section 19 of SEBI Act, 1992 read with Sections 11(4) and 11B of the SEBI Act, 1992, hereby direct the noticees to be careful in their future dealings in securities and adhere strictly to the statutory requirements. With the above directions, the present proceedings against the noticees are disposed of.

DATE: 20.08.2008

PLACE: MUMBAI

T C NAIR

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA