

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: Dr. T. C. NAIR, WHOLE TIME MEMBER**

ORDER

**AGAINST SHRI SURESH BAFNA, DIRECTOR, CLIO FINANCE LIMITED
(NOW CALLED CLIO INFOTECH LIMITED)
IN THE SCRIP OF MAZDA FABRICS AND PROCESSORS LIMITED**

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

1. M/s. Mazda Fabrics and Processors Limited (hereinafter referred to as 'the company' or 'Mazda') was originally incorporated as a private company and was subsequently converted into a public company on 05-10-1995. The company is engaged in the business of processing man-made fabrics. Post conversion into a public company, the company came out with a public issue of 51,54,000 shares at Rs.10/- per share at par amounting to Rs.5,15,40,000/-. The total public offer to the resident Indian public was 34,56,400 shares. The issue had opened for public subscription on 06-03-1996 and closed on 16-03-1996. After the closure of the issue, the shares were allotted to the applicants. The shares were then listed in the Bombay Stock Exchange (hereinafter referred to as 'BSE') with effect from May 29, 1996 and opened at Rs.15/- to Rs.16/-. During the period from 25-05-1996 to 07-06-1996 the prices and volumes of the scrip started to rise. In the subsequent settlements, the prices and volumes continued to rise with the price having soared to Rs.112.50/- from Rs.8.50/-. The stock exchange suspended the trading in the shares suspecting that the trades were aimed at rigging the price of the scrip and conducted a preliminary investigation. It was found that the price of the scrip was rigged by a set of stock brokers and their clients in a very short span of time. The

matter was taken up for further investigations by the Securities and Exchange Board of India (hereinafter referred to as 'SEBI') to investigate into the possible violations of the provisions of the SEBI Act, 1992, the Rules and Regulations made there under.

2. From the investigations conducted by SEBI, it was revealed that the public issue of the company did not get genuinely subscribed and that the promoters of the company had approached M/s. Clio Finance Limited (herein after referred to as "Clio") for bailing out the issue by arranging funds for subscribing to the issue. Shri Suresh Bafna (the noticee) and Shri Anil Jain were the directors of Clio. It was alleged that the promoters of the company have indulged in this act so as to circumvent the provisions of SEBI (Disclosure and Investor Protection) Guidelines and Section 69 of the Companies Act, 1956, which prescribes that 90% of the public issue needs to be subscribed, or otherwise the money so received towards the subscription has to be returned to the investors as per law. It was alleged that Shri Suresh Bafna of Clio had arranged for applications for subscribing to the issue on the understanding that the company will buy back these shares from them immediately after the allotment together with interest with a view to give a false impression of proper subscription of the issue.
3. In view of the above, a show cause notice (SCN) dated 02-06-2004 was issued to Shri Suresh Bafna and Shri Anil Jain, Directors of Clio Finance Ltd. This order would dispose off the proceedings so initiated against Shri Suresh Bafna only. Shri Anil Jain has applied for a 'consent order' in terms of SEBI Circular dated April 20, 2007 and accordingly a consent order dated 30-09-2008 was passed against Shri Anil Jain by the SEBI.
4. I note that the noticee replied to the SCN vide his reply dated 25-08-2004. The noticee, though given an opportunity of personal hearing before me on June 20, 2006 did not avail the same. Therefore, I am inclined to proceed in the matter and pass this order based on his reply and other materials on record.

5. I have perused the show cause notice issued to the noticee, reply thereto by the noticee and other material on record. The issues that arise for consideration in the instant case are as under:

- i) *Whether Shri Suresh Bafna, Director of M/s. Clio Finance Limited had aided and abetted the promoters of the company in arranging applications from financiers in order to bail out the public issue of the company?*
- ii) *Whether the noticee introduced the clients who in turn acted as the front entities of the promoters for repaying the financiers who had bailed out the issue by utilising the proceeds of the public issue funds?*
- iii) *Whether the noticee provided funds for the applications made by M/s. Wallfort Share and Stock Brokers and M/s. Liquid Capital Services Private Limited thereby indirectly applying in the public issue?*

6. It is alleged that Shri Suresh Bafna and Shri Anil Jain of M/s. Clio Finance Limited, in collusion with the promoters of the company had arranged for applications from various financiers in order to subscribe to the public issue of the company which otherwise was not getting the statutory minimum subscription from the public. Shri Suresh Bafna vide his statement dated 04-06-2002 admitted that M/s. Clio Finance had arranged for applications for subscribing to the public issue of the company at the request of Shri Bharat Kumar Jain, one of the promoters of the company to arrange funds for bailing out the public issue. It is admitted position that when the company came up with the public issue, both Shri Suresh Bafna and Shri Anil Jain were the directors of M/s. Clio Finance Limited. It is also not in dispute that Shri Suresh Bafna and Shri Anil Jain were common directors in M/s. Clio Finance Limited and M/s. Wallfort Financial Services Limited (a group company of M/s. Wallfort Share and Stock Brokers Pvt. Ltd.). It is also significant to note that M/s. Clio Finance Limited was a co-lead manager for the public issue of the company. The charge against Shri Suresh Bafna that he aided the promoters in the bailing out, will therefore sustain. Realizing that the public issue is not going to fetch the statutory minimum subscription which would

result in refunding of application money to the public, the promoters of the company and the noticee who is a Director of Clio Finance Ltd., co-lead manager to the public issue had arranged for application to the public issue to make it a success and to buy back the shares after the issue is over from the financiers together with interest. The noticee in his statement dated June 04, 2002 has admitted receipt of Rs.50.8 lakhs by Clio Finance Ltd., from Sneha Investments Ltd., as detailed in subsequent paragraph and that these payments were received as part of buy back of shares from applicants of the IPO.

7. The next question is whether the said noticee had introduced Rajesh Financial Services, Himmat Textiles and Sneha Investments, who in turn acted as the front entities of the promoters for repaying the financiers who had bailed out the issue by utilising the public issue funds. I note the following from the investigations -

It is seen that immediately on receipt of funds from Mazda Fabrics, by various entities, payments were made to Rajesh Financial Services, Sneha Investments and Bhagwandas Bhogilal & Co. out of the IPO proceeds. The amount received from Mazda Fabrics hardly stayed in their account and was used to repay the financiers who had bailed out the public issue as they cannot make the payment directly from the account of Mazda Fabrics. As detailed in subsequent paragraphs, it is significant to note that many of these bank account which were used to repay the financiers from out of the IPO proceeds were opened around the same time of the public issue and the accounts were introduced by the noticee or Shri Anil Jain, another Director of Clio Finance Ltd.

ii) *Shri Bharat Kumar Jain, Managing Director of Mazda Fabrics, in his statement under oath to SEBI submitted that he had opened the account of Himmat Textiles Ltd. and made Shri Himmat Ram Sujaji Tak as its Proprietor (who was known to him). From bank statement of A/c.No.3696 of Himmat Textiles Agency maintained with Federal Bank Ltd., Fort Branch it was seen that the address of Himmat Textiles Agency was C/4, Lalumal Sidhi Society, Sasmira*

Marg, Worli, Mumbai-25. This account was opened on 16th May 1996 with a cash deposit of Rs.10,000/-. From the account opening form submitted by the bank it is seen that the Proprietor of Himmat Textiles Agency is Shri Himmat Ram Sujaji Tak and the telephone number given was 4924559. This number belongs to Mazda Exports Ltd. which was confirmed by Shri Prakash Jain, Jt. Managing Director of Mazda Fabrics in his statement, to SEBI on 29th May 2002. This account of Himmat Textiles was introduced by Shri Anil Jain of Clio Finance Ltd. At the time of introduction, it was certified by Shri Anil Jain/Clio Finance Ltd. that “I hereby confirm the identity, occupation and address of the applicant(s)”. Himmat Textiles received Rs. 70 lakhs from the public issue proceeds. From the bank statement of this account it is seen that immediately on receipt of money from Mazda Fabrics, the following payments were made by Himmat Textiles:

- Rs.15,00,000 vide Cheque No.874341 dated 17/5/96 to Sneha Investments
- Rs.15,00,000 vide Cheque No.874343 dated 21/5/96 to Sneha Investments
- Rs.15,00,000 vide Cheque No.874345 dated 22/5/96 to Sneha Investments
- Rs.12,95,000 vide Cheque No.874347 dated 23/5/96 to Rajesh Financial Services
- Rs.10,00,000 vide Cheque No.874349 dated 4/6/96 to Rajesh Financial Services
- Rs. 2,00,000 vide Cheque No.874350 dated 18/6/96 to Rajesh Financial Services

An amount of Rs.45,00,000 was paid to Sneha Investments during the period 17/5/96 and 22/5/96 and Rs.24,95,000 to Rajesh Financial Services during the period 23/5/96 to 18/6/96 immediately on receipt of funds from Mazda Fabrics payments.

iii) Rajesh Financial Services received an amount of Rs.24,95,000 from Himmat Textiles and Rs.71,85,000 from Dilip Trading totalling to Rs. 96,80,000. Analysis of the bank statement of Rajesh Financial Services (A/c.No.3644 with Federal Bank Ltd., Fort Branch) shows that this account was opened on 4th March 1996 with a cash deposit of Rs.1,000/- and the address given was A-2, Trishla Apartments, Devchand Nagar, Bhayander-West. From the account opening form it was seen that the proprietor of Rajesh Financial Services was Shri Rajesh Kumar Parasmal Jain and no telephone number was given. The account was introduced by Shri Suresh Bafna, Director, Clio Finance Ltd. who certified that “I hereby confirm the identity,

occupation and address of the applicant(s)”. When queried about Rajesh Financial Services, Shri Suresh Bafna, in his statement under oath to SEBI on 4th June 2002 submitted that he knew them through Shri Bharat Kumar Jain, Managing Director of Mazda Fabrics. Shri Rajeshkumar P Jain submitted that Shri Bhartkumar Jain, Managing Director of Mazda Fabrics was his maternal uncle (mother’s brother).

I also note that during investigations, when the investigation team visited the residence of Shri Rajeshkumar, it was gathered that he is working as an employee for a company in the textiles business and received salary of around Rs.4000/- per month. Further, it was noted that he stayed in a rented house with his wife, 3 children and brother. Taking these into consideration and keeping in mind the average expenses that would be incurred in running a family of this size, it would have not been possible for Shri Rajesh Kumar to save money and invest in shares. I note that during the discussions had with Shri Rajesh Kumar by the investigation team, it was found that he had not completed even his basic education and do not understand anything about the share market. Also he was not aware of the implications about lending his name for opening a bank account and signing blank cheque books and entirely believed in Shri Bharat Jain as the latter was his maternal uncle. Thus, it is seen that Shri Rajesh Kumar did not have the financial status to transact in such huge quantity of shares.

From the bank statement of Rajesh Financial Services, it was seen that the following payments were made by them:

- *Rs.12,95,000 vide Cheque No.873004 dated 23/5/96 to Clio Finance Ltd.*
- *Rs. 5,35,550 vide cheque No.873006 dated 28/5/96 to DD on Hyderabad (Sunita Harkut)*
- *Rs.5,33,375 vide cheque No.873007 dated 30/5/96 to Wallfort*
- *Rs.2,50,000 vide Cheque No.873005 dated 30/5/96 to Ashok (Ashok Biyani)*
- *Rs.30,00,000 vide Cheque No.873009 dated 30/5/96 to Liquid Capital Services Pvt Ltd.*
- *Rs.27,00,000 vide Cheque No.873008 dated 30/5/96 to Wallfort Sh & Stock Brokers*

- *Rs.10,00,000 vide Cheque No.873010 dated 4/6/96 to Clio Finance Ltd.*
- *Rs.2,00,000 vide Cheque No.873012 dated 19/6/96 to Krishna (Krishnagopal Biyani)*

It may be noted here that Smt. Sunita Harkut, Shri Ashok Biyani and Shri Krishnagopal Biyani had applied in the public issue of Mazda Fabrics through stock invests. When queried about receipt of these payments from Rajesh Financial Services, Shri Suresh Bafna, Director of Clio Finance Ltd., in his statement to SEBI on 4th June 2002, submitted that these payments were received from Rajesh Financial Services as a part of buying back the shares, by the promoters, from the applicants/financiers who have invested in the public issue by Mazda Fabrics.

iv) Sneha Investments received an amount of Rs.8,55,000 from Dilip Trading Company and Rs.45,00,000 from Himmat Textiles Agency. Thus a total amount of Rs.53,55,000 was received by Sneha Investments from these two companies. Analysis of the bank statement of Sneha Investments (A/c.No.3646 with Federal Bank Ltd., Fort Branch) shows that this account was opened on 4th March 1996 with a cash deposit of Rs.1,000/-and the address given was 107-B, Ratnashree Apartments, Devchand Nagar, Bhayander-West. From the account opening form it was seen that the proprietor of Sneha Investments was Shri Hasmukh Parasmalji Porwal and no telephone number was given. The account was introduced by Shri Suresh Bafna, Director, Clio Finance Ltd. who certified that “I hereby confirm the identity, occupation and address of the applicant(s)”. Thereafter, Shri Hasmukh submitted that Shri Bhartkumar Jain, Managing Director of Mazda Fabrics was his maternal uncle (mother’s brother) and he opened an account in the name of Sneha Investments with Federal Bank, Fort Branch

I note that when the investigation team visited the premises of Sneha Investments, they found that no such firm existed at the address and the occupant in the premises had been staying there for the last 2 years and was not aware of any such company. The investigations were then able to track Shri Hasmukh Parasmal Porwal (proprietor

of Sneha) and during his deposition, Shri Hasmukh submitted that Sh.Bhartkumar Jain, Managing Director of Mazda Fabrics was his maternal uncle (mother's brother) and that Shri Bharat Jain had opened an account in the name of Sneha Investments with Federal Bank, Fort Branch and asked him (Sh.Hasmukh) to sign the account opening form and a cheque book and took a photograph. Sh.Hasmukh submitted that he had signed these account opening form and cheque books at the office of Mazda Fabrics and he never visited the bank. He also submitted that this account was maintained by Sh.Bharat Jain and he has no idea about any inflow and outflow of money and the money that has flown in and out of this account was not his funds. Also, he submitted that he is not aware of any primary/secondary market transactions done in the name of Sneha Investments and only Sh.Bharat Jain used to operate it. The investigations also found that Shri Hasmukh Parasmal was an employee for a company in the textiles business and received a salary of about Rs.5000/- per month. Taking all factors into consideration and keeping in mind the average expenses that would be incurred in running a family of this size, it would have not been possible for Sh.Hasmukh to save money and invest in shares. Thus, it is seen that Sh.Hasmukh does not seem to have the financial status to deal in such huge amount of funds nor has the professional expertise and money to transact in such huge quantity of shares and manipulate the prices.

From the bank statement of Sneha Investments (A/c.No.3646 with Federal Bank, Fort Branch, it was seen that the following payments were made by them:

- *Rs.15,00,000 vide cheque No.873042 dated 17/5/96 to Clio Finance Ltd.*
- *Rs.15,00,000 vide cheque No.873044 dated 21/5/96 to Clio Finance Ltd.*
- *Rs.15,00,000 vide cheque No.873045 dated 22/5/96 to Clio Finance Ltd.*
- *Rs. 5,00,000 vide cheque No.873046 dated 1/6/96 to Clio Finance Ltd.*
- *Rs. 80,000 vide cheque No.873047 dated 5/6/96 to Clio Finance Ltd.*
- *Rs. 3,00,000 vide Cheque No.873049 dated 17/7/96 to 'BB Co" (Bhagwandas Bhogilal & Co.)*

When queried about receipt of these payments from Sneha Investments, Shri Suresh Bafna, Director of Clio Finance Ltd., in his statement to SEBI on 4th June 2002, submitted that these payments were received from them as a part of buying back the shares from the applicants who have invested in the public issue by Mazda Fabrics. Shri Bharat Kumar Jain, Managing Director of Mazda Fabrics also stated that the signed bank account opening form and blank cheque books were handed over to Shri Anil Jain, Director of Clio Finance Ltd., who had then filled in the other details and operated the account. The promoters of Mazda Fabrics with Shri Suresh Bafna and Shri Anil Jain of Clio Finance Ltd, co-lead manager to the IPO had arranged for applications to bail out the issue. Shri Suresh Bafna had arranged applications from Shri Shyam Sundar Biyani, Smt. Premlata Harkut, M/s. Madhu Consultants, Shri Rajendra Biyani and Smt. Mamta Biyani. Additionally, two major applications (by way of Cheques) were made by Liquid Capital Services Pvt Ltd. and Wallfort Share & Stock Brokers Ltd. The funds for these two entities to apply to the public issue were provided by Shri Suresh Bafna, Clio Finance Ltd., family members and related entities. Thus, Shri Suresh Bafna had arranged for subscription of 21,60,000 shares from the above mentioned financiers who were allotted the shares applied for. This works out to 67.65% of the shares allotted (the total shares allotted to public was 31,93,100 shares). If these applications had not been arranged, then the issue was subscribed only to the extent of 32.35% and hence the issue should have been refunded. Since, these applications were arranged only with a view to bail out the issue, these cannot be considered as genuine subscription received.”

The bank accounts of M/s. Rajesh Financial Services and M/s. Sneha Investments have been introduced by Shri Suresh Bafna and that of M/s. Himmat Textiles by Shri Anil Jain who is a Director of Clio Finance Ltd. I note that the noticee has admitted that the above accounts have been introduced to the bank. It may further be seen that the current account no. 3648 of M/s. Wallfort Share and Stock Brokers Pvt. Ltd. was in the Fort Branch of Federal Bank. Both Shri Anil Jain and

Shri Suresh Bafna had introduced all the aforesaid clients to this particular branch of Federal Bank.

8. The next issue that comes up for consideration is whether the noticee had provided funds for the applications made by M/s. Wallfort Share and Stock Brokers and M/s. Liquid Capital Services Private Limited M/s. Wallfort Shares & Stock Brokers Pvt. Limited had applied for 5,40,000 shares for Rs.27,00,000 and Liquid Capital Services Private Limited for 6,00,000 shares for Rs. 30,00,000. The amount of Rs.27,00,000 was paid, vide Cheque no.794003 drawn on Federal Bank Ltd., Fort from the current account no. 3648 of Ms/. Wallfort Shares & Stock Brokers Limited. M/s. Wallfort Shares & Stock Brokers Limited had paid the said amount from the funds received from the following accounts -

- i) an amount of Rs. 7,50,000 was transferred from A/c. No. CD 3047 with Federal Bank, Fort of Shri Suresh B Bafna, by cheque (no.638824),
- ii) an amount of Rs. 4,50,000 was transferred from S/B a/c 70061 with Federal Bank, Fort of Ms Manju S Bafna (wife of Shri Suresh Bafna) by cheque (no. 73225),
- iii) an amount of Rs. 7,50,000 was transferred from CD 10213 with BOI, Stock Exchange Branch of M/s Jain Investments by Cheque (no. 634212) and
- iv) an amount of Rs. 7,50,000 was transferred from CD 4192 with BOI, Stock Exchange Branch of Dhanjay Holdings (DH) by Cheque (no.672519).

Analysis of the bank statements from where the funds have been transferred to the account of Wallfort Shares & Stock Brokers brought out the following:

- a. From the accounts of Jain Investments and Dhananjay Holdings, an amount of Rs.7,50,000 each were received from the account of Liquid Capital Services P Ltd. (A/c. no. CD 3596 maintained with the Federal Bank, Fort Branch) vide Cheque nos. 491815 & 491816.

- b. Bank account statement of Suresh Bafna (A/c. No. CD 3047 maintained with Federal Bank Ltd.) revealed that prior to transfer of Rs. 7.5 lakh to Wallfort Share & Stock Brokers, they had received Rs. 5 lakh from Navratan Syntex and Rs. 4.5 lakh from Fairdeal Agencies (proprietary concern of Shri Suresh Bafna).
- c. Bank account statement of Smt. Manju Bafna (A/c. no. SB 70006 maintained with the Federal Bank Ltd.) revealed that prior to transfer of Rs.4.5 lakh to Wallfort Share & Stock Broker, she had received Rs.4.5 lakhs from Scarlet Agencies (Proprietary concern of Shri Suresh Bafna).

In the case of Liquid Capital Services Private Limited, the amount of Rs. 30,00,000/- (being the consideration for 6,00,000 shares) was paid from its current account no. 3596 maintained with the Federal Bank, Fort by cheque (no. 491817). The amount of Rs.30,00,000 was paid by Liquid Capital Services Private Limited from its previous balance (of Rs. 1,44,080 in its account) and by transfer of Rs. 29,00,000 to its account by Wallfort Shares & Stock Brokers (from a/c no. 3648). Wallfort Shares & Stock Brokers credited the said Rs.29,00,000/- to the account of Liquid Capital Services Private Limited from the receipt of funds from the following accounts:

- a) Ch. No.68562 issued from A/c No. CD 3090 with Federal Bk, Fort Br of Clio Infotech Ltd for Rs. 8,00,000
- b) Funds transferred from cd 3570 with Fed. Bk. Fort Br of Wallfort Financial Services to the extent of Rs. 6,00,000
- b) Ch. No.634213 issued from A/c.No.CD 10213 with BOI, Stock Exchange Br of M/s Jain Ivestments for Rs.7,50,000. This cheque for Rs 7.50 lacs was issued by Jain Investments against receipt of funds from the account of Bafna Babulal & Sons (CD 3043 with Federal Bank Ltd., Fort Branch) vide cheque no 512277.
- c) Ch. No.672520 issued from A/c.No. Cd 4192 with BOI, Stock Exchange Br of Dhanjay Holdings for Rs.7,50,000. This cheque for Rs 7.50 lacs was issued by

Dhananjay Holdings against receipt of funds from A/c No. CD 3043 of Bafna Babulal & Sons vide Ch.No.512278

From analysis of Bank account statements of Clio Finance Ltd. (A/c. no. CD 3090) with Federal bank Ltd, it was seen that prior to transfer of Rs.8 lakhs to Wallfort Share & Stock Brokers, Clio Finance Ltd. had received funds from three accounts maintained with Federal Bank Ltd. viz. Rs.1.0 lakh from Rajesh Financial Services (A/c.No.CD 3644), Rs.3 lakhs from Subhash Trading Company (A/c.No.3645) and Rs.3 lakhs from Sneha Investments (CD 3646), respectively.

Shri Suresh Bafna had arranged for subscription from select investors/financiers who made applications accompanied by stock invests. Moreover, two major applications were made by Liquid Capital Services Pvt Ltd. (for 6,00,000 shares) and Wallfort Shares & Stock Broking Ltd. (for 5,40,000 shares) through cheques. The details of the applications arranged by Clio Finance Ltd which is also a co-lead manager to the IPO are as below:

<u>Name of the applicant</u>	<u>No. of shares applied and allotted</u>
Shri Shyam Sunder Biyani	3,00,000
Shri Krishnagopal Biyani	60,000
Shri Rajendra Biyani	1,60,000
Shri Ashok Biyani	50,000
Smt.Mamta Biyani	50,000
Smt.Premalata Harkut	1,00,000
Smt.Sunita Harkut	1,00,000
Madhu Consultants (Shri Vijay Kishan Daulal)	2,00,000
Liquid Capital Services Pvt Ltd.	6,00,000
Wallfort Shares & Stock Brokers Ltd.	5,40,000

	21,60,000

As per the material on record, it is observed that 31,93,100 shares were allotted to public and M/s. Clio Finance Limited have arranged applications to subscribe to 21,60,000 shares. I also note that after listing of the shares, the application amount along with interest was paid back by the company to all the applicants namely Shri Shyam Sunder Biyani, Shri Krishnagopal Biyani, Shri Rajendra Biyani, Shri Ashok Biyani, Smt. Mamta Biyani, Smt. Premlata Harkut, M/s. Madhu Consultants, M/s. Liquid Capital Services and M/s. Wallfort Share & Stock Brokers. Thus from the above, I find that Shri Suresh Bafna and M/s. Clio Finance Limited co-lead manager to the issue have facilitated the issuer company in reaching the statutory minimum subscription for the IPO through dubious methods.

9. Thus, I note that the noticee indulged in manipulative operations by bailing out the public issue, have acted in a fraudulent manner within the meaning of 'fraud' as defined in Regulation 2 (1) (c) read with sub-clauses (4) and (5) of the same provision of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995, thereby contravened the provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.
10. In view of the above, I find that the noticee who is a Director of Clio Finance Ltd., co-lead manager had arranged applications and bailed out the public issue of the company. The noticee had facilitated the IPO of Mazda to reach the statutory minimum subscription through dubious methods, by arranging for applications, financing and repayment of financiers who bailed out the issue together with interest, introduced a number of bank accounts through which the payments were made. Having regard to the nature and gravity of the charges established, it is desirable to issue appropriate directions against the noticee whose acts of commission and omission as described above are pre-judicial to the interest of investors.

11. I, therefore, in exercise of powers conferred upon me by virtue of Section 19 of the SEBI Act, 1992 read with Sections 11B and 11(4) of the SEBI Act, 1992, hereby direct that Shri Suresh Bafna [Permanent Account Numbers – AANHS2604B & AACPB3278M] shall not access the securities market, or buy, sell or deal in securities in any manner whatsoever, directly or indirectly for a period of two years.
12. This order shall come into force with immediate effect.

DATE: 13.01.2009

PLACE: MUMBAI

Dr. T. C. NAIR
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA