

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**

**CORAM: Dr.T.C. NAIR, WHOLE TIME MEMBER**

**In the matter of Shri. Tushar A Majmudar, Shri Amidhar Majmudar,  
Smt Rena A Majmudar and Smt Rima T. Majmudar.**

**In the scrip of Manna Glass Tech Industries Limited.**

**DATE OF HEARING: 03.08.2007**

Appearances:

**For noticees: Shri Tushar Majmudar for himself and for all other noticees.**

**For SEBI: Shri P K Bindlish, Chief General Manager  
Shri Bibhudutta Samal, Manager  
Ms Kshama Wagherkar, Legal Officer**

**ORDER**

**Under Section 11 and 11B of SEBI Act 1992 read with regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.**

- 1.1 Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted investigation into the alleged manipulation in the dealings into the scrip of Manna Glass Tech Industries Limited (hereinafter referred to as "company"/"Manna Glass") between January 1999 to July 1999 and January 2000 to July 2000 (hereinafter referred to as relevant period).

## 1.2 The investigation inter alia revealed:

- a) That during the period from January 1999 to July 1999 there was a spurt in the trading of Manna Glass as compared to its trading for the previous two years. During this period there was a substantial increase in the price and volume traded in the scrip.
- b) That during this period, 4 entities namely Indian Shelters Ltd., Growth Agro Industries Ltd., Omega Avenues Ltd. and Sarlee Fabrics Exports Ltd. had substantial dealings in the scrip.
- c) That in January 2000, Manna Glass had issued 1.8 crore shares @ Rs 17/- on preferential basis to 5 promoters and 12 non-promoter entities. Due to this, total number of shares of company were increased from 83,39,500 to 2,63,39,500 and total issued equity capital of the company increased to Rs. 26.33 crore divided into 2,63,39,500 shares of Rs.10/- each.
- d) That although there was a preferential issue, there was no real flow of funds from the allottees of the preferential issue to the company by way of allotment money, as allottees received the credit cheques from three promoter companies / entities namely Manna Exports Ltd., Manna Machineries Limited, Mannapoule Machineries Pvt. Ltd for the purpose of making the payment for allotment of shares.
- e) That the directors/promoters of Manna Glass were the authorized signatory/directors of the aforementioned Manna Exports Ltd, Manna Machineries Pvt Ltd and Mannapoule Machineries Pvt Ltd.
- f) That around 1.50 crore shares were sold indirectly by the allottees in the stock exchange immediately after preferential issue i.e. during the period March-July, 2000.

## 1.3 Facts gathered during the investigation indicated that the company Manna Glass, its promoters and directors, acting through certain connected

entities had indirectly manipulated the market in the scrip so that they could fix the price in the proposed preferential allotment. The promoters / directors of Manna Glass and other connected entities got shares in the preferential allotment. The said allotment was done fraudulently just to dump the shares in the market for profit without any acquisition cost and no additional funds were brought to the company. These acts of the company and its promoters/ connected entities acted as fraud upon the general investing public. Shri Tushar A. Majmudar, Shri Amidhar Majmudar, Smt. Rena A Majmudar and Smt. Rima T Majmudar (hereinafter referred to as noticees), were the promoter directors of the company and received shares in the preferential allotment.

- 1.4 On the basis of the above findings, the investigation concluded that the noticees have violated Regulation 4 and 6 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 (hereinafter referred to as PFUTP Regulations).
- 1.5 Pursuant to the aforesaid findings of investigation, a common show cause notice dated September 29, 2003 was issued to 18 entities including the noticees herein calling upon them to show cause as to why suitable directions under Section 11 and 11B of SEBI Act, 1992 read with Regulation 11 of PFUTP Regulations should not be issued against them.
- 1.6 In response to the aforesaid show cause notice, the noticees herein forwarded a joint reply dated 26.11.2003 inter alia submitting the following:
  - I. That Mr. Amidhar Majmudar and Mr. Tushar Majmudar were the directors and majority shareholders of two companies, namely, Mannapoule Machineries Pvt. Ltd. and Manna Machineries Pvt. Ltd. Due to the adverse financial condition of the said companies, they decided to sell off their residential property, which was

bought over by Dr. Amit Shah and Dr. Beena Shah, who were amongst the promoters of the Respondent Company, Manna Glass. Subsequently as per the suggestion of Dr. Shah, it was decided to float a public limited company, and accordingly, a public limited company, Manna Glass Tech Limited was floated, whose public issue was managed by Dr. Amit Shah and his associates.

- II. That the public funds were neither received by the company nor by them and eventually Shri Amidhar Majmudar retired from his directorship on 7.12.1999. Later, Smt. Rima T Majmudar as well as Smt. Rena A Majmudar also resigned from directorship of the company on 30.11.2001.
- III. That it was under the advice of Dr. Shah, that they had opened an account in the Punjab National Bank with the authorized signatures of both, Shri. Tushar Majmudar and Dr. Beena Shah and subsequently it was learnt that the account was receiving large remittances from the offloading of shares of another company floated by Dr. Shah namely, Gujarat Fun and Water Park Ltd.
- IV. That one Mr. Mihir Gilani was introduced to Mr. Tushar Majmudar by Dr. Shah and in December 1999, Mr. Gilani, advised issuing of preferential shares in order to get funds for the Company. For this purpose, Dr. Shah's accountant Mr. Nupoor Kansara, alongwith Mr. Gilani and Dr. Shah's cousin, Mr. Girish D. Shah opened accounts at the Khamasa branch of Social Co-operative Bank. They also stated that all the financial affairs of the company were managed by Mr. Girish D. Shah and that they were asked to sign blank cheques. It was further submitted that, in spite of this, no

money was forthcoming to the Company. Ultimately, Mr. Tushar Majmudar also resigned from directorship on 24.05.2002, which was also recorded by way of statement of Mr. Tushar Majmudar.

V. Further that four clients named in the show cause notice, viz., Indian Shelters Ltd., Growth Agro Industries Ltd., Omega Avenues Ltd. and Sarlee Fabrics Exports Ltd., have played a major role in escalating the prices of shares of Manna Glass and there was nothing to show any kind of connection between any of the noticees and the above four clients.

1.7 An opportunity of hearing was granted to the noticees before the then Whole Time Member on 24.03.2004 when Shri Tushar A. Majmudar appeared and made submissions on behalf of all the noticees. Subsequently, they filed written submissions vide letter dated 10.05.2004 and informed that Shri Amidhar Majmudar, head of the Majmudar family had passed away on November 02, 2003. They further forwarded the demat account statement of Shri Tushar Majmudar, Smt Rena Majmudar & Smt Rima Majmudar showing the amount of shares in their respective accounts and details of transfer of shares to such accounts as per their submissions during the personal hearing held on 24.03.2004. They also submitted the search Report dated 11.03.2004 of Manna Glass with Registrar of Companies (ROC) showing exit of Shri Amidhar Majmudar, Smt Rena Majmudar and Shri Tushar Majmudar from the company and also that Smt. Rima Majmudar was neither a director nor a promoter shareholder of the company.

1.8 As the proceedings could not be completed during the tenure of the then Whole Time Member, the case was put up to me for consideration and in adherence to the Principles of Natural Justice another opportunity of

hearing was granted on 03.08.2007, when Shri Tushar A. Majmudar made submissions on behalf of Smt. Rena Majmudar & Smt.Rima Majmudar. Shri Tushar A. Majmudar further informed that his father, Shri Amidhar Majmudar has expired in November 2003 and produced Death Certificate in proof. Subsequently vide letter dated 23.08.2007 three of the remaining noticees forwarded their written submissions by and large reiterating the submissions already on record.

1.9 I have carefully examined the Investigation Report, show cause notice, oral and written submissions made by the noticees and material on record.

1.10 At the outset, I note that on the basis of the sudden spurt in the trading volume in the scrip of Manna Glass and other material/information gathered during the investigation, it was alleged that the scrip was manipulated in the following three steps.

A) Transactions for the period from January to July, 1999 – Pre preferential allotment period transactions.

B) Preferential Allotment Period (Allotment was done on January 27, 2000).

C) Post preferential allotment period transactions.

Hence I would deal with the alleged violations against the noticees in each phase.

**A) TRANSACTIONS FOR THE PERIOD FROM JANUARY TO JULY, 1999 – PRE-PREFERENTIAL ALLOTMENT PERIOD TRANSACTIONS:**

1. I note that SEBI investigations covered the trading in Manna Glass at BSE for the period January 1999 to July 1999 and January 2000 to July 2000. During January 1999 to July 1999 it was noted that there was a spurt in the trading interest in the scrip as compared to previous two years. This is evident from the fact that during January-July, 1999, the price of the scrip at BSE opened

at Rs.0.80 on January 5, 1999 touched a high of Rs.15/- on June 9, 1999 and closed at Rs.9.50 on July 9, 1999. The cumulative trading volume in the scrip during Jan-July, 1999 was 12,76,600 shares, whereas there was no transaction in the scrip during the 20 months immediately proceeding Jan-July, 1999 period. Further, in the year 1997, only four trades for 700 shares were executed.

2. The price-volume data furnished by the BSE for the scrip during the period from January 05, July 09, 1999 is as under:

| Sett No.       | Date/month/year | open | High | Low  | close | Volume |
|----------------|-----------------|------|------|------|-------|--------|
| <b>1999042</b> | 1/5/1999        | 0.8  | 0.8  | 0.8  | 0.8   | 100    |
|                | 1/6/1999        | 0.9  | 2    | 0.9  | 2     | 10000  |
|                | 1/7/1999        | 2.5  | 3.5  | 2.5  | 3.5   | 12000  |
|                | 1/8/1999        | 3.6  | 4.9  | 3.6  | 4.9   | 9700   |
| <b>1999043</b> | 1/11/1999       | 5.1  | 7    | 5.1  | 7     | 28200  |
|                | 1/12/1999       | 7    | 7    | 7    | 7     | 1300   |
|                | 1/15/1999       | 5    | 5    | 5    | 5     | 100    |
| <b>1999044</b> | 1/18/1999       | 5.05 | 5.05 | 5.05 | 5.05  | 500    |
| <b>1999045</b> | 1/25/1999       | 4.65 | 4.65 | 4.65 | 4.65  | 200    |

| Sett No.       | Date/month/year | open | High | Low  | close | Volume |
|----------------|-----------------|------|------|------|-------|--------|
| <b>2000004</b> | 4/15/1999       | 5    | 5    | 5    | 5     | 500    |
| <b>2000005</b> | 4/20/1999       | 5.45 | 5.45 | 5.45 | 5.45  | 100    |

| Sett No.       | Date/month/year | open | High | low   | close | Volume |
|----------------|-----------------|------|------|-------|-------|--------|
| <b>2000011</b> | 5/31/1999       | 6    | 9.95 | 6     | 9.95  | 30200  |
|                | 6/1/1999        | 7.5  | 11   | 7.5   | 11    | 43300  |
|                | 6/2/1999        | 10.4 | 11.6 | 10.4  | 11.6  | 106100 |
|                | 6/3/1999        | 12.1 | 12.5 | 12.05 | 12.5  | 118400 |

|                |           |       |              |       |       |                |
|----------------|-----------|-------|--------------|-------|-------|----------------|
|                | 6/4/1999  | 12    | 13.45        | 11.7  | 12.65 | 53400          |
| <b>2000012</b> | 6/7/1999  | 13.5  | 13.55        | 13    | 13    | 18800          |
|                | 6/8/1999  | 13.5  | 14           | 13    | 14    | 15300          |
|                | 6/9/1999  | 14.25 | 15           | 13    | 13.15 | 30200          |
|                | 6/10/1999 | 13.25 | 13.9         | 13    | 13    | 19600          |
|                | 6/11/1999 | 13.1  | 13.1         | 12    | 12.25 | 20100          |
| <b>2000013</b> | 6/14/1999 | 12.55 | 12.75        | 11.3  | 11.4  | 150100         |
|                | 6/15/1999 | 12.3  | 12.3         | 12.25 | 12.3  | 158900         |
|                | 6/16/1999 | 13.25 | 13.25        | 13.15 | 13.25 | 153600         |
|                | 6/17/1999 | 14.15 | 14.3         | 12.25 | 12.6  | 70200          |
|                | 6/18/1999 | 13    | 13.3         | 12.75 | 13.05 | 80400          |
| <b>2000014</b> | 6/21/1999 | 13.9  | 14.05        | 13.05 | 13.1  | 13800          |
|                | 6/22/1999 | 13.4  | 13.5         | 13    | 13    | 6100           |
|                | 6/23/1999 | 12.5  | 13           | 12    | 12.5  | 7300           |
|                | 6/24/1999 | 12.5  | 13           | 11.6  | 12    | 7700           |
|                | 6/25/1999 | 12.3  | 12.8         | 11.7  | 11.8  | 8300           |
| <b>2000015</b> | 6/28/1999 | 12.25 | 12.6         | 11    | 11.25 | 8400           |
|                | 6/29/1999 | 11    | 12           | 10.9  | 11.25 | 18700          |
|                | 6/30/1999 | 10.5  | 11           | 10.4  | 10.4  | 9200           |
|                | 7/1/1999  | 11.2  | 11.2         | 9.95  | 10.05 | 17800          |
|                | 7/2/1999  | 10.8  | 10.8         | 9.5   | 9.9   | 7100           |
| <b>2000016</b> | 7/5/1999  | 10.2  | 10.5         | 9.35  | 10    | 2900           |
|                | 7/6/1999  | 10    | 10.5         | 9.25  | 10.4  | 16500          |
|                | 7/8/1999  | 9.6   | 9.9          | 8.85  | 9.1   | 9800           |
|                | 7/9/1999  | 9     | 9.6          | 8.4   | 9.5   | 11700          |
|                |           |       | <b>Total</b> |       |       | <b>1276600</b> |

The above table shows that during period from January 5, 1999 to January 11, 1999, the price of the scrip rose from Rs. 0.80 to Rs. 7/-. Then during the period from May 31, 1999 to July 9, 1999, there was a spurt in the trading

volume and price of the scrip rose from average Rs. 4.45/- to Rs. 15/-. The average settlement trading volume during this period was 2 lakh shares.

- 3 During this period four clients namely Indian Shelters Ltd, Growth Agro Industries Ltd, Omega Avenues Ltd and Sarlee Fabrics Exports Ltd. were found to have done substantial trading in the scrip. The analysis of the trading details of these four clients clearly establishes that Manna Glass, being illiquid scrip, has been subjected to excessive manipulation. This is evident from the fact that there was no transaction in scrip from May 1997 to December 1998. From January 1999 onwards, volume in the scrip increased and number of fictitious/matched trades entered into establishing new and higher price. Later when due to these fictitious trades, the price of the scrip went up to Rs. 15 the aforementioned four entities sold the shares.

#### **B) PREFERENTIAL ISSUE BY THE COMPANY**

Now I would deal with the preferential issue phase.

- 1 On January 27, 2000, the company allotted **1,80,00,000** equity shares at Rs.17/- per share (Face Value Rs.10/- per share + Rs.7 towards share premium) to its own promoters and other related entities including the four entities mentioned in paragraph 3 above. The preferential shares were listed on the Exchange on February 23, 2000. Pursuant to issue of preferential shares, total number of shares of company were increased from 83,39,500 to 2,63,39,500 shares and the total issued equity capital of the company increased to Rs. 26.33 crore divided into shares of Rs.10/- each.
- 2 The names of all the entities including the promoters to whom the shares were allotted on preferential basis are mentioned in the table below:

| Sr. No. | Name of the allottees         | Category      | No of shares       |
|---------|-------------------------------|---------------|--------------------|
| 1.      | Amidhar Majmudar,             | Promoter      | 9,76,300*          |
| 2.      | Tushar A Majmudar,            | -do-          | 10,08,500*         |
| 3.      | Rena Majmudar,                | -do-          | 10,36,400*         |
| 4.      | Rima Majmudar,                | -do-          | 11,19,400*         |
| 5.      | Dr. Beena A. Shah             |               | 10,40,100          |
|         | <b>Total</b>                  |               | <b>51,80,700</b>   |
|         |                               |               |                    |
| 6.      | Indo Care Pharmaceuticals Ltd | Non- Promoter | 11,50,000          |
| 7.      | Shalin Resorts Ltd            | -do-          | 11,50,000          |
| 8.      | Sarlee Fabric Exports Ltd     | -do-          | 11,50,000          |
| 9.      | Omega Avenues Ltd             | -do-          | 11,50,000          |
| 10.     | Growth Agro Industries Ltd    | -do-          | 11,50,000          |
| 11.     | Gujarat Fun'n Water Park Ltd  | -do-          | 11,50,000          |
| 12.     | Indian Shelters Ltd           | -do-          | 11,50,000          |
| 13.     | Shree Corporation             | -do-          | 11,50,000          |
| 14.     | G Bhavsar & Company           | -do-          | 11,50,000          |
| 15.     | Sofitel & Finstock            | -do-          | 11,50,000          |
| 16.     | Ashok Chokshi                 | -do-          | 6,94,100           |
| 17.     | Noopur Kansara                | -do-          | 6,25,200           |
|         | <b>Total</b>                  |               | <b>1,28,19,300</b> |

\* The noticees herein

- 3 I further find that in the Extra Ordinary General Meeting held on December 27, 1999, the company informed to the shareholders that shares were being issued on preferential basis to finance the working capital requirements of the company and to reduce the interest burden

and that the company is in the process of implementing various expansion and modernization schemes. Further, the company informed BSE that it has received full issue price of Rs. 17/- per equity share, amounting to Rs. 30.60 crore towards application money genuinely from all the allottees of the preferential issue prior to allotment made by the company and issue proceeds were genuinely credited with company's share capital account maintained with Social Co-operative Bank Ltd, Kamasa Branch, Ahmedabad.

- 4 Even though the company informed BSE that it has received an amount of Rs.30.60 crore as allotment money genuinely from the allottees, I note that there was no real flow of money to the company as allotment money. Interestingly, the examination of the bank account statements and other details, brought to light the fact that most of the bank accounts of the above mentioned allottees were opened just prior to the preferential allotment and further the accounts were introduced by a common person. Further, scrutiny of statement of transactions of bank account of the allottees for the period from January 17, 2000 to January 24, 2000 revealed that there were only transfer entries in accounts of respective allottees and in the account of the company to show that the company had received the allotment money. It is further noted that the allottees received the credit cheques mainly from the associated companies of Manna Glass namely Manna Exports Ltd., Manna Machineries Limited, Mannapoule Machineries Pvt. Ltd. I further find that the directors/promoters of Manna Glass are the authorized signatory/partners/directors of Manna Exports, Manna Machineries Pvt Ltd and Mannapoule Machineries Pvt Ltd.

**A brief account of the transactions is as follows:**

| <b>Date</b>                  | <b>Name of Entity</b>       | <b>Opening Balance in the account</b> | <b>Credit Cheques Received from</b>                                                             | <b>Debit Cheques issued to</b>      | <b>Closing Balance</b> |
|------------------------------|-----------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------|------------------------|
| 17/1/2000                    | Rena A. Majmudar (Promoter) | Rs.490/-                              | Manna Exports Ltd. for Rs.1,76,18,800                                                           | Manna Glass Ltd. for Rs.1,76,18,800 | Rs.490/-               |
| 17/1/2000                    | Rima T. Majmudar (Promoter) | Rs.490/-                              | Manna Exports for Rs.1,90,26,800 from Sarlee Fabrics for Rs.3,000/-                             | Manna Glass for 1,90,29,800/-       | Rs.490/-               |
| 17/1/2000                    | Amidhar N. Majmudar         | Rs.490/-                              | Manna Exports for Rs.1,65,97,100                                                                | Manna Glass for Rs.1,65,97,100      | Rs.490/-               |
| 17/1/2000                    | Tushar A. Majmudar          | Rs.490/-                              | Manna Exports for Rs.1,71,44,500                                                                | Manna Glass for Rs.1,71,44,500      | Rs.490/-               |
| 18/1/2000<br>&<br>19/01/2000 | Sarlee Fabrics Exports Ltd. | Rs.16,13,320                          | Mannapoule Machineries Pvt. Ltd. for Rs.80,24,700 and from Manna Machineries for Rs.1,15,25,300 | Manna Glass for Rs.1,95,50,000      | Rs.16,10,320           |
| 18/1/2000                    | Omega Avenues Ltd.          | Rs.1,75,937/-                         | Mannapoule Machineries Pvt. Ltd. for Rs.1,95,50,000                                             | Manna Glass for Rs.1,95,50,000      | Rs.1,75,937/-          |
| 18/1/2000                    | Shalin Resorts Ltd.         | Rs.8,37,396/-                         | Mannapoule Machineries Pvt.                                                                     | Manna Glass for Rs.1,87,25,000      | Rs.8,37,396/-          |

|                              |                                  |                   |                                                                                              |                                     |                   |
|------------------------------|----------------------------------|-------------------|----------------------------------------------------------------------------------------------|-------------------------------------|-------------------|
|                              |                                  |                   | Ltd. for<br>Rs.1,87,25,000                                                                   |                                     |                   |
| 17/1/2000                    | Dr. Beena A. Shah                | Rs.490/-          | Mannapoule<br>Machineries Pvt.<br>Ltd. & Manna<br>Exports for<br>Rs.1,76,81,700/-            | Manna Glass for<br>Rs.1,76,81,700   | Rs.490/-          |
| 18/1/2000                    | Noopur Kansara                   | Rs.490/-          | Mannapoule<br>Machineries Pvt.<br>Ltd. for<br>Rs.1,06,28,400                                 | Manna Glass for<br>Rs.1,06,28,400   | Rs.490/-          |
| 19/1/2000                    | Growth Agro<br>Industries Ltd.   | Rs.2,85,178/<br>- | Manna<br>Machineries for<br>Rs.1,95,50,000                                                   | Manna Glass for<br>Rs.1,95,50,000   | Rs.2,85,17<br>8/- |
| 19/1/2000<br>&<br>21/01/2000 | Gujarat Fun & Water<br>Park      | Rs.9,438/-        | Manna<br>Machineries for<br>Rs.1,95,50,020                                                   | Manna Glass for<br>Rs.1,95,50.020   | Rs.9,438/-        |
| 19/1/2000                    | Indian Shelters Ltd.             | Rs.980/-          | Manna<br>Machineries for<br>Rs.1,95,50,000                                                   | Manna Glass for<br>Rs.1,95,50,000   | Rs.980/-          |
| 19/1/2000                    | Indocare<br>Pharmaceuticals Ltd. | Rs.980/-          | Manna<br>Machineries for<br>Rs.1,90,50,000                                                   | Manna Glass for<br>Rs.1,95,50,000   | Rs.980/-          |
| 21/1/2000<br>&<br>24/01/2000 | G. Bhavsar & Co.                 | Rs.9000/-         | Manna Exports<br>for<br>Rs.1,95,50,000                                                       | Manna Glass for<br>Rs.1,95,50,000   | Rs.980/-          |
| 24/1/2000                    | Ashok Choksi                     | Rs.490/-          | Manna Exports<br>for Rs.46,75,000<br>& from<br>Mannapoule<br>Machineries for<br>Rs.71,24,700 | Manna Glass for<br>Rs.1,17,99,700/- | Rs.490/-          |
| 24/1/2000                    | Sofitel Finstock                 | Rs.980/-          | Mannapoule<br>Machineries for<br>Rs.1,78,75,300/-<br>& from Manna<br>Exports for             | Manna Glass for<br>Rs.1,95,50,000   | Rs.980/-          |

|           |                   |          |                                        |                                   |          |
|-----------|-------------------|----------|----------------------------------------|-----------------------------------|----------|
|           |                   |          | Rs.16,74,700/-                         |                                   |          |
| 24/1/2000 | Shree Corporation | Rs.980/- | Manna Exports<br>for<br>Rs.1,95,50,000 | Manna Glass for<br>Rs.1,95,50,000 | Rs.980/- |

From the above, it is very clear that the company issued cheques to the entities related to it who in turn issued cheques to allottees and the allottee entities issued the cheques back to the company by way of allotment money. Hence, through this modus operandi of issuing cheques in a circular manner, it was shown in the bank account of the company that the company received Rs. 30.60 crore from the allottees towards subscription amount.

The following details in the table bring out the fund flow from the company to the allottees:

#### FUND FLOW TOWARDS ALLOTMENT

| Date      | Manna Glass<br>(Rs. in<br>crores) | Manna Exports<br>(Rs. in<br>crores) | Mannapaule<br>Machineries<br>(Rs. in<br>crores) | Manna<br>Machineries<br>(Rs. in<br>crores) | Allottees<br>(Rs. in<br>crores) | Manna Glass<br>(Rs. in<br>crores) |
|-----------|-----------------------------------|-------------------------------------|-------------------------------------------------|--------------------------------------------|---------------------------------|-----------------------------------|
| 17/1/2000 | 7.00                              | 7.00                                | →                                               |                                            | 7.00                            | 7.00                              |
| 18/1/2000 | 7.00                              | →                                   | 7.00                                            | →                                          | 7.00                            | 7.00                              |
| 19/1/2000 | 7.50                              | →                                   |                                                 | 7.50                                       | 7.50                            | 7.50                              |
| 21/1/2000 | 2.00                              | 2.00                                | →                                               |                                            | 2.00                            | 2.00                              |

|              |              |      |      |      |              |              |
|--------------|--------------|------|------|------|--------------|--------------|
| 21/1/2000    | 1.50         | →    |      | 1.50 | 1.50         | 1.50         |
| 24/1/2000    | 2.96         | 2.96 | →    |      | 2.96         | 2.96         |
| 24/1/2000    | 2.50         | →    | 2.50 | →    | 2.50         | 2.50         |
| <b>TOTAL</b> | <b>30.46</b> | →    | →    | →    | <b>30.46</b> | <b>30.46</b> |

### C) POST PREFERENTIAL ISSUE TRANSACTIONS:

On an analysis of trading after preferential issue i.e, Post-Preferential Issue Period, I find that during the period from March 2000 to July 2000, there was large delivery based selling of shares of Manna Glass at BSE by three brokers viz. Integrated Master Securities Ltd., Shrikant Mantri and Prabhudas Lilladher Pvt. Ltd. Scrutiny of distinctive numbers of shares delivered by above brokers to the stock exchanges revealed that out of 1.80 crore shares issued in the preferential allotment, around 1.5 crore shares were sold in the market through these brokers during this period. This constituted 84% of the shares issued in preferential allotment. As the average price of the share in the market during this period was around Rs. 3.5/-, the allottees have sold shares worth Rs. 5.2 crore in the market which were acquired without paying any consideration.

- 1.11 Thus, from the foregoing discussion it is very clear that the company Manna Glass, its promoters/directors (the notices herein), through entities connected with them, manipulated the market. In its entirety, facts like opening the bank account in the same branch around the same time, one common introducer of the bank account for most of them, issuance of cheques and transfer of funds by the entities related to promoters to the allottees for preferential issue are quite indicative of an intentional, pre-planned scheme by promoter group consisting of

the noticees herein. Such evil intentions/motives have to be viewed seriously and appropriate preventive enforcement actions have to be taken against such violators in order to maintain the sanctity and the smooth functioning of the market.

- 1.12 In the light of the foregoing discussions, I hold that the noticees herein have violated the provisions of Regulation 4 (a), (b) (c) (d) & 6 (a) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (1995 Regulations) which read as follows:

**“4. Prohibition against market manipulation - No person shall –**

- (a) effect, take part or enter into, either directly or indirectly, transactions in securities, with the intention of artificially raising or depressing the prices of the securities and thereby inducing the sale or purchase of securities by any person;*
- (b) Indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market;*
- (c) Indulge in any act which results in reflection of the prices of securities based on transactions that are not genuine trade transactions;*
- (d) enter into a purchase or sale of any securities, not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress, or cause fluctuations in the market price of securities;*
- (e) pay, offer or agree to pay or offer, directly or indirectly, to any person any money or money’s worth for inducing another person to purchase or sell any security with the sole object of inflating, depressing, or causing fluctuations in the market price of the securities.”*

**6 Prohibition on unfair trade practices relating to securities: - No person shall:-**

- (a) in the course of his business, knowingly engage in any act, or practice which would operate as fraud upon any person in connection with the purchase or the sale of, any other dealing in, any securities.”*

It is pertinent to note here that pursuant to the repeal of 1995 Regulations, the corresponding provisions are contained in Regulations 3 and 4 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.

- 1.13 It is relevant to note here that during the personal hearing before me, Shri Tushar Majmudhar informed that Shri Amidhar Majmudhar has died in November 2003 and produced Death Certificate in support. In view of the well known maxim “**actio personalis moritur cum persona**” which means personal action dies with the death of the person, I hereby abate the proceedings against Shri Amidhar Majmudhar.
- 1.14 It may not be out of place to mention here that the present show cause notice dated 29.09.2003 was a common show cause notice issued to 18 entities including the noticees herein and vide order dated 01.02.2006 SEBI has already restrained 13 out of those 18 entities from accessing the securities market for a period of three years. The said order of SEBI has been accepted by those 13 entities and as such, they did not prefer any appeal before SAT.
- 1.15 In view of the foregoing, I, in exercise of powers conferred upon me under sections 11 and 11 B read with Section 19 of the SEBI Act, 1992 and Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 further read with relevant provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, hereby restrain Shri. Tushar A Majmudar, Smt Rena A Majmudar and Smt Rima T. Majmudar from accessing the securities market and prohibit them from buying, selling or otherwise dealing in securities in any manner whatsoever, whether directly or indirectly, for a period of 3 years.
- 1.16 For the reasons stated in Paragraph 1.13 **supra**, the proceedings against Shri Amidhar Majmudhar are abated.

1.17 This order shall come into force with immediate effect.

**Date : 23.10.2008**

**Place : Mumbai**

**TC NAIR**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**