

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

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

ORDER UNDER SECTION 11, 11B AND 11D OF SEBI ACT, 1992 READ WITH REGULATION 11 OF SEBI (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKETS) REGULATIONS, 2003 IN THE MATTER OF ANIRUDH SETHI, KAMAL DALAL, AJAY GUPTA AND CHEHAR SECURITIES PVT. LTD. IN THE CASE OF VALUENOTES.COM.

- 1.1 Securities and Exchange Board of India (hereinafter referred to as "SEBI") had received a complaint from an investor drawing the attention to allegedly misleading advertisements/advice/recommendations issued by a stock analyst on the website www.valuenotes.com (hereinafter referred to as "Valuenotes"). Based on the allegations made in the complaint, SEBI advised the National Stock Exchange of India Ltd. (NSE) to examine the recommendations made on the website relating to the trading activity on the exchange. NSE observed some suspicious trading activity involving common clients across brokers. Based on the observations of NSE, an inspection was conducted on the offices of the brokers enrolling such common clients and subsequently SEBI conducted investigation into the matter.
- 1.2 Investigation revealed that the trading activities of the clients including Shri Kamal Dalal, Ajay Gupta and Chehar Securities Pvt. Ltd. in the

scrips of VIP Industries, Archies Industries Ltd., BGFL, Amaraja Battery and Dabur were surrounded around the 'tips'/ 'investment advice' given on the website www.valuenotes.com by a stock analyst called Shri Anirudh Sethi.

- 1.3 It was alleged that the clients were hands in glove with Anirudh Sethi and used the strategy of pump and dump thereby leaving the genuine investors stranded with the scrips while the perpetrators had exited the scrips. It was found that the above strategy was for the purpose of allegedly benefiting Shri Anirudh Sethi as Shri Sethi could get mileage from the fact that there was some buying activity prior to the recommendations so that the investors could be lured by the impending price rise in the scrip. The clients including Shri Kamal Dalal, Ajay Gupta and Chehar Securities Pvt. Ltd. would benefit from the entry and exit price of the scrip. These clients used to buy the scrip when price was low and then sell the scrip when the price increased due to the trading activity of the investors pursuant to Shri Anirudh Sethi's advice on the website. This difference in price combined with the volume being dealt in by these clients was incentive enough for the trading strategy. This strategy deployed by the duo of Shri Anirudh Sethi and these clients succeeded in building investor interest in the scrips and luring the investors into buying into the scrip and at the same time exiting the scrip in a day or two ensured that the investors were left stranded with the scrips while the perpetrators had exited the scrip. It was also observed that the clients trading in the scrips were known to each other and some were related and associated with each other.

- 2.1 In view of the facts mentioned above, SEBI vide letter dated March 6, 2007, called upon to show cause why suitable directions including directions restraining them from buying, selling or dealing in securities for a specified period under Section 11 and 11 B of the SEBI Act, 1992 read with Regulations 11 and 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, and also the directions of cease and desist under section 11D of the SEBI Act, 1992 should not be issued against Shri Anirudh Sethi, Shri Kamal S. Dalal, Chehar Securities Pvt. Ltd.
- 2.2 Shri Anirudh Sethi through letter dated March 28, 2007 of their Advocate sought for cross examination of other entities involved in the manipulation in the scrip and submitted that he shall deal with the show cause notice after the opportunity of cross examination is given to him. SEBI vide letter dated May 18, 2007 replied stating that SEBI had already provided Shri Sethi with all the material/documentary evidences which have been relied upon by SEBI for issuing the show cause notice to him. Shri Sethi was thus advised to submit his reply to the show cause notice. Shri Sethi vide letter dated May 28, 2007 then requested for personal hearing before me.
- 2.3 Shri Kamal Dalal vide his letter dated March 17, 2007 requested for inspection of documents referred to and relied upon by SEBI in the show cause notice. Accordingly, Shri Kamal Dalal was given opportunities of inspection of documents on June 1, 2007 and then upon their request, on June 18 2007. However on both the occasions,

Shri Kamal Dalal did not present himself for inspection of documents and also did not furnish any reply to the show cause notice.

2.4 Ajay Gupta vide letters dated March 25, 2007 and August 31, 2007 replied to the said show cause notice as under:

- (i) *He does not know any of the persons/entities mentioned in the show cause notice.*
- (ii) *His trading has been through sub broker Shri Anurag Gupta. His trades are genuine trades supported by the respective contracts. All the trades are consummated trades and none effected with a view to create a false and misleading market as alleged.*
- (iii) *He is been the business of buying and selling shares for last 15 years and that he has in respect of all trades affected by him relied on his own judgment and not on the advice or suggestion of the Financial Analyst including Shri Anirudh Sethi.*
- (iv) *He has stated that he does not know Shri Anirudh Sethi.*
- (v) *He does not know Shri Kamal Dalal and has not been allowed to cross examine Shri Kamal Dalal and therefore this is a case of mistaken /or unproven identity.*
- (vi) *He further claims that based on his judgment he has dealt with the scrips which were fundamentally strong viz., VIP Industries, Archies and Dabaur .*
- (vii) *With regard to VIP industries he stated that there was no matching quantity which was purchased or sold on account of the so called posting on the website. He was already holding 2000 shares and in view of the rise in the price, disposed off to earn profit which is normal for any stock trader.*

(viii) It cannot be inferred that he and others formed a set of associated clients who could have manipulated the market by virtue of such association and collectively trading in 50% of the market net and almost all the client level market.

2.5 Chehar Securities Pvt. Ltd. replied to the said show cause notice vide letter dated March 19, 2007 and made the following submissions :

- (a) They have no business or personal relations with Shri Anirudh Sethi nor they are aware of his recommendations on the website www.valuenotes.com*
- (b) The said transactions in the scrips like VIP Industries, Archies, BGFL and Dabur India were made by them as sub-broker of Prabhudas Liladhar Pvt. Ltd. at NSE on behalf of their ex client Mr. Rizwan Memon. Their sub broker registration has been cancelled in the year 2006.*
- (c) They called upon ex-client Mr. Rizwan Memon to seek the clarification, who had mentioned that he knew Anirudh and he used to trade selectively in the scrips with good fundamentals.*
- (d) They have not supported any manipulative or fraudulent deal in the securities. The interest in the said transaction was to the extent of brokerage earned.*

3.1 An opportunity of personal hearing was granted to Shri Anirudh Sethi, Shri Kamal Dalal, Ajay Gupta and Chehar Securities on July 31, 2007. Shri Anirudh Sethi attended the hearing and made submissions. Chehar Securities did not attend the hearing and vide their letter dated July 26, 2007 stated that they have no further submissions to make. Shri Kamal Dalal, Ajay Gupta did not attend the hearing on the said date.

Another opportunity of hearing was given to them on September 3, 2007, wherein Shri Kamal Dalal and the authorised representative of Shri Ajay Gupta attended the hearing and made submissions.

- 4.1 I have carefully considered the findings of the investigation, show cause notices issued to the above entities and replies to the show cause notices. My findings are as under:
- 4.2 From the investigation, I note that the dealings around the recommendations of Shri Anirudh Sethi were in the scrips of VIP Industries, Archies Industries Ltd., BGFL, Amaraja Battery and Dabur Ltd.
- 4.3 I note that Shri Sethi during his deposition before the Investigating Authority had stated that Shri Kamal Dalal was his friend, broker and client. Further, it was observed that Shri Dalal in his deposition before the Investigating Authority had stated that he also knew Shri Ajay Gupta and Chehar Securities. He further stated that Shri Ajay Gupta earlier had done business with him and he regularly sought advice from Chehar Securities. He further admitted that he used to seek Shri Sethi's advice and act on the same. He also stated that the tips given by Shri Sethi were exchanged over internet as well as over telephone. Shri Dalal also stated that he had traded on Shri Sethi's advice on telephonic conversation even before his posting of recommendations on the website as well as after. From the above, it is evident that the clients trading in the above scrips were known to each other and also were inter-related.

4.4 The scrip wise observation of the dealings of these entities is as under:

4.4.1 **VIP Industries Ltd.** The price and the volume in the scrip were laid back upto July 28, 2004 and the price closed at around Rs. 29-30 on the previous seven trading days and the shares traded were not more than 21,000 shares with an average of 11,979 shares traded daily.

On July 29, 2004, the scrip closed at Rs. 34.55 after reaching a high of Rs. 35.9 and clocked in trading of 1,61,818 shares which is an increase of more than eight times the shares traded on the previous day - 19362. On this day Shri Kamal Dalal was a major net buyer in the scrip where he bought 41,713 shares which is 25.78% of the total traded quantity on the NSE in this scrip. In fact the net shares bought by Shri Kamal Dalal - 41,713 were itself more than 3 times the average shares traded at NSE for the past seven days. It was observed that out of the shares traded on the NSE, the client level market net in the scrip was to the tune of 79,179 shares and in comparison the shares bought by Shri Kamal Dalal represents more than half of the client market net i.e. 52.68%.

4.4.2 On July 29, 2005, Ajay Gupta, dealing through Shri Parasram Holdings Pvt. Ltd. bought 10,000 shares and Chehar Securities Pvt. Ltd. bought 3000 shares through Prabhudas Lilladher Pvt. Ltd. Their trading is summarized as below:

Client name	Broker	Net buy	total traded quantity	% of net buy to total traded	Client level market net	% of net buy to the client level market net
Kamal Dalal	Khandwala	41713	161818	25.78	79179	52.68%
Ajay Gupta	Shri Paras. H. P.L	10000	161818	6.18	79179	12.63%
Chehar Sec	Prabudas	3000	161818	1.85	79179	3.79%

4.4.3 On July 30, 2004, Shri Sethi recommended buying this scrip at Rs. 35 as the price was expected to rise from Rs. 47 and to Rs. 49 in one or two days. On the day of the recommendation, the volumes in the scrip surged and so did the price. The scrip closed at Rs 34.55 after opening and reached a high of Rs 36.9, while the volumes clocked on this day were to the tune of 2,76,345 shares which represented an increase of more that 70% of the previous days trading and 23 times the average shares traded in the preceding seven days excluding July 29, 2004.

4.4.4 On this day Shri Dalal had turned net seller to the tune of 41713 i.e. the exact shares that he had bought the earlier day. His net position was 15% of the total shares traded in the market and was more than 25% of the total client level market net. The positions of the major clients in the scrip on this day is as under :

client name	Broker	Net sell	total traded quantity	% of net sale to total traded	Client level market net	% of net sell to the client level market net
Kamal Dalal	Khandwala	41713	276345	15.09	157004	26.57%

Ajay Gupta	Shri Paras. H. P.L	12000	276345	4.34	157004	7.64%
Chehar Sec	Prabudas	3000	276345	1.09	157004	1.91%

4.4.5 **Archies Industries Ltd.** - The price and the volume in the scrip were laidback upto July 29, 2004 and the price closed at around Rs. 59-60 on the previous seven trading days with an average of 10,500 shares traded daily.

4.4.6 On July 30, 2004, the scrip closed at Rs. 66.2 after reaching a high of Rs. 66.5 and clocked in trading of 1,18,313 shares which is an increase of more than thirteen times the shares traded on the previous day - 8,503. On this day Shri Kamal Dalal was a major net buyer in the scrip where he bought 16938 shares which is 14.32% of the total traded quantity on the NSE in this scrip and 34.78% of the total client level market net. It was observed that the average of the total shares traded in the scrip for the past seven days was only 10,500 and the trading on July 30, 2004 represent more than a 13 fold increase in the shares traded in the scrip.

The trading of the other clients is as under:

Client name	Broker	Net buy	Total traded quantity	% of net buy to total traded	Client level market net	% of net buy to the client level market net
Kamal Dalal	Khandwala	16938	118313	14.32	48698	34.78%
Chehar Sec	Prabudas	1000	118313	0.85	48698	2.05%

4.4.7 On August 02, 2004, i.e. the next trading day, Shri Sethi recommended “buy” in this scrip at Rs. 67 as the price was expected to go to Rs. 74 to 78. On the day of the recommendation, the volumes in the scrip surged

and so did the price. The scrip closed at Rs. 63.85 after opening at Rs. 68 and reached a high of Rs. 69, while the volumes clocked on this day were to the tune of 82778 shares. On this day Shri Dalal had turned net seller to the tune of 16,938 i.e. the exact shares that he had bought the earlier day. His net position was 20% of the total shares traded in the market and was more than 44% of the total client level market net. The positions of the other clients in the scrip on this day are as under:

client name	Broker	Net sell	total traded quantity	% of net sale to total traded	Client level market net	% of net sell to the client level market net
Kamal Dalal	Khandwala	16938	82778	20.46	38094	44.46%
Ajay Gupta	Shri Paras. H. P.L	1000	82778	1.21	38094	2.63%
Chehar Sec	Prabhudas	1000	82778	1.21	38094	2.63%

4.4.8 BGFL - The price and the volume in the scrip were laidback upto July 30, 2004 and the price closed at around Rs. 37-38 on the previous eight trading days and the shares traded were not more than 63,000 shares with an average of 24,056 shares traded daily in the last eight trading days.

On August 02, 2004, the scrip closed at Rs. 39.85 after reaching a high of Rs. 40.95 and clocked in trading of 2,13,018 shares which is an increase of more than sixteen times the shares traded on the previous day. On this day Shri Kamal was a major net buyer in the scrip where he bought 28789 shares which is 14% of the total traded quantity on the NSE. In fact the net shares bought by Shri Kamal Dalal were itself more than the average shares traded at NSE in this scrip for the past eight days. I

observe that out of the shares traded at NSE, the client level market net in the scrip was to the tune of 95,729 shares and in comparison the shares bought by Shri Dalal represented more than 30% of the client net market. On August 02, 2004, the trading of the other client is summarized as below:

Client name	Broker	net buy	total traded quantity	% of net buy to total traded	Client level market net	% of net buy to the client level market net
Kamal Dalal	Khandwala	28789	213018	13.51	95729	30.07%
Chehar Sec	Prabudas	9000	213018	4.22	95729	9.40%

4.4.9 On August 03, 2004, Shri Sethi recommended buying this scrip at Rs. 40 as the price was expected to go to Rs. 45 to 47. On the day of the recommendation, the volumes in the scrip surged and so did the price. The scrip closed at Rs. 40.15 after opening and reaching a high of Rs. 42, while the volumes clocked on this day were to the tune of 2,02,855 shares. On this day Shri Dalal had turned net seller to the tune of 28,089 i.e. almost the same number of shares he had bought the earlier day. His net position was close to 14% of the total shares traded in the market and was more than 20% of the total net client level market. The positions of the other clients in the scrip on this day are as under :

Client name	Broker	Net sell	Total traded quantity	% of net sell to total traded	Client level market net	% of net sell to the client level market net
Kamal Dalal	Khandwala	28089	202855	13.85	125081	22.46%
Chehar Sec	Prabhudas	9000	202855	4.44	125081	7.20%

4.4.10 Amaraja Batteries Ltd. - The price and the volume in the scrip were laidback upto August 04, 2004 and the price closed at around Rs. 63-67 on the previous six days and the shares traded were not more than 80,000 shares with an average of 43,514 shares traded daily in the last six trading days.

On August 04, 2004, the scrip closed at Rs. 71.4 after reaching a high of Rs. 72.65 and clocked in trading of 2,22,603 shares which is an increase of more than sixteen times the shares traded on the previous day. On this day Shri Kamal Dalal was a major net buyer in the scrip where he bought 37,490 shares which is 17% of the total traded quantity on the NSE in this scrip. It was observed that the average of the total shares traded in the scrip for the past six days was only 43,514 and the trading on August 04, 2004 represented more than a five fold increase in the shares traded in the scrip over the average daily trading. In fact the shares net bought by Shri Dalal were itself equal to the entire average shares traded in the NSE in this scrip on previous days. It was observed that out of the shares traded on the NSE, the client level market net in the scrip was to the tune of 71698 shares and in comparison the shares bought by Shri Dalal represents more than half of the client market net

i.e. 52.29%. On August 04, 2004, the trading of the other clients are as under:

Client name	Broker	Net buy	Total traded quantity	% of net buy to total traded	Client level market net	% of net buy to the client level market net
Kamal Dalal	Anagram	37490	223609	16.77	71698	52.29%
Ajay Gupta	Shri Paras. H. P.L	2500	223609	1.12	71698	3.49%

4.4.11 On August 05, 2004, Shri Sethi recommended 'buy' in this scrip at Rs. 71.25 as the price was expected to go to Rs. 77 to 79 in hours only. On the day of the recommendation, the volumes in the scrip surged and so did the price. The scrip closed at Rs. 73.9 after opening and reaching a high of Rs 75.65, while the volumes clocked on this day were to the tune of 3,80,063 shares. On this day Shri Dalal had turned net seller to the tune of 37,490 i.e. almost the exact number of shares he had bought the earlier day. His net position was close to 10% of the total shares traded in the market and was upto 35 % of the total client level market net. The positions of the other clients in the scrip on this day are as under:

Client name	Broker	Net sell	Total traded quantity	% of net sale to total traded	Client level market net	% of net sell to the client level market net
Kamal Dalal	Anagram	37490	380063	9.86	107697	34.81%
Ajay Gupta	Shri Paras. H. P.L	5000	380063	1.32	107697	4.64%

4.4.12 **Dabur** - The price and the volumes in the scrip were laidback upto August 05, 2004 and the price closed at around Rs 65-69 on the previous seven trading days and the shares traded were not more than 2.5 lakh shares with an average of 2,45,602 shares traded daily in the last seven trading days.

On August 05, 2004, the scrip closed at Rs 79.15 after reaching a high of Rs 73.05 and clocked in trading of 5,39,655 shares which is an increase of more than 100% the shares traded on the previous day. On this day Shri Kamal Dalal was a major net buyer in the scrip where he bought 50,969 shares which is 10% of the total traded quantity on the NSE in this scrip. It was observed that the average of the total shares traded in the scrip for the past seven days was only 2,45,602 and the trading on August 05, 2004 represented more than a 100% increase in the shares traded in the scrip over the average daily trading over the past seven days. In fact the shares net bought by Shri Dalal were itself equivalent to 25% of the entire average shares traded at NSE in the scrip. It was observed that out of the shares traded on the NSE, the client level market net in the scrip was to the tune of 2,56,392 shares and in comparison the shares bought by Shri Dalal represents close to 20% of the client market net. On August 04, 2004, the trading of the other clients is as under:

Trade date	Client name	Broker	Net buy	Total traded quantity	% of net buy to total traded	Client level market net	% of net buy to the client level market net
4-Aug-04	Ajay Gupta	Shri Paras. H. P.L	5000	239773	2.09	127054	3.94%
5-Aug-04	Kamal Dalal	Khandwala	50969	539655	9.44	256392	19.88%

Trade date	Client name	Broker	Net buy	Total traded quantity	% of net buy to total traded	Client level market net	% of net buy to the client level market net
5-Aug-04	Chehar Sec	Prabudas	5000	539655	0.93	256392	1.95%
6-Aug-04	Kamal Dalal	Anagram	5000	926008	0.54	381526	1.31%

4.4.13 On August 06, 2004, Shri Sethi recommended 'buy' in this scrip at Rs. 70 as the price was expected to go to Rs 76 to Rs. 80 in hours only. On the day of the recommendation, the volumes in the scrip surged and so did the price. The scrip closed at Rs. 70.35 after opening and reaching a high of Rs. 73.05, while the volumes clocked on this day were to the tune of 9,26,008 shares. On this day Shri Dalal had turned net seller to the tune of 50,969 i.e. the exact number of shares he had bought the earlier day. His net position was close to 6% of the total shares traded in the market and was upto 14 % of the total client level market net. The positions of the other clients in the scrip on this day are as under:

Client name	Broker	Net sell	Total traded quantity	% of net sale to total traded	Client level market net	% of net sell to the client level market net
Kamal Dalal	Khandwala	50969	926008	5.5	381526	13.36%
Ajay Gupta	Shri Paras. H. P.L	5095	926008	0.55	381526	1.34%
Chehar Sec	Prabudas	5000	926008	0.54	381526	1.31%
Kamal Dalal	Anagram	5000	926008	0.54	381526	1.31%

4.5 Thus from the above, it is evident that Shri Dalal, Ajay Gupta and Chehar Securities acted in a concerted manner with Shri Sethi. It is

further evident that the tips given by Shri Sethi were shared among Shri Dalal, Ajay Gupta and Chehar Securities prior to the prospective recommendation being hosted on the website. Based on these 'tips' Shri Dalal, Ajay Gupta and Chehar Securities bought huge quantities of the scrips, which demonstrated to the investing public that there is some genuine interest in the scrip. The rise in the volume and price provided credibility to the recommendations of Shri Sethi.

4.6 The unsuspecting investors, believing that there is credence to the recommendations largely being influenced by the movement in the price and the increased volume, were lured into believing that there is infact genuine interest in the scrip, not knowing that Shri Sethi along with the other entities had conspired to pump the volume exactly for the purpose. The investors were lured into buying into the scrip before the prices rose any further and thus cash in on the opportunity. However, at the same time, having attracted the attention and the interest of the investors, Shri Dalal, Ajay Gupta and Chehar Securities would exit the scrip at the exact same day that the ordinary investors would buy into the scrip. While Shri Dalal, Ajay Gupta and Chehar Securities were able to book the difference between the buy price and the sell price as the benefit from the transactions, Shri Sethi derived mileage out of the so called predictions of his coming true. This lead credence to his recommendations and thus increased his subscriber base.

4.7 Apart from the above, I note that Shri Anirudh Sethi had requested for cross examinanton of other entities in the matter. From the perusal of

material available on record, I observe that all the material on which reliance had been placed / referred in the show cause notice was already furnished to Shri Anirudh Sethi. The various statements recorded by SEBI during the course of investigations and as referred to in the show cause notice are only corroborative in nature. The documentary evidences available with SEBI, a copy of which was given by SEBI along with the show cause notice issued to Shri Anirudh Sethi are enough to support the charge of market manipulation by Shri Anirudh Sethi. In these circumstances, I am, therefore, satisfied that there is no obligation on the part of SEBI to accord cross examination as requested.

- 5.1 From the above facts of the case, I find that the act of Shri Anirudh Sethi was in violation of the provisions of Regulation 3(b) & (c) and 4 (2) (a), (f) (k) and (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. Also Kamal Dalal, Ajay Gupta and Chehar Securities violated the provisions of Regulation 3(a), (b) & (c) and 4 (2) (a) & (b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
6. Now therefore, I in exercise of powers conferred upon me under section 11B and 11D read with Section 19 of the SEBI Act, 1992 further read with Section 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 hereby :

- i. restrain Anirudh Sethi from accessing the securities market either directly or indirectly and also prohibit him from buying, selling or otherwise dealing in securities, in any manner whatsoever, for a period of 3 months. I further direct Anirudh Sethi to cease and desist from giving investment advice to clients including any company specific recommendations which may amount to violation of Regulation 4 (2) (a), (f) (k) and (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- ii. restrain Kamal Dalal from accessing the securities market either directly or indirectly and also prohibit it from buying, selling or otherwise dealing in securities, in any manner whatsoever, for a period of 3 months. I further direct Kamal Dalal to cease and desist from dealing in securities in such manner which may amount to violation of Regulation 3(a), (b) & (c) and 4(2)(a) & (b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- iv. restrain Chehar Securities Pvt. Ltd. from accessing the securities market either directly or indirectly and also prohibit it from buying, selling or otherwise dealing in securities, in any manner whatsoever, for a period of 1 month. I further direct Chehar Securities Pvt. Ltd. to cease and desist from dealing in securities in such manner which may amount to violation of Regulation 3(a), (b) & (c) and 4(2)(a) & (b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

- v. restrain Ajay Gupta from accessing the securities market either directly or indirectly and also prohibit it from buying, selling or otherwise dealing in securities, in any manner whatsoever, for a period of 1 month. I further direct Ajay Gupta to cease and desist from dealing in securities in such manner which may amount to violation of Regulation 3(a), (b) & (c) and 4(2)(a) & (b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

5.2 This order shall come into force with immediate effect.

DATE : 14.01.2009

T.C.NAIR

WHOLE TIME MEMBER

PLACE: MUMBAI

SECURITIES AND EXCHANGE BOARD OF INDIA